


Alton Coal Development, LLC

463 North 100 West, Suite 1

Cedar City, Utah 84720

Phone (435) 867-5331 • Fax (435) 867-1192

November 16, 2007

Pamela Grubaugh-Littig
 Department of Natural Resources
 Utah Division of Oil, Gas & Mining
 1594 West North Temple, Suite 1210
 Salt Lake City, UT 84114

**Re: Notice of Intent – Minor Coal Exploration
 Coal Hollow Project, Kane County, Utah**

Incoming OK
C/025/0005
#2881

Dear Ms. Grubaugh-Littig:

I appreciated speaking to you and your staff by phone in reference to the acid and toxic analysis information provided in the Mining and Reclamation Plan for the Coal Hollow Project (C/025/0005). Thank you for taking the time to review our information regarding the characterization of overburden at the Coal Hollow project and for considering our plan for conducting additional exploration to complete the data requirements.

Enclosed is a Minor Exploration Plan which serves as the Notice of Intention (“NOI”) to conduct borehole drilling activities associated with the Coal Hollow Project on fee lands within Township 30 South, Range 5 West, Section 30 in Kane County, Utah. The NOI is accompanied by maps showing the proposed locations of the two boreholes in reference to surface and coal ownership. The NOI also references information for a Cultural Resources Inventory at the Coal Hollow Project, prepared by Montgomery Archeological Consultants and submitted to DOGM June 14, 2007. This document includes locations of eligible historic and/or prehistoric sites in the Coal Hollow Project area. The proposed exploration will avoid any disturbance activities associated with these sites. Also referenced are field studies conducted by Mt. Nebo Scientific, Inc., confirming that no threatened or endangered species have been located within the Coal Hollow project area. Alton Coal will commence operations as soon as the Division of Oil, Gas and Mining have approved this NOI.

Please do not hesitate to contact me if you need anything further.

Sincerely,

Chris R. McCourt, PE

RECEIVED
NOV 21 2007

DIV. OF OIL, GAS & MINING

MINOR COAL EXPLORATION PLAN

COAL HOLLOW PROJECT

FEE COAL

FEE SURFACE

KANE COUNTY, UTAH

Submitted by:

Alton Coal Development, LLC

November 16, 2007

This exploration plan serves as Alton Coal Development, LLC's ("Alton Coal's") notice of intention ("NOI") to conduct minor coal exploration activities in conjunction with the proposed Coal Hollow Project, Kane County, Utah ("Project")

This NOI concerns borehole drilling activities on fee lands associated with the Project. Two boreholes are proposed within Township 30 South, Range 5 West, Section 30, Kane County, Utah ("Exploration Area"). Core samples of the coal bed will result in removal of far less than 250 tons of coal and qualifies as minor exploration pursuant to R645-201-210. Alton Coal would appreciate the Division's review of this NOI.

Alton Coal Development, LLC is the entity seeking to conduct coal exploration and agrees to conduct these activities in compliance with the Utah State Coal Program and the requirements of R645-200 through R645-203. Pursuant to R645-201-220, Alton Coal provides the following information:

221. Applicant: Alton Coal Development, LLC
463 N. 100 W., Suite 1
Cedar City, UT 84720
Phone: (435) 867-5331
Fax: (435) 867-1192
E-mail: cmccourt@altoncoal.com

222. Applicant's Representative: Chris McCourt, Alton Coal Development, LLC, at the address set forth above.

223. Narrative and map: Alton Coal proposes to drill two boreholes on the following lands held in private ownership in Kane County, Utah:

Corehole Number	Township/Range	Section
CH-07	Township 39 South, Range 5 West	30: NE1/4SE1/4
CH-08	Township 39 South, Range 5 West	30: SE1/4NW1/4

Figure 1 attached hereto shows the UTM and Latitude/Longitude of the two coreholes. Maps number 3 and 4 attached hereto show the location of the two coreholes in relation to surface and mineral ownership of the Project. The surface and mineral estate of the Exploration Area in which the coreholes are proposed has been leased by Alton Coal pursuant to an agreement with C. Burton Pugh. A copy of this agreement has been provided in the Coal Hollow - Mining and Reclamation Plan (C/025/005) as submitted on June 14, 2007 to DOGM. This agreement is located in Volume 7 (Confidential) under the Right of Entry - Lease Documents section.

Both boreholes are planned in areas with flat grades, near pre-existing access routes. The Exploration Area is generally pasture lands used primarily for grazing of livestock by local ranchers.

224. Period of intended exploration: Exploration activities will commence upon approval of this application and will terminate January 2008.

225. Additional information

Description of Method of Exploration: Exploration will be conducted using a truck mounted drill rig. The anticipated drilling methods are as follows:

- Hollow stem auger drill the alluvium layer
- Air rotary drill the shale formation
- Core drill the coal bed

Wet drilling will not be utilized. This will eliminate the need for “mud pits” and will minimize disturbance. Whenever possible, existing roads and trails will be used to access the corehole sites. Logs will be kept of activities associated with the drilling process and will be provided to DOGM. The company selected to perform the drilling is Geotechnical Drilling Services located in St George, Utah. The on site geologist for the Exploration Project will be Erik Petersen of Petersen Hydrologic, LLC. Mr. Petersen will provide oversight for proper collecting of material samples and borehole logging.

Amount of Coal to be Removed: Coal will be removed in a 2” diameter core from one intercept of the seam per hole with an average intercept thickness of 16 feet, resulting in 0.0146 short tons of coal to be removed per hole and 0.0292 short tons of coal for the two hole project per the following calculations:

$$\text{Volume of coal in ft}^3 \text{ in one corehole} = \pi r^2 h$$
$$\blacktriangleright 3.14 * 0.0833^2 * 16 = 0.3486 \text{ ft}^3$$

Where: constant $\pi = 3.14$
 radius of core $r = 0.0833 \text{ ft}$
 height of core $h = 16 \text{ feet}$

$$\text{Density of coal relative to density of water} = 1.34$$
$$\blacktriangleright 1.34 * 62.349 = 83.55 \text{ lbs/ft}^3$$

Where: density of water = 62.439 lbs/ft³

$$\text{Short Tons of Coal in one hole} = (\text{volume in ft}^3 * \text{density of coal in ft}^3) / 2000$$
$$\blacktriangleright (0.3486 * 83.55) / 2000 = 0.0146 \text{ short tons}$$

$$\text{Total Short Tons removed from two holes} = 0.0146 * 2 = 0.0292$$

Environmental Protection and Reclamation: Alton Coal will employ the following practices to protect the area from adverse impacts of exploration:

- minimize off-road activities;
- boreholes are located near pre-existing access routes to minimize disturbance
- boreholes are located in areas that are generally flat grades to minimize disturbance from drill pad construction
- wet drilling will not be utilized eliminating the need for “mud pits”
- use industry standards for drilling boreholes;
- use of a spill prevention plan and protocol to prevent and contain spills; reclaim in accordance with R645-202-240, including regrading of drill sites and access roads to approximate original contour; topsoil will be stored for redistribution over the disturbed area and the areas will be reseeded with the Division’s recommended seed mix;
- topsoil will be replaced within a week following drilling activities;
- reseeded will occur in Spring 2008, as soon as weather conditions are appropriate for successful revegetation.

Threatened and Endangered Species: Initial consultations have been made to appropriate state and federal agencies regarding threatened, endangered, and sensitive plant and animal species and their habitats in and adjacent to the Coal Hollow Project Area. Additionally, field studies have been conducted of the entire Project area and adjacent areas for potential threatened and endangered species and their habitats by Mt. Nebo Scientific, Inc.. Based on information from these field studies, no threatened or endangered species have been located within the Project area. Details related to these studies can be viewed in the Coal Hollow - Mining and Reclamation Plan submitted June 14, 2007 to DOGM. This information is located in Volume 2 - Chapter 3, pages 3-22 through 3-25. Further studies were conducted in September 2007 by Dr. Patrick Collins of Mt. Nebo Scientific, Inc. Personal communications with Dr. Collins confirmed that these additional studies also resulted in no threatened or endangered species being located within the project area.

Cultural Resources: Montgomery Archeological Consultants has conducted a cultural resource inventory of the entire Project area. This inventory was completed in 2006 and 14 eligible sites for the National Registry of Historic Places were found within the Project Area. These areas have been mapped and can be viewed on page 3 of the Data Recovery Plan and Research Design. This plan was submitted as part of the Coal Hollow – Mining and Reclamation Plan to DOGM on June 14, 2007. The plan can be found in Volume 7 (Confidential) in the Cultural Resource Inventory section.

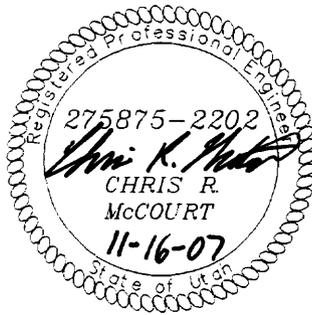
Based on this mapping of the eligible sites, these sites will not be disturbed by the proposed Exploration activities. Locations of the two boreholes were chosen to avoid these areas.

This NOI is submitted this 16th day of November, 2007 by Alton Coal Development, LLC.

By Chris R. McCourt

Its Manager

cc: Priscilla Burton, DOGM
Dave Darby, DOGM
Enclosures



REFERENCES

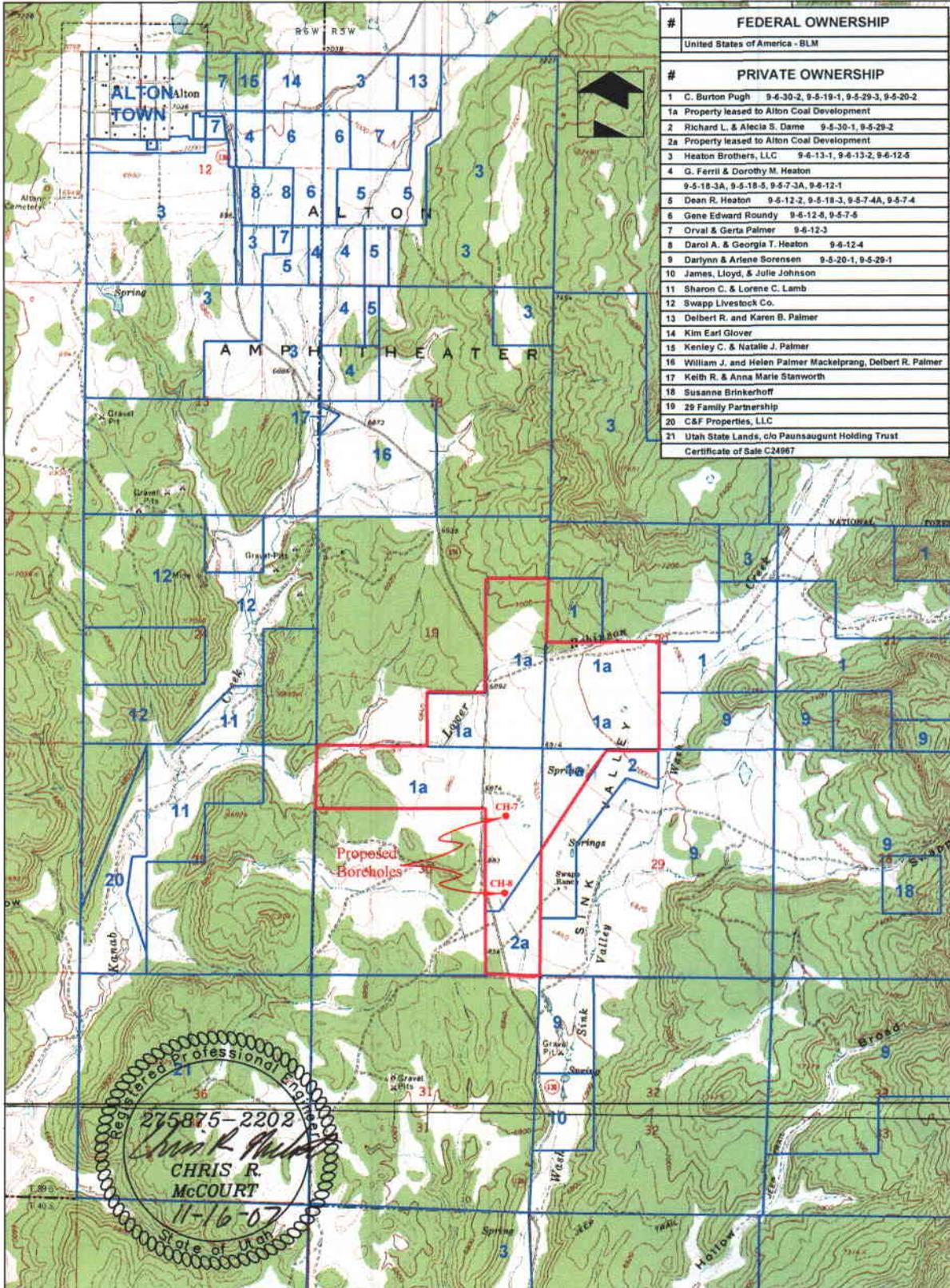
Montgomery Archeological Consultants, P. Stavish and K. Montgomery
2007 Data Recovery Plan and Research Design for Sites 42KA2042,
42KA2068, 42KA6104, 42KA6105, 42KA6106, 42KA6107, and
42KA6108

Coal Hollow Project – Mining and Reclamation Plan (C/025/0005)
2007 Volume 2, Chapter 3 pages 3-22 through 3-25 by Dr. Patrick D. Collins

FIGURE 1
BOREHOLE COORDINATES

Coal Hollow, 2007 Exploration

Hole Number	UTM NAD 27			LAT/LONG	
	Northing (m)	Easting (m)	Elevation (ft)	Northing	Easting
CH-7	4139552	371358	6879	N 37D23'38"	W 112D27'12"
CH-8	4139015	371348	6857	N 37D23'20"	W 112D27'12"



#		FEDERAL OWNERSHIP	
United States of America - BLM			
#		PRIVATE OWNERSHIP	
1	C. Burton Pugh	9-6-30-2, 9-5-19-1, 9-5-29-3, 9-5-20-2	
1a	Property leased to Alton Coal Development		
2	Richard L. & Alecia S. Dame	9-5-30-1, 9-5-29-2	
2a	Property leased to Alton Coal Development		
3	Heaton Brothers, LLC	9-6-13-1, 9-6-13-2, 9-6-12-5	
4	G. Ferril & Dorothy M. Heaton	9-5-18-3A, 9-5-18-5, 9-5-7-3A, 9-6-12-1	
5	Dean R. Heaton	9-6-12-2, 9-5-18-3, 9-5-7-4A, 9-5-7-4	
6	Gene Edward Roundy	9-6-12-8, 9-5-7-5	
7	Orval & Gerta Palmer	9-6-12-3	
8	Darol A. & Georgis T. Heaton	9-6-12-4	
9	Darlenn & Arlene Sorensen	9-5-20-1, 9-5-29-1	
10	James, Lloyd, & Julie Johnson		
11	Sharon C. & Lorene C. Lamb		
12	Swapp Livestock Co.		
13	Delbert R. and Karen B. Palmer		
14	Kim Earl Glover		
15	Kerley C. & Natalie J. Palmer		
16	William J. and Helen Palmer Mackelprang, Delbert R. Palmer		
17	Keith R. & Anna Marie Stanworth		
18	Susanne Brinkerhoff		
19	29 Family Partnership		
20	C&F Properties, LLC		
21	Utah State Lands, c/o Paunsaugunt Holding Trust		
Certificate of Sale C24967			

Registered Professional Engineer
 275875-2202
Chris R. McCourt
CHRIS R. McCOURT
 11-16-07
 State of Utah

LEGEND:

- PROJECT AREA
- SURFACE OWNERSHIP BOUNDARY
- PROPOSED BOREHOLES

DRAWN BY: N. BUTKOVICH	CHECKED BY: APC
DRAWING: 3	DATE: 8/16/04
JOB NUMBER: 1400	SCALE: 1" = 3500'
SHEET	SHEET

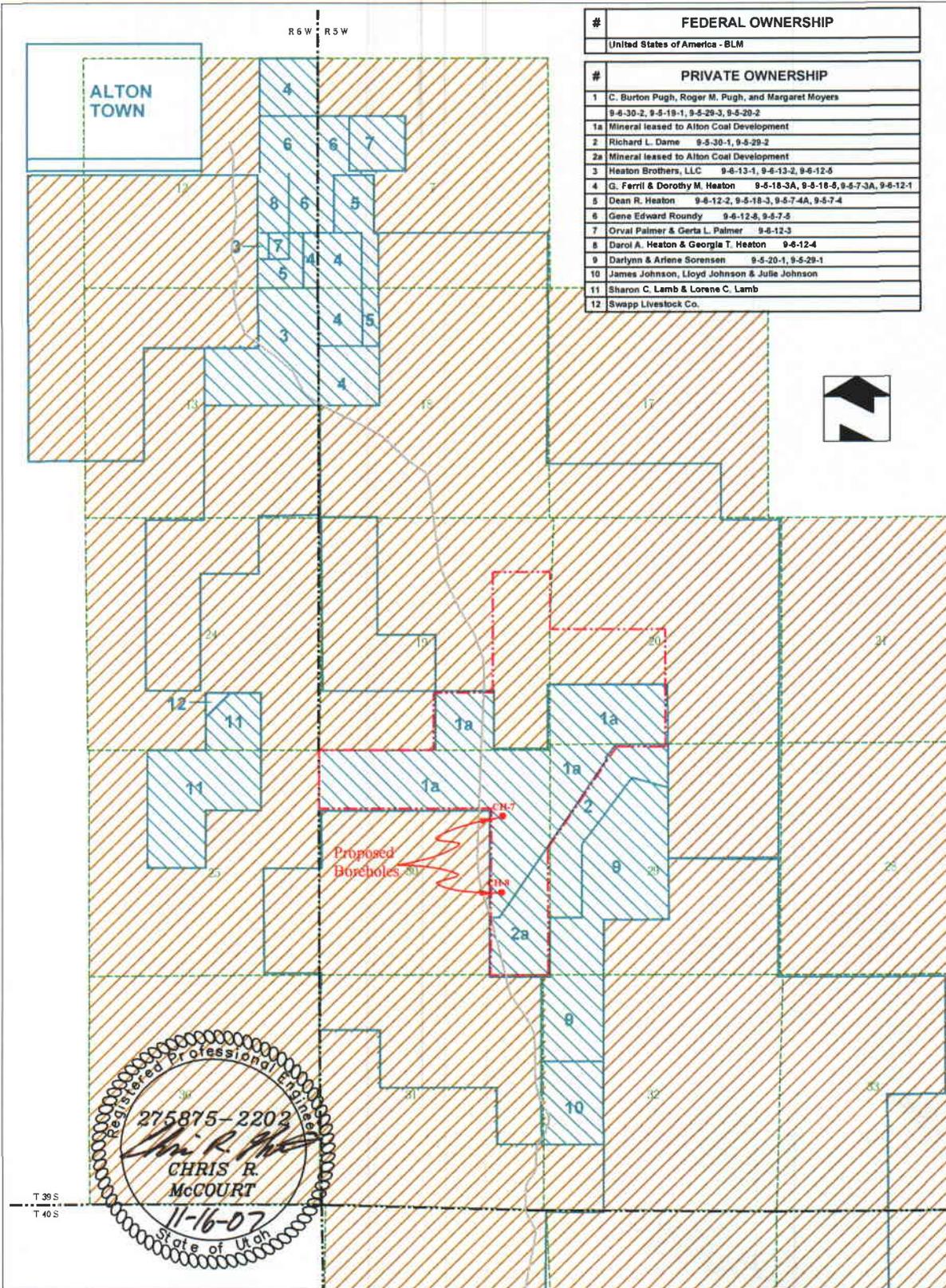
REVISIONS	
DATE:	BY:
9/13/04	NLB
3/6/06	JAS
4/27/06	NLB
6/6/06	NLB
2/21/07	NLB
11/16/07	CRM

SURFACE OWNERSHIP WITH PROPOSED BOREHOLES

 COAL HOLLOW PROJECT
 ALTON, UTAH



463 N. 100 W., Suite 1
 Cedar City, Utah 84720
 Phone: (435) 567-5331
 Fax: (435) 567-1192



FEDERAL OWNERSHIP	
#	United States of America - BLM

PRIVATE OWNERSHIP	
1	C. Burton Pugh, Roger M. Pugh, and Margaret Moyers 9-6-30-2, 9-6-19-1, 9-6-29-3, 9-6-29-2
1a	Mineral leased to Alton Coal Development
2	Richard L. Dame 9-5-30-1, 9-5-29-2
2a	Mineral leased to Alton Coal Development
3	Heaton Brothers, LLC 9-6-13-1, 9-6-13-2, 9-6-12-6
4	G. Ferril & Dorothy M. Heaton 9-5-18-3A, 9-5-18-5, 9-5-7-3A, 9-6-12-1
5	Dean R. Heaton 9-6-12-2, 9-5-18-3, 9-5-7-4A, 9-5-7-4
6	Gene Edward Roundy 9-6-12-8, 9-5-7-5
7	Orval Palmer & Gerta L. Palmer 9-6-12-3
8	Darol A. Heaton & Georgla T. Heaton 9-6-12-4
9	Darlynn & Arlene Sorensen 9-5-20-1, 9-5-29-1
10	James Johnson, Lloyd Johnson & Julie Johnson
11	Sharon C. Lamb & Lorene C. Lamb
12	Swapp Livestock Co.

Registered Professional Engineer
 275875-2202
Chris R. McCourt
 CHRIS R. McCOURT
 11-16-07
 State of Utah

LEGEND: PROJECT AREA BLM OWNERSHIP PRIVATE OWNERSHIP COAL OWNERSHIP BOUNDARY COUNTY ROAD PROPOSED BOREHOLES	DRAWN BY: N. BUTKOVICH	CHECKED BY: APC	REVISIONS		COAL OWNERSHIP WITH PROPOSED BOREHOLES COAL HOLLOW PROJECT ALTON, UTAH	 463 N. 100 W., Suite 1 Cedar City, Utah 84720 Phone (435) 867-5331 Fax (435) 867-1192
	DRAWING: 4	DATE: 8/16/04	DATE: BY: 9/13/04 NLB 3/6/06 JAS 6/6/06 NLB 2/21/07 NLB 11/16/07 CRM			
	JOB NUMBER: 1400	SCALE: 1" = 3500'	SHEET			