

**Alton Coal Development, LLC**

463 North 100 West, Suite 1

Cedar City, Utah 84720

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

November 21, 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

RECEIVED
NOV 26 2007
DIV. OF OIL, GAS & MINING

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

*2 copies
dissected* *AK*

Dear Ms. Grubaugh-Littig:

Enclosed are three copies of the Notice of Intent (NOI) to perform Minor Coal Exploration at the Coal Hollow Project. These copies are the revised version that includes additional information requested by Dave Darby, Priscilla Burton and Jim Smith. I greatly appreciate the cooperation that I have received from your staff with getting approval to complete this exploration project.

The previous versions of this NOI that were mailed to you are replaced by the enclosed copies.

Sincerely,

Chris R. McCourt, PE



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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***

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 26 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 21, 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 boreholes in relation to surface and mineral ownership of the Project. The surface and mineral estate of the Exploration Area in which the boreholes 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 relatively flat grades (not greater than 4% slopes), near pre-existing access routes. The Exploration Area is pasture lands and meadows 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.

Samples will be collected at every two foot interval. In the lithologic units that are thicker than 10 feet, the samples will be composited into intervals no greater than 10 feet for analysis purposes. Levels at which water is contacted will be documented and provided to DOGM.

Support equipment will consist of two pickups trucks used to transport supplies and personnel.

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

Short Tons of Coal in one hole = (volume in ft³*density of coal in ft³)/2000
▶ (0.3486*83.55)/2000 = 0.0146 short tons

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. These access routes are areas previously disturbed by track mounted and rubber tired equipment.
- boreholes are located in areas that are relatively flat grades (not greater than a 4% slope) thus eliminating the need for excavation at drill pads;
- 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;
- drill locations will be seeded using the seed mix provided in Figure 2 to further promote a diverse, effective and permanent vegetative cover.
- sealing and abandonment of holes will be accomplished by filling the open borehole with unhydrated bentonite. Soil pits excavated near the Exploration Area have confirmed that sufficient formation water will be present to hydrate the bentonite for sealing the hole and minimizing disturbance to the hydrologic balance. Reference for utilizing unhydrated bentonite for sealing and abandonment is found in R655-4-2 Definitions.
- All equipment will be promptly removed from the Exploration Area when they are no longer needed for exploration.

By utilizing dry drilling methods, a truck mounted drill rig and locating the boreholes in relatively flat areas, the need for removing topsoil is not necessary. The disturbance to the ground surface and vegetation will be minimal using these practices. This disturbance will occur from the rubber tire (truck) mounted drill rig, pick up trucks and possibly pallets containing bags of bentonite. The approximate disturbance at each drill site will be an area 30 feet wide by 40 feet in length. The drill pad sites are located near routes that have been previously disturbed by track mounted and rubber tired equipment traffic. Activities outside of these previously disturbed routes will be minimized.

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 21st 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

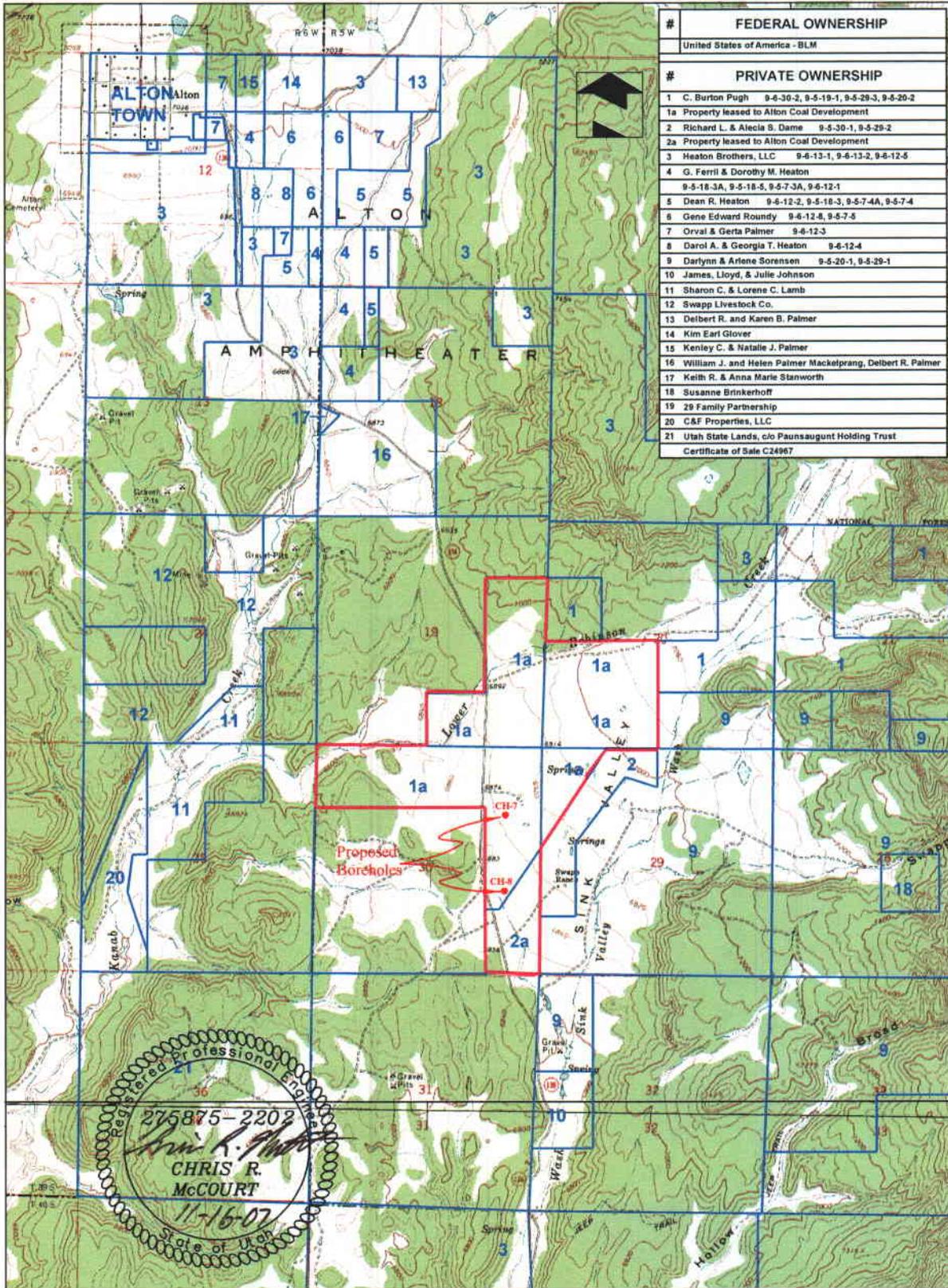
FIGURE 1
BOREHOLE COORDINATES

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"

FIGURE 2
SEED MIX

Exploration Seed Mix			
		Pure Live Seed/Acre	Seeds/Square foot
Bromus carinatus	Mountain Brome	6	13.77
Elymus lanceolatus	Thickspike Wheatgrass	4	14.14
Elymus smithii	Western wheatgrass	5	14.46
Elymus spicatus	Bluebunch wheatgrass	6	19.28
Poa pratensis	Kentucky bluegrass	0.4	19.99
Total		21.4	81.64



#		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	9-6-13-4, 9-5-7-5
7	Orval & Gerla Palmer	9-6-12-3
8	Darol A. & Georgia T. Heaton	9-6-12-4
9	Darlynn & Arlene Sorenson	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	Kenley 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 Paunsaugut Holding Trust	

Certificate of Sale C24967

275875-2202
 CHRIS R.
 McCOURT
 11-16-07
 State of Utah

LEGEND:

	PROJECT AREA
	SURFACE OWNERSHIP BOUNDARY
	PROPOSED BOREHOLES

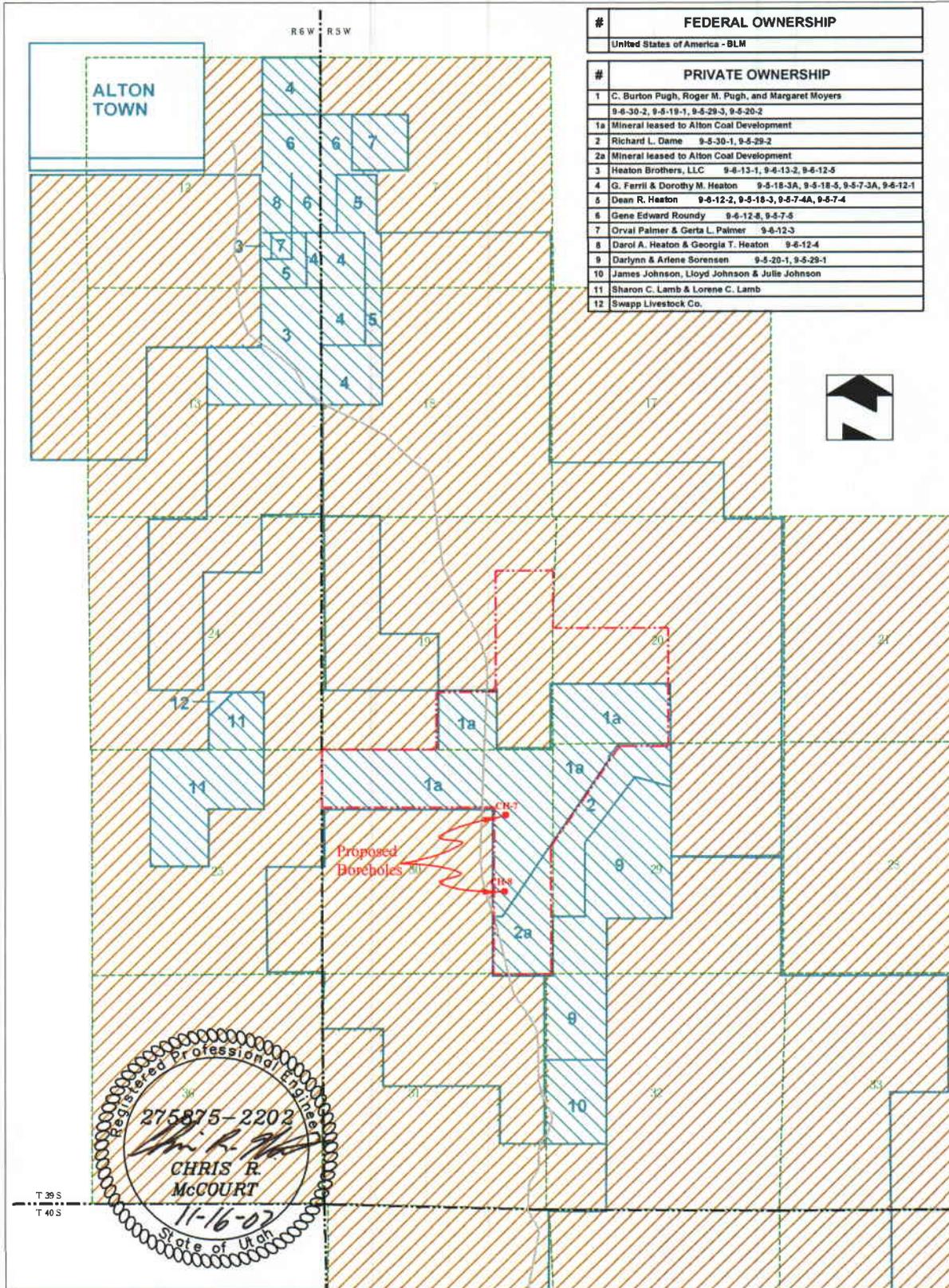
DRAWN BY: N. BUTKOVICH	CHECKED BY: APC
DRAWING: 3	DATE: 8/16/04
JOB NUMBER: 1400	SCALE: 1" = 3500'
SHEET	SHEET

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

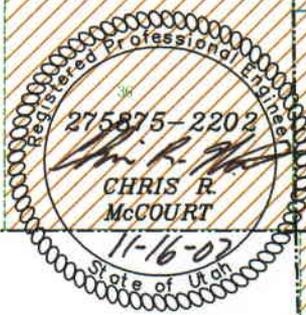
SURFACE OWNERSHIP WITH PROPOSED BOREHOLES

 COAL HOLLOW PROJECT
 ALTON, UTAH

463 N. 100 W., Suite 1
 Cedar City, Utah 84720
 Phone: (435) 867-5331
 Fax: (435) 867-1192



# 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, 9-6-20-2
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, 9-6-12-5
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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 & Georgia 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.



LEGEND:

- PROJECT AREA
- BLM OWNERSHIP
- PRIVATE OWNERSHIP
- COAL OWNERSHIP BOUNDARY
- COUNTY ROAD
- PROPOSED BOREHOLES

DRAWN BY: N. BUTKOVICH	CHECKED BY: APC
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9/13/04	NLB
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11/16/07	CRM

COAL OWNERSHIP WITH PROPOSED BOREHOLES

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