

**NOTICE OF INTENT TO CONDUCT
MINOR COAL EXPLORATION
ON THE HIDDEN VALLEY PROPERTY**

SUBMITTED TO

UTAH DIVISION OF OIL, GAS & MINING
Salt Lake City, Utah

SUBMITTED BY

CONSOLIDATION COAL COMPANY
P.O. Box 566
Sesser, IL

JUNE 2006

FILE IN: Expandable 06192006

Refer to Record No. 0003
in C0150007 2006 Incoming
for additional information

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**NOTICE OF INTENT TO CONDUCT
MINOR COAL EXPLORATION
ON THE HIDDEN VALLEY PROPERTY**

R645-200. COAL EXPLORATION: INTRODUCTION

Consolidation Coal Company (“Consol”) proposes to drill nine coal exploration holes within the Hidden Valley property during 2006. The holes have been designated as HV-06-01 through HV-06-09 and will be located in Sections 17 and 18 of T. 23 S., R. 6 E., SLBM.

This Notice of Intent is submitted pursuant to State of Utah rules for minor coal exploration as administered by the Utah Division of Oil, Gas and Mining ("the Division"). For ease of reference, this plan follows the format of the applicable rules (R645-200 through R645-203).

R645-200-100. Scope

Consol intends to drill nine 5- to 6-inch diameter rotary and 3- to 4-inch diameter core holes that will intercept one or more coal seams each. The exploration will occur on surface owned by Consol and private coal leased by Consol. Less than 250 tons of coal will be removed under this plan. Consol is filing this Notice of Intention to Conduct Minor Coal Exploration pursuant to the requirements of R645-201-200.

R-645-200-200. Responsibilities

210. Responsibility to Comply with Regulations. Consol will comply with the requirements of R645-200 through R645-203.

220. Responsibility of the Division to Review and Reply. The Division will receive and review this Notice of Intention to Conduct Minor Coal Exploration. The Division will review and reply within 15 days.

230. Responsibility of the Division to Coordinate with Other Agencies. The Division will coordinate review of this Notice of Intent with the other appropriate government agencies (if any). Consol will provide enough copies of this notice to the Division for distribution to these agencies.

R645-201. COAL EXPLORATION: REQUIREMENTS FOR EXPLORATION APPROVAL

R645-201-100. Responsibilities for Coal Exploration Plan Review

The surface lands on which this exploration will be conducted are privately owned and not subject to 43 CFR Parts 3480-3487. Therefore, exploration plan review will be the responsibility of the Division. As a result, this Notice of Intent is being submitted to the Division as the lead agency for review and approval.

R645-201-200. Notices of Intention to Conduct Minor Coal Exploration

210. Division Review Requirement. This Notice of Intent requires Division review prior to conducting exploration. Consol is submitting this Notice to the Division in June 2006, with the goal of beginning exploration activities in August 2006.

220. Required Applicant Information. The following information is provided in support of this Notice of Intent:

Applicant:

Consolidation Coal Company
Hidden Valley Property
P.O Box 566
Sesser, Illinois, 62884
618-625-2041

Responsible Representative:

Consolidation Coal Company
John Gefferth
P.O Box 566
Sesser, Illinois, 62884
618-625-2041

Proposed Exploration Area:

The proposed drill holes are located as indicated on Plate 1 in Emery County, Utah. The drilling will occur on lands owned by Consol. Coordinate locations and anticipated drilling depths are noted in Table 1.

TABLE 1

Summary of Estimated Drill Hole Locations and Depths^(a)

Drill Hole Number	Northing	Easting	Approx. Elev. (ft)	Estimated Depth (ft)
HV-06- 01	2,058,903	175,945	6006	447
HV-06- 02	2,057,873	173,806	6063	492
HV-06- 03	2,060,829	177,587	6041	430
HV-06- 04	2,060,671	175,548	6048	411
HV-06- 05	2,062,095	173,298	6164	437
HV-06- 06	2,062,970	177,141	6119	379
HV-06- 07	2,063,089	175,356	6199	437
HV-06- 08	2,064,482	177,570	6080	254
HV-06- 09	2,065,102	176,411	6198	340

^(a) Total estimated depths include 30 feet of drilling beneath target seam floor.

Period of Intended Exploration:

Planned startup date: August 15, 2006

Planned completion date: December 15, 2006

It is anticipated that all drilling and reclamation activities associated with this project will be completed within 90 days following the date of implementation. However, given the high demand for drilling services the actual startup date may be pushed back from the intended start in August, thereby delaying the completion date.

Method of Exploration:

Drilling Methods: The method of exploration to be used is rotary/core drilling. Support equipment will include a water truck, flatbed truck to haul pipe and materials, a down-hole geophysical logging truck, pickup trucks to transport personnel, and equipment to reclaim the drill sites once drilling is complete.

It is anticipated that each hole will be rotary drilled to within approximately 20 feet of the top of the "A" coal seam, at which time the rest of the hole will be cored to a depth approximately 5 feet below the "A" seam. Drilling will be accomplished using a contractor experienced in rotary and core drilling. The drilling shall be accomplished without the aid of drilling fluids if possible. If drilling fluids are required, a portable mud pit will be used. No excavated mud pits are planned.

Amount of Coal to be Removed: A 5- to 6-inch diameter hole will be rotary and core drilled for the entire depth of each hole, penetrating through the "A" Seam. The diameter of the core will be 3 inches. The core and cuttings will be examined and/or analyzed to determine the characteristics of the roof, coal, and floor. It is anticipated that a maximum of about 100 pounds of coal will be removed from each hole, resulting in less than 1 ton of coal being removed for study and analysis under this plan from all of the holes combined.

Site Access: Existing public and private roads will be used to access the sites to the extent possible. A small amount of construction may be needed to build short sections of road to each well location or to improve existing access route. These short road sections will all be on property owned by Consol. Since the areas where the exploration holes are to be drilled are relatively flat, it is not anticipated that extensive pad construction will be required (see photos in Appendix A). It is anticipated that access route grading will be accomplished with a small dozer or backhoe.

After drilling has been completed, each site will be graded to approximate original contour, if necessary, and reclaimed. All materials, tools and equipment will be removed immediately upon completion of drilling and reclamation activities.

Drill hole Completion: All drill holes will be plugged with cement from bottom to top after all data are collected from the holes. Following completion of drilling and cementing activities, the drill rig and all associated equipment and materials will be removed from the area by vehicle. All trash and extraneous materials will be removed from the property and disposed of at an approved, off-site location.

Practices to Protect from Adverse Impacts and to Reclaim the Area: Access to all boreholes will be by existing tracked routes to the maximum extent practical. Some grading of local areas may be necessary to permit efficient access to the drilling sites. Grading of drill sites will be kept to a minimum, and then only as necessary to allow efficient operation of the equipment.

Drilling will be accomplished using only air, if possible. This will eliminate the need for a mud pit and the potential for spills of drilling fluids. If drilling fluids are needed, water and drilling fluids will be contained in a portable mud pit and recirculated to the extent possible. Any contents of the portable mud pit will be removed from the site at the completion of drilling. If only air is used during drilling, cuttings will be spread around the site during reclamation.

All areas not tracked or otherwise disturbed before drilling will be regraded after drilling to the approximate original contour during reclamation. During reclamation, soils compacted by vehicle and equipment traffic will be loosened to promote revegetation. Final grading will be along the contour to control erosion. After soils have been loosened the impacted area will be reseeded with the following seed mix:

<u>Common Name</u>	<u>Scientific Name</u>	<u>Pounds Pure Live Seed/Acre</u>
Indian ricegrass	<i>Oryzopsis hymenoides</i>	3.0
Alkali sacaton	<i>Sporobolus airoides</i>	0.5
Galleta hiliaria	<i>Hilaria jamesii</i>	2.5
Western wheatgrass	<i>Agropyron smithii</i>	3.0
Winterfat	<i>Eurotia lanata</i>	4.0
Fourwing saltbush	<i>Atriplex canescens</i>	4.0
Rubber rabbitbrush	<i>Chrysothamnus nauseosus</i>	1.0
Yellow sweetclover	<i>Melilotus officinalis</i>	0.5
Desert globemallow	<i>Sphaeralcea ambigua</i>	0.5
Blueleaf aster	<i>Aster laevis</i>	0.5
Sand dropseed	<i>Sporobolus cryptandrus</i>	0.25
Castle valley clover	<i>Atriplex gardneri (var. cuneata)</i>	4.0
Black sagebrush	<i>Artemesia nova</i>	0.25
Mat saltbush	<i>Atriplex corrugate</i>	<u>4.0</u>
TOTAL		28.0

Seed will be placed by broadcasting. Following placement of seed, the soil will be lightly raked to cover the seed.

R645-201-300. Major Coal Exploration Permits

The regulations contained in R645-201-300 do not apply to this Notice of Intent.

R645-201-400. Requirements for Commercial Sale

The regulations contained in R645-201-400 do not apply to this Notice of Intent.

R645-202. COAL EXPLORATION: COMPLIANCE DUTIES

R645-202-100. Required Documents

While in the exploration area, Consol will have available a copy of this Notice of Intent for review by an authorized representative of the Division upon request.

R645-202-200. Performance Standards

210. Substantial Disturbance. Neither substantial disturbance of natural land nor the removal of more than 250 tons of coal is anticipated under this Notice of Intent.

220. Violation of State Program. Consol will comply with all coal exploration requirements of the State Program, and any conditions on approval of the exploration plan. Consol welcomes inspection of its exploration operations at any time during exploration.

230. Operational Standards.

Habitats of Unique or Unusually High Value:

A vegetation survey of the drill sites and access routes has been performed by Mt. Nebo Scientific (see Appendix A). As indicated, vegetation in the area consists primarily of salt bush, shadscale, greasewood, and pinyon-juniper communities, depending on the hole location. No threatened or endangered plant species have been identified at the drill hole locations or along their access routes.

The primary land uses associated with the area are wildlife habitat. The area is classified by the Utah Division of Wildlife Resources as potentially providing winter range habitat for elk (see <http://atlas.utah.gov/wildlife/viewer.htm>), although the habitat is generally poor. No threatened or endangered wildlife species are known to exist at the drill hole locations or along their access routes. The proposed drilling is not expected to have a detrimental impact on any plant or wildlife species, their habitat, or other land uses associated with the area.

Roads:

Consol will use only existing roads for this project. No new roads will be constructed. Any routes that may need upgrading for equipment access are within lands owned by Consol.

Topsoil Removal and Storage:

It is anticipated that topsoil will not be disturbed under this exploration plan except where small excavations are necessary for leveling the rig and associated components. Brattice ground cover will be used under the rig to protect the topsoil and surface vegetation.

Diversions:

No diversions of overland flows and ephemeral, perennial, or intermittent streams are anticipated under this plan. If diversions become necessary, these will be made in accordance with R645-301-742.3.

It is anticipated that drilling will be primarily completed utilizing air as the method to retrieve cuttings from the borehole. However, if necessary, water may be added to facilitate lubrication of the drilling bit.

Minimizing Disturbance to the Hydrologic Balance:

Coal exploration will be conducted in a manner which minimizes disturbance to the prevailing hydrologic balance. During exploration, surface disturbance will consist only of that which is necessary to level the rig and associated structures. Since surface disturbance will be minimized, no additional runoff during precipitation events is anticipated. No impoundments to contain runoff will be necessary.

Acid- or Toxic-Forming Materials:

No acid- or toxic-forming materials or coal waste will be produced, used, or handled during this exploration program.

Archeological Information:

A cultural resource inventory of the drill sites was performed by Montgomery Archeological Consultants (see Appendix B). As indicated, two previously documented archeological sites were identified in the project area. One of these sites (42Em3592) must be crossed to access drill hole HV-06-09. To prevent damage to this site during exploration activities, the area will be flagged and access to the drill hole will be restricted to the existing road that crosses the site as recommended in Appendix B. Site 42Em3600 is located approximately 150 feet from drill hole location HV-06-06. This site will be flagged to prevent its disturbance during exploration activities.

In the unlikely event that additional cultural resources are discovered during operations, all operations which may result in disturbance to these resources will cease and care will be taken cordon off the area and leave it undisturbed.

240. Reclamation Standards

Excavations:

Small shovel and similar cuts may be made for leveling the rig and associated equipment: These will be filled in to approximate original contour as soon as the drilling equipment is removed from each site.

Revegetation:

Areas disturbed under this exploration plan will be revegetated as described above. All drilling areas will be re-seeded as soon as practical upon completion of each hole, removal of equipment, and recontouring of the site. The seed mix consists of native species that are capable of re-establishing in the area, thereby providing cover that will stabilize the soil surface from erosion. No crops are raised in the project area, making crop replacement unnecessary.

Reclamation of Boreholes:

No mine openings or exploration openings will be created. Although it is not currently anticipated that any of these holes will be converted to water monitoring wells, Consol will comply with rules R645-301-738 and R645-301-765 if that decision is made in the future.

Upon completion of down-hole procedures, each drill hole will be sealed with cement from the bottom of the hole to ground level. A brass monument marker will be placed in the top of the cement surface plug with the hole number.

Removal of Equipment:

When no longer needed for the project, all equipment mobilized for this exploration effort will be removed from the area to facilitate reclamation work. Consol does not anticipate needing this equipment for other purposes in the exploration area.

R645-203. COAL EXPLORATION: PUBLIC AVAILABILITY OF INFORMATION

R645-203-100. Public Records

It will be the responsibility of the Division to maintain non-confidential records and make them available for public inspection and copying.

R645-203-200. Confidentiality

The cultural resource information referenced in Appendix B is confidential and should not be made available to the public.

Consolidation Coal Company
Hidden Valley Property

Minor Exploration Permit NOI
June 19, 2006

APPENDIX A

Vegetation Survey

**VEGETATION OF THE
HIDDEN VALLEY EXPLORATION
DRILL SITES:
HV-06-01 *through* HV-06-09**

for
CONSOL ENERGY



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for

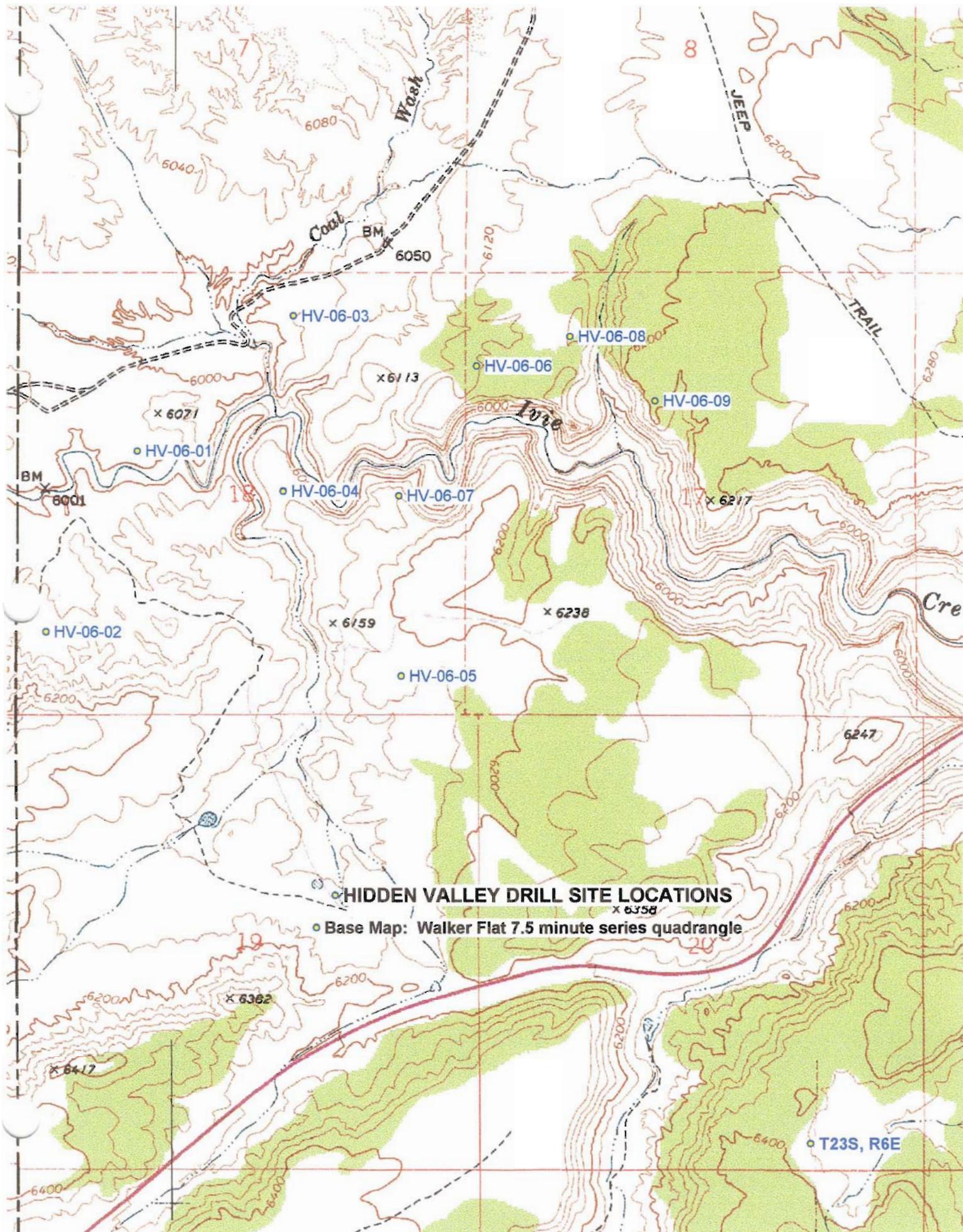
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June 2006

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**VEGETATION OF THE
HIDDEN VALLEY EXPLORATION
DRILL SITES:
HV-06-01 *through* HV-06-09**

INTRODUCTION

Consolidation Coal Company (Consol) has applied for an exploration drilling permit in the Hidden Valley area. This area is located approximately 70 miles south of the town of Price in Emery County, Utah. More specifically, the study area is located in sections 17 and 18, T23S, R6E, Salt Lake Base & Meridian (Walker Flat 7.5 minute series USGS quadrangle map). This report has been prepared to address the plant communities of the drills sites as well as potential threatened and endangered species within the drill sites and access roads to them.

METHODS

Potential threatened and endangered species lists were compiled after consulting with the U.S. Fish & Wildlife Service, Salt Lake City, Utah and files located at *Mt. Nebo Scientific, Inc.*, Springville, Utah. Surveys were conducted to provide data for community and habitat descriptions as well as potential threatened, endangered or otherwise sensitive plant species on February 15, 2006, May 11, 2006, and May 19, 2006.

RESULTS

Plant Communities at the Drill Sites

Below is a brief description of the plant communities that would be impacted by the drilling activities proposed by Consol. Color photographs of each drill site as well as a map of each have been included in this report.

Drill Site HV-06-01

Access to Drill Site HV-06-01 goes through a plant community dominated almost exclusively by mat saltbush (*Atriplex corrugata*). The drill site, however, is a shadscale/greasewood plant community, with the two dominant species comprising of *Atriplex confertifolia* and *Sarcobatus vermiculatus*. Other common species in the area were broom snakeweed (*Gutierrezia sarothrae*), Gardner saltbush (*Atriplex gardneri*), Prince's plume (*Stanley pinnata*), Pursh's plantain (*Plantago patagonica*), annual townsendia (*Townsendia annua*), galleta (*Galleta jamesii*), and alkali saccaton (*Sporobolus airoides*).

Drill Site HV-06-02

This drill site would be considered a Gardner saltbush/mat salt bush community with these two species being the dominants. Other common species here were Indian ricegrass (*Stipa*

hymenoides), alkali saccaton, broom snakeweed, evening primrose (*Oenothera caespitosa*), and desert trumpet (*Eriogonum inflatum*).

Drill Site HV-06-03

This drill site was a shadscale community comprised of the following dominate plant species: shadscale, broom snakeweed, galleta, and prickly pear cacti (*Opuntia* spp.).

Drill Site HV-06-04

A shadscale community was also supported on proposed Drill Site HV-06-04. Dominant species for this community were: shadscale, broom snakeweed, mat saltbush, Indian ricegrass, galleta, alkali saccaton, and crptanth (*Cryptantha* sp.). Cryptogamic soils were common on the site.

Drill Site HV-06-05

Although another shadscale community was supported in this area, scattered pinyon pine (*Pinus edulis*) and Utah juniper (*Juniperus osteosperma*) were also present in the vicinity. Other species present at Drill Site HV-06-05 were: shadscale, Indian ricegrass, galleta, broom snakeweed, blue grama (*Bouteloua gracilis*), black sagebrush (*Artemisia nova*), alkali saccaton, rock-loving milkvetch (*Astragalus depauperatus* var. *petrophilus*) evening primrose, and annual townsendia. Cryptogamic crust on the soils was also common on this site.

Drill Site HV-06-06

This drill site was located in a pinyon-juniper plant community. It was situated on sandstone with cryptogamic crust present on the soil between the sandstone outcrops. Dominant plant species on HV-06-06 were: pinyon pine, Utah juniper, alkali saccaton, four-wing saltbush (*Atriplex canescens*), broom snakeweed, black sagebrush, shadscale, alder-leaf mountain-mahogany (*Cercocarpus montanus*), pepper plant (*Lepidium montanum*), stemless woolybase (*Hymenoxys acaulis*), and prickly pear cactus.

Drill Site HV-06-07

The plant community impacted by the drilling operation here would be considered a black sagebrush/shadscale community with scattered pinyon and juniper trees present. Dominant plant species in this area were: black sagebrush, Indian ricegrass, Mormon tea (*Ephedra viridis*), serviceberry (*Amelanchier utahensis*), broom snakeweed, corymb buckwheat (*Eriogonum corymbosum*), low feverfew (*Parthenium ligulatum*), stemless woolybase, Ferron milkvetch (*Astragalus musiniensis*), Indian paintbrush (*Castilleja* sp.), and galleta.

Drill Site HV-06-08

Drill Site HV-06-08 was located in the more open areas within a pinyon-juniper community in very shallow soils. Dominant plant species here were pinyon pine, Utah juniper, shadscale,

galleta, Mormon tea, alkali saccaton, Indian ricegrass broom snakeweed, prickly pear cactus and black sagebrush. Crytogamic crusting of the soil was common in the area.

Drill Site HV-06-09

This drill site is located directly on sandstone within a pinyon-juniper plant community. Plant species common in the area were pinyon pine, Utah juniper, dwarf mountain-mahogany (*Cercocarpus intricatus*), alder-leaf mountain-mahogany, and broom snakeweed.

Threatened & Endangered Species

There are several federally listed plant species that are known to occur in Emery County, Utah (Table 1). No threatened or endangered plant species were found on the proposed drill sites or access roads to them.

Table 1: Potential Threatened or Endangered Plant Species of the Hidden Valley MEP Project Area		
Scientific Name	Common Name	Status
<i>Pediocactus winkleri</i>	Winkler Footcactus	T
<i>Pediocactus despainii</i>	Despain Footcactus	E
<i>Schoenocrambe barnebyi</i>	Barneby's schoenocrambe	E
<i>Sclerocactus wrightiae</i>	Wright Fishhook Cactus	E
<i>Townsendia aprica</i>	Last Chance Townsendia	T
<i>Erigeron maguirei</i>	Maguire Daisy	T
<i>Cycladenia humilis var. jonesii</i>	Jones Cycladenia	T

E = Federal Protection, Endangered
T = Federal Protection, Threatened

COLOR PHOTOGRAPHS
of the
PLANT COMMUNITIES



Drill Site HV-06-01



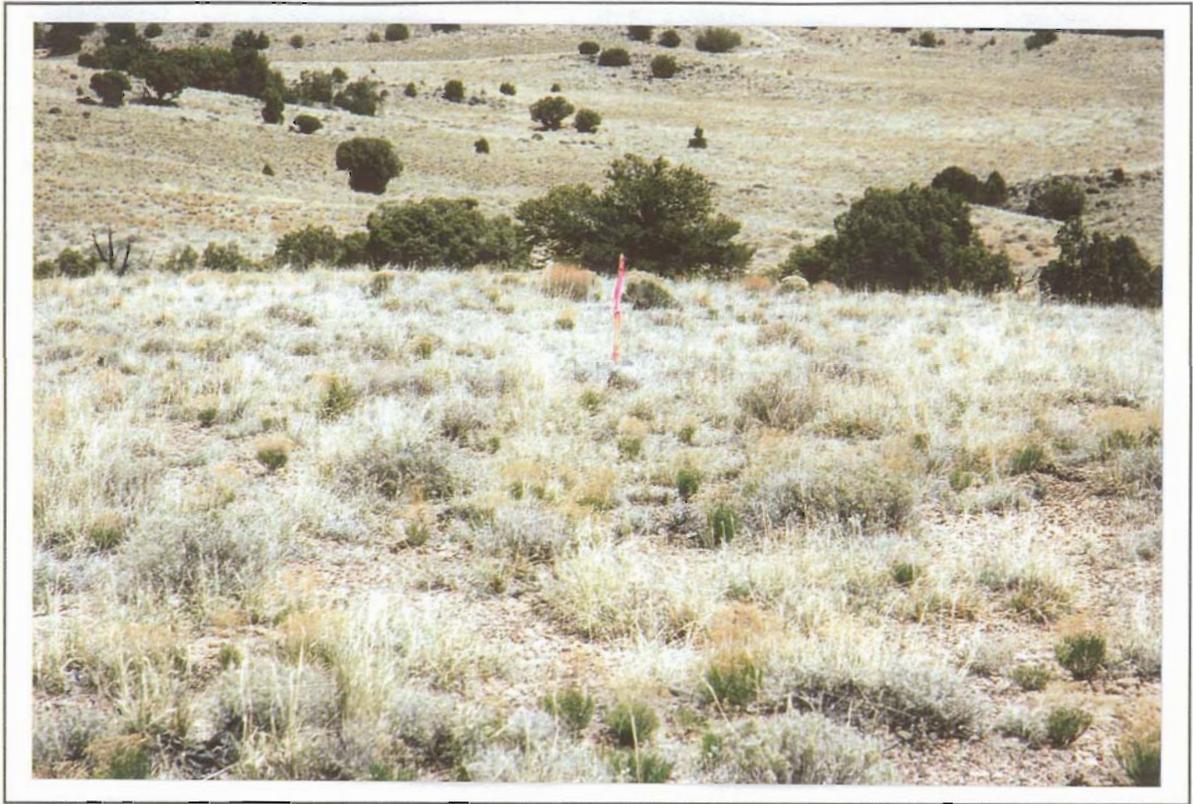
Drill Site HV-06-02



Drill Site HV-06-03



Drill Site HV-06-04



Drill Site HV-06-05



Drill Site HV-06-06



Drill Site HV-06-07



Drill Site HV-06-08



Drill Site HV-06-09

Consolidation Coal Company
Hidden Valley Property

Minor Exploration Permit NOI
June 19, 2006

APPENDIX B

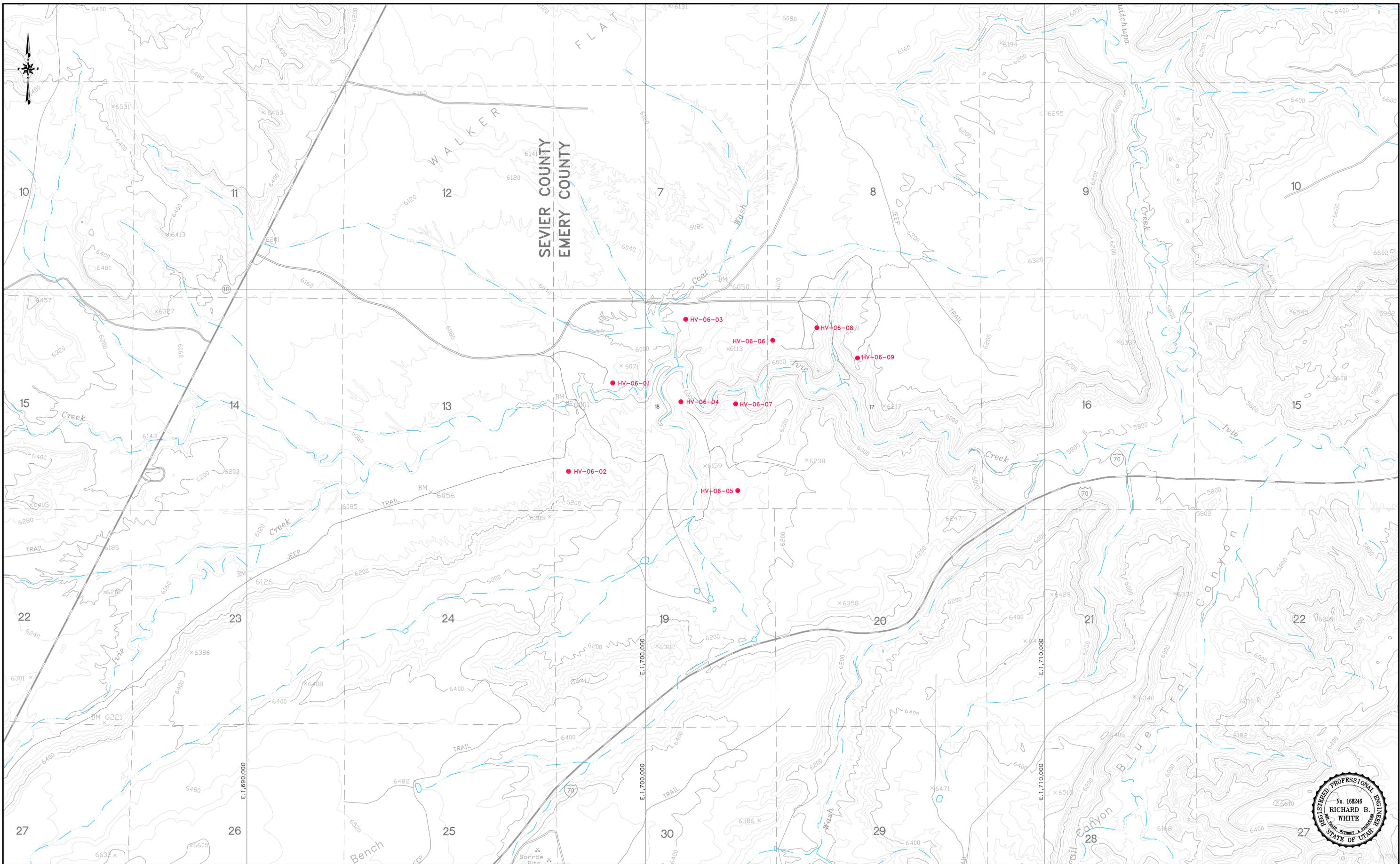
Cultural Resource Inventory

CONFIDENTIAL

Consolidation Coal Company
Hidden Valley Property

Minor Exploration Permit NOI
June 19, 2006

Copies of this document have been placed
in the Confidential File

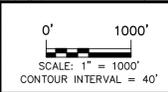


BASE MAP:
 U.S.G.S 7.5 MINUTE QUADRANGLE'S: EMERY WEST 1968,
 EMERY EAST 1968, PHOTO REVISED 1978,
 MESA BUTTE 1968, PHOTO REVISED 1978,
 WALKER FLATS 1968, PHOTO REVISED 1978.

COORDINATE SYSTEM:
 STATE PLANE COORDINATES,
 NAD 83 CORNUS
 ZONE 4302-UTAH, CENTRAL - US FEET
 VERTICAL DATUM - NAVD 88-US FEET

EXTERNAL REFERENCE:
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NO	DATE	BY	DESCRIPTION	NO	DATE	BY	DESCRIPTION



DRAWN BY: LDJ
CHECKED BY: RBW
ORIGINAL DATE: 06/06

APPROVED BY: RBW
DWG DATA: G:\UC1053\01\DWG\PLATE-1.DWG

CONSOLIDATION COAL COMPANY
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PLATE 1
PROPOSED HIDDEN VALLEY
DRILL HOLES