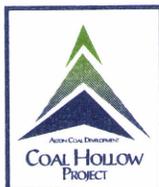


C/025/005 Incoming
cc: Steve D.

#4066
R



Alton Coal Development, LLC

463 North 100 West, Suite 1

Cedar City, Utah 84720

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

Date: March 30, 2012

Daron R. Haddock
Coal Program Manager
Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Subject: Notice of Intent - Minor Coal Exploration

Dear Mr. Haddock,

Enclosed is three copies of a Minor Exploration Plan which serves as the Notice of Intention (NOI) to conduct borehole drilling activities associated with the Coal Hollow Project. Drilling is requested for fee lands within Township 39 South, Range 5 West, Sections 7 and 18, and Range 6 West, Sections 12 and 13, in Kane County, Utah. The NOI is accompanied by maps showing the proposed locations of the boreholes in reference to surface and coal ownership. Tables are also included reflecting location and seed mix.

Please let me know if you have any questions or concerns.

Sincerely,

Larry W. Johnson
Alton Coal Development, LLC

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MAR 29 2012

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

March 30, 2012



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 Coal Hollow Project, Kane County, Utah ("Project")

This NOI concerns borehole drilling activities on fee lands associated with the Project. Ten boreholes are proposed within Township 39 South, Range 5, Sections 7 and 18 and Township 39 South, Range 6, Sections 12 and 13, 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: ljohnson@altoncoal.com

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

Erik C. Petersen, P.G.
Petersen Hydrologic, LLC
2695 North 600 East
Lehi, Utah 84043
Phone: (801)766-4006

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

Corehole Number	Township/Range	Section
13-39-06-001	Township 39 South, Range 6 West	13: SW1/4NE1/4
13-39-06-002	Township 39 South, Range 6 West	13: SE1/4NE1/4
13-39-06-003	Township 39 South, Range 6 West	13: SE1/4NE1/4
12-39-06-004	Township 39 South, Range 6 West	12: SE1/4SE1/4
12-39-06-005	Township 39 South, Range 6 West	12: SE1/4SE1/4

12-39-06-006	Township 39 South, Range 6 West	12: NE1/4SE1/4
7-39-05-007	Township 39 South, Range 5 West	7: SW1/4NW1/4
7-39-05-008	Township 39 South, Range 5 West	7: SW1/4WW1/4
18-39-05-009	Township 39 South, Range 5 West	18: NW1/4NW1/4
18-39-05-010	Township 39 South, Range 5 West	18: SW1/4NW1/4

Table 1 attached hereto shows the UTM and Latitude/Longitude of the ten coreholes. Table 2 reflects the seed mix for reclamation. Maps number 3 and 4 attached hereto show the location of the ten boreholes 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 the following property owners:

Heaton Brothers, LLC
 Glen Ferril and Dorothy M. Heaton
 Dean R. Heaton
 Gene Edward Roundy

A copy of each agreement has been provided in the Coal Hollow - Mining and Reclamation Plan (C/025/005) as submitted on June 14, 2007 to DOGM. These agreements are located in Volume 7 (Confidential) under the Right of Entry - Lease Documents section.

The ten coreholes 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 farm lands, used primarily for grazing of livestock and farming.

224. Period of intended exploration: Exploration activities will commence upon approval of this application and will terminate January 2013.

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
- Core drill the Dakota Formation under burden as determined by the geologist.

Wet drilling is not anticipated. 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 AGECE, Applied GeoTech located in St George, Utah. The on site geologist for the Exploration Project will be Erik Petersen of Petersen Hydrologic, LLC. Mr. Petersen (Register Utah Professional Geologist #5373615-2250) will provide oversight for proper collecting of material samples and corehole logging.

Generally, samples for geochemical analysis will be collected at every two foot interval. In the lithologic units that are thicker than 10 feet, where practical, the samples will be composited into intervals no greater than 10 feet for analysis purposes. Levels at which appreciable 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 14 feet, resulting in 0.0127 short tons of coal to be removed per hole and 0.127 short tons of coal for the ten hole project per the following calculations:

$$\text{Volume of coal in ft}^3 \text{ in one corehole} = \pi r^2 h$$
$$\blacktriangleright 3.14 * 0.0833^2 * 14 = 0.305 \text{ ft}^3$$

Where: constant $\pi = 3.14$
 radius of core $r = 0.0833 \text{ ft}$
 height of core $h = 14 \text{ feet}$

$$\text{Density of coal relative to density of water} = 1.34$$
$$\blacktriangleright 1.34 * 62.439 = 83.55 \text{ lbs/ft}^3$$

Where: density of water = 62.439 lbs/ft³

$$\text{Short Tons of Coal in one hole} = (\text{volume in ft}^3 * \text{density of coal in ft}^3) / 2000$$
$$\blacktriangleright (0.305 * 83.55) / 2000 = 0.0127 \text{ short tons}$$

$$\text{Total Short Tons removed from ten holes} = 0.0127 * 10 = 0.127$$

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

- minimize off-road activities;
- coreholes are located near pre-existing access routes or disturbed ground to minimize disturbance.
- coreholes 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 is not anticipated to 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 Table 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 preexisting routes that have been previously disturbed. Activities outside of these previously disturbed routes will be minimized.

Threatened and Endangered Species: Initial consultations have been made to the appropriate state and federal agencies regarding threatened, endangered, and sensitive plant and animal species and their habitats in and adjacent to the Project Area. Additionally, field studies have been conducted of the 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. Appendix F, Alton Coal Tract LBA EIS Report of Reconnaissance Surveys, an appendix to the Bureau of Land Management Environmental Impact Statement of the Alton Coal Tract Lease by Application reflects that no Threatened and Endangered Species are within the project area. This document can be found in the Draft Environmental Impact Statement document dated November, 2011.

Cultural Resources: Montgomery Archeological Consultants has conducted a cultural resource inventory of the Project area. A Cultural Resource Management Plan (CRMP), dated March 10, 2008 was generated and shows Cultural Resource locations in and around the project area. Figure 1, page 2 of that plan reflects three sites, 42KA3077, 42KA3097, and 42KA8080 that are partially or completely within the project area. These areas have been mapped and can be viewed on page 2, Figure 1, of the Cultural Resource Management Plan. This plan was submitted as part of the Coal Hollow – Mining and Reclamation Plan (October, 2009). The plan can be found in Volume 9 (Confidential) in the

Cultural Resource Inventory section. Map 5 shows the ten boreholes in relationship with the cultural sites.

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

This NOI is submitted this 30th day of March, 2012 by Alton Coal Development, LLC.

By 
Its Manager

cc: Office file
Enclosures

REFERENCES

Montgomery Archeological Consultants, P. Stavish and K. Montgomery
2008 Cultural Resource Management Plan (CRMP)

Coal Hollow Project - Mining and Reclamation Plan (C/025/0005) 2009
Volume 7 (Confidential), Lease agreements.

Appendix F – Alton Coal Tract LBA EIS report of Reconnaissance Surveys,
Alton Coal Tract Lease by Application, Draft Environmental Impact Statement.

Proposed Bore Hole Locations

March 31, 2012

Datum = NAD 27

Hole ID	Zone	Easting	Northing	Latitude	Longitude	Elevation
13-39-06-001	12S	369530	4142436	37d25'17"	112d28'28"	6886
13-39-06-002	12S	369784	4142444	37d25'17"	112d28'18"	6888
13-39-06-003	12S	369932	4142539	37d25'21"	112d28'12"	6882
12-39-06-004	12S	369873	4143077	37d25'38"	112d28'14"	6903
12-39-16-005	12S	369997	4143392	37d25'48"	112d28'10"	6930
12-39-06-006	12S	370100	4143694	37d25'58"	112d28'06"	6959
7-39-05-007	12S	370256	4144085	37d26'11"	112d28'00"	6988
7-39-05-008	12S	370477	4143417	37d25'49"	112d27'50"	6943
18-39-05-009	12S	370434	4142772	37d25'28"	112d27'51"	6950
18-39-05-010	12S	370280	4142300	37d25'13"	112d27'57"	6862

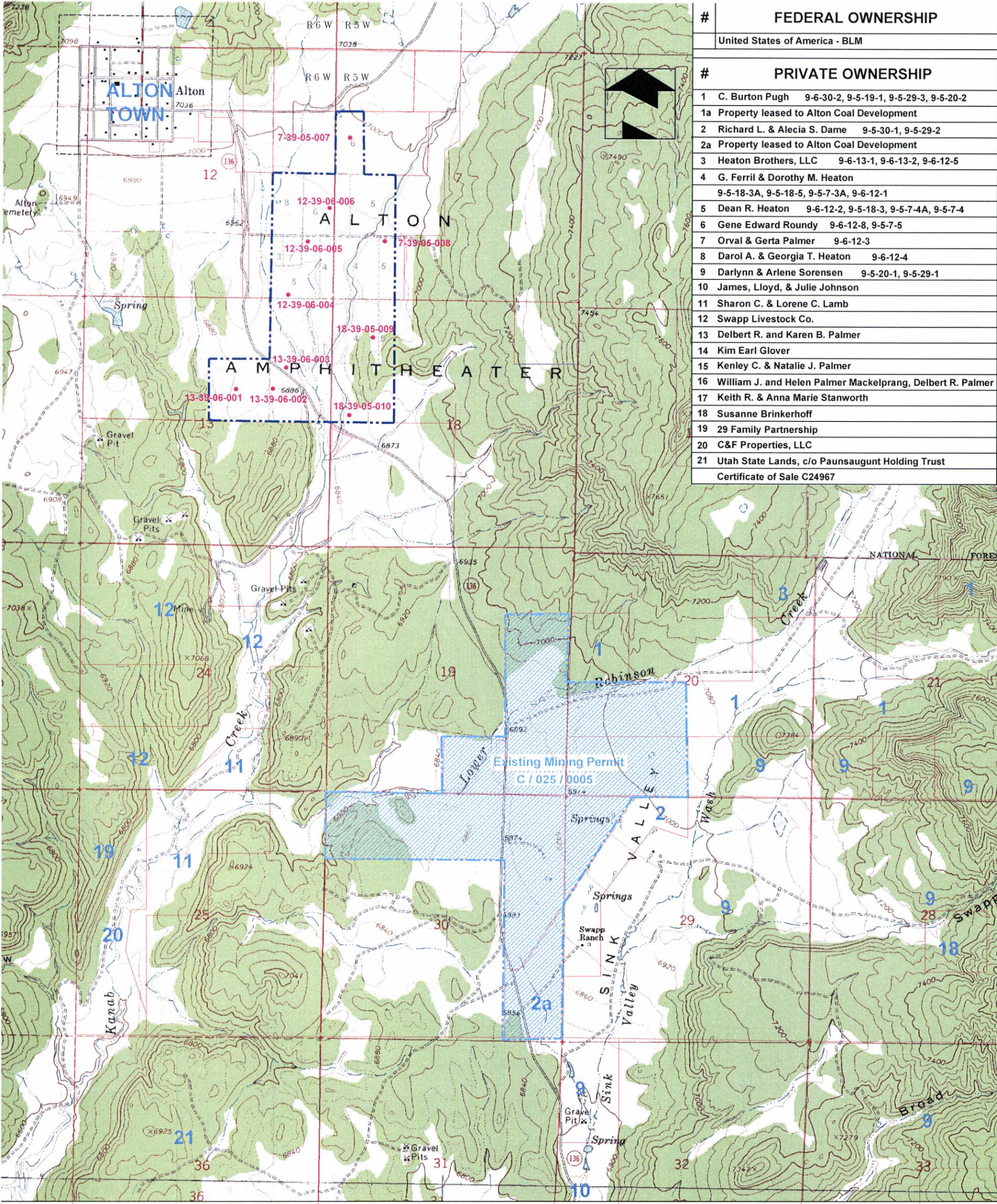
TABLE 1: PROPOSED BOREHOLE COORDINATES IN NAD 27

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

NOTE: If drilling occurs on land where crops are planted, ACD will coordinate with the farmer to replant that crop on the drill site.

TABLE 2: SEED MIX





#	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. & Georgia T. Heaton 9-6-12-4
9	Darlynn & 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	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 Paunsaugunt Holding Trust

Certificate of Sale C24967

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3

LEGEND:
 PROPOSED BOREHOLE BOUNDARY
 EXISTING PERMIT AREA
 PROPOSED BOREHOLE
 13-39-06-002
 See Map 4 for Project Area View

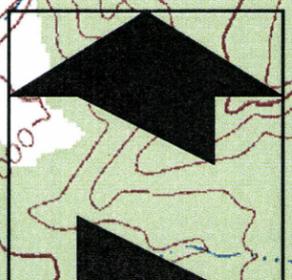
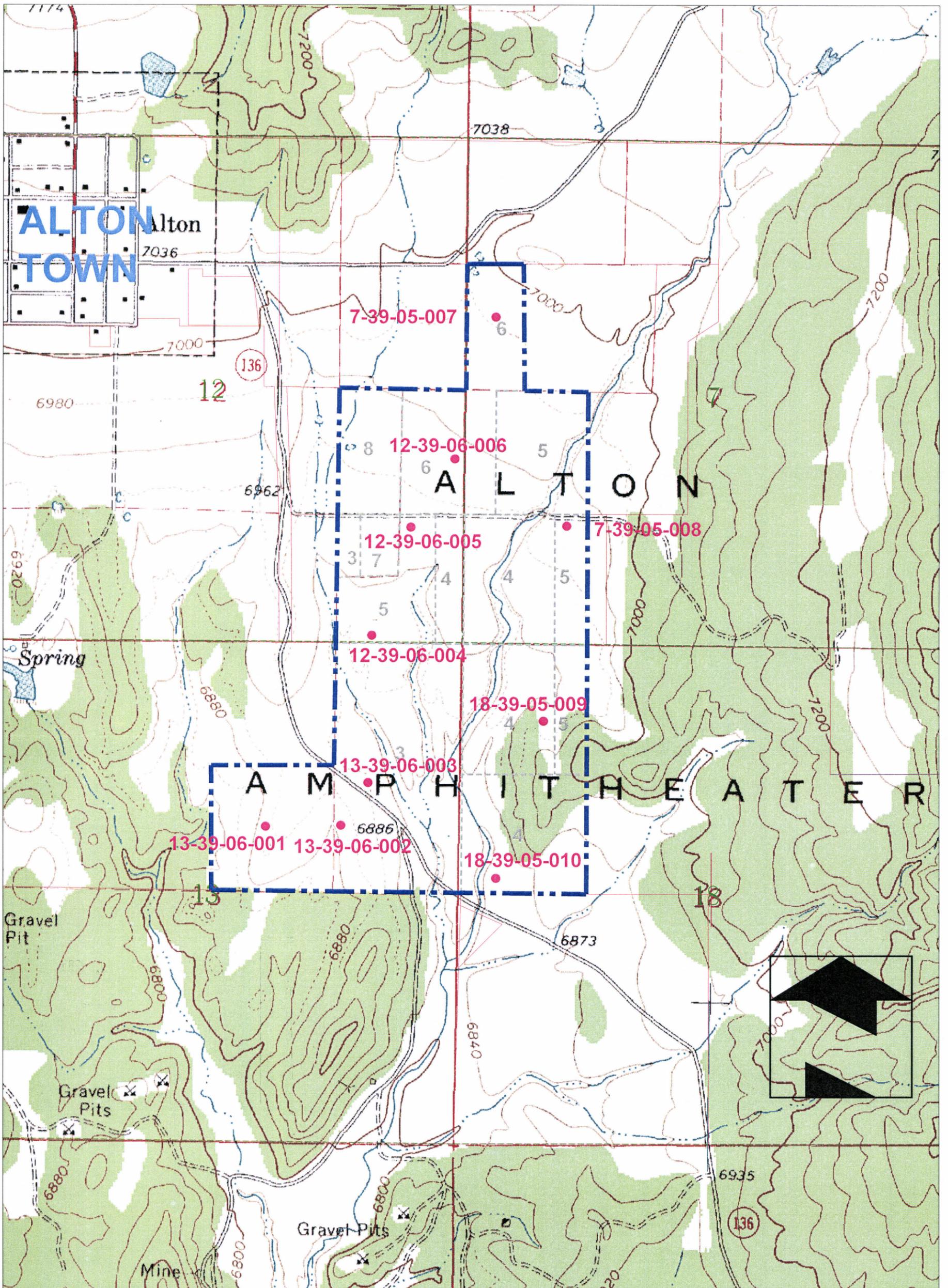
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LWJ	LWJ
DRAWING:	DATE:
3	3/1/2012
	SCALE:
	1" = 2000'
JOB NUMBER:	SHEET

REVISIONS	
DATE:	BY:

BoreHole
Locations
Fee / Fee
Sec 7 & 18, T39S, R5W
Sec 12 & 13, T39S, R6W
COAL HOLLOW
PROJECT
ALTON, UTAH
MAP 3

167230
JAY S. ADAMS
State of Utah
3-26-12

463 North 100 West, Suite 1
Cedar City, Utah 84720
Phone (435)867-5331
Fax (435)867-1192



LEGEND:
 PROPOSED BOREHOLE BOUNDARY
 PROPOSED BOREHOLE
 See Map 3 for Overall View
RECEIVED
MAR 29 2012

DRAWN BY: LWJ
 DATE: 3/1/2012
 SCALE: NONE
 SHEET: 4
 JOB NUMBER: 13-39-06-002

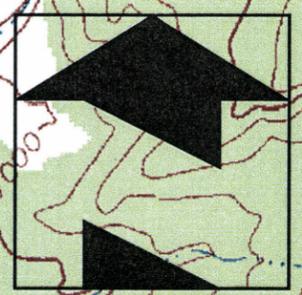
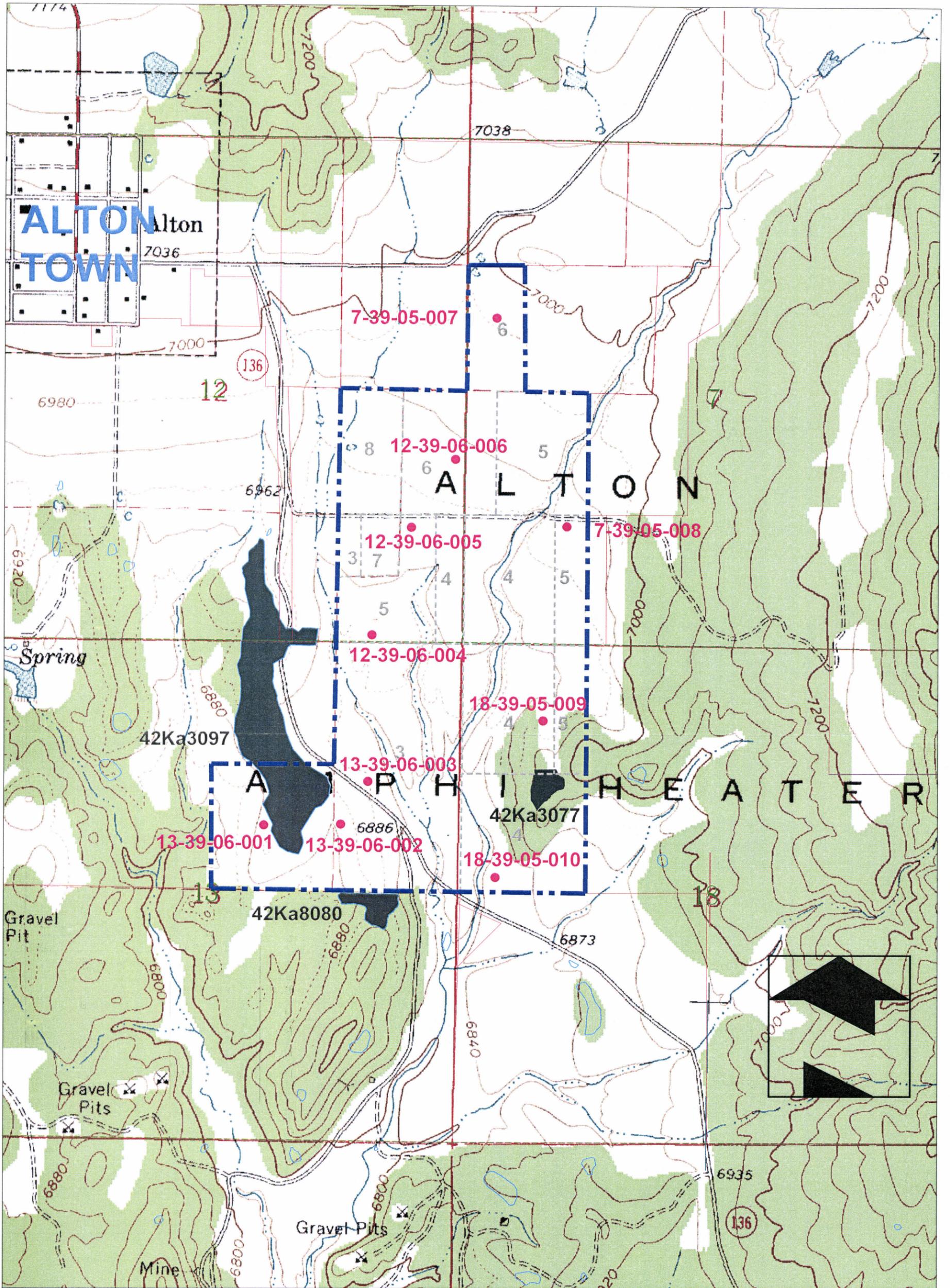
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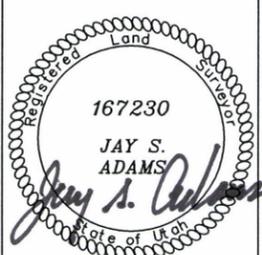
BoreHole Locations Fee / Fee
 Sec 7 & 18, T39S, R5W
 Sec 12 & 13, T39S, R6W
 COAL HOLLOW PROJECT
 ALTON, UTAH
 MAP 4

167230
 JAY S. ADAMS

 3-26-12

463 North 100 West, Suite 1
 Cedar City, Utah 84720
 Phone (435)867-5331
 Fax (435)867-1192



LEGEND:  PROPOSED BOREHOLE BOUNDARY  PROPOSED BOREHOLE  CULTURAL RESOURCE LOCATIONS <small>See Appendix 4-1, CRMP-March 10, 2005 Volume 9 of the MRP C-025-0005</small> RECEIVED	DRAWN BY: LWJ	REVISIONS <table border="1"> <thead> <tr> <th>DATE:</th> <th>BY:</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> </tbody> </table>	DATE:	BY:													Cultural Resource Locations Fee / Fee Sec 7 & 18, T39S, R5W Sec 12 & 13, T39S, R6W COAL HOLLOW PROJECT ALTON, UTAH MAP 5	 JAY S. ADAMS 3-26-12	 463 North 100 West, Suite 1 Cedar City, Utah 84720 Phone (435)867-5331 Fax (435)867-1192
	DATE:	BY:																	
DRAWING: 5	DATE: 3/1/2012 SCALE: NONE	JOB NUMBER: SHEET																	

MAR 29 2012