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Outgoing
C0250005
#4099
OK

June 5, 2012

Larry Johnson, Mine Manager
Alton Coal Development
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: Minor Coal Exploration, Ark Land Company, C/025/0005, Task ID #4099

Dear Mr. Johnson:

The above-referenced Minor Exploration Letter of Intent has been reviewed as of June 5, 2012. Please have a copy of the Letter of Intent at the exploration site upon inspection.

If you have any questions, please feel free to call me at (801) 538-5325 or Stephen J. Demczak at (435) 613-3732.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/SFD/ss
cc: Price Field Office
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Utah Coal Regulatory Program

Alton Coal Exploration
C/025/0005
Task ID #4099
Minor Exploration Analysis and Findings
June 5, 2012

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EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Alton Coal Development, LLC has submitted a Notice of Intent to conduct Minor Coal Exploration on Township 39 South, Range 5 West, Sections 7 and 18, Range 6 West, Section 12, and 13, in Kane County, Utah. The applicant is proposing to drill eight holes into the coal seam in 2012. All drilling will occur on fee land into fee coal.

The eight drilling sites will use conventional truck-mounted drilling. The drilling will be dry drilling and no mud pits will be needed.

The applicant will remove less than 250 tons of coal.

The Applicant plans to start drilling as soon as this application is reviewed by the Division. Reclamation will occur once core have been removed.

SUMMARY OF PERMIT CONDITIONS

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following Permit Conditions. The applicant is subject to compliance with the following Permit Conditions and has committed to comply with the requirements of these conditions as referenced in the approved Permit.

Accordingly, the permittee has committed to comply with the requirements of the following Permit Conditions, as specified, and in accordance with the requirements of:

COAL EXPLORATION

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

Alton Coal Development has submitted information to address the requirements of the state program and to meet requirements of R645-200 through R645-203. The applicant has classified this action as a Notice of Intention to Conduct Minor Coal Exploration and to comply with the State Program. The applicant has specified that certain material not be available to the public.

Findings:

The information given is to address the requirement of State program and R645-200 through R645-203. The information that was submitted is complete.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

R645-201-221; this coal rule requires the applicant to give name, address, and telephone number of the applicant's representatives, who will be present at and responsible for conducting the exploration operations. This information was within the Notice of Intent.

R645-100-400, R645-200-100, R645-200-200, and R645-201-100; Alton Coal Development has given a Notice of Intention to Conduct Minor Coal Exploration with a narrative and map describing the exploration area and indicating where the exploration will occur.

All eight drilling sites will use conventional truck-mounted drilling. No water or mud will be used. Drilling will start in June of 2012.

COAL EXPLORATION

The Applicant will transport all drilling equipment, materials, and personnel by rubber tire equipment. The access to the drill site will be by using existing roads and will drive on lands that roads do not exist.

The eight drill site will be approximately creating 1.76 acres of disturbance in total. The drilling is located in relatively level areas with a grade of 4 percent.

The exploration will take place near the town of Alton, Utah. The applicant will remove approximately less than 250 tons of coal. The drill holes will be approximately a 2 inch hole. Upon completion, the drill hole will be sealed with unhydrated bentonite from the bottom of the hole to ground level.

The applicant plans to start drilling the June 2012. It is planned that the project will take until the end of the year 2012.

Findings:

The Applicant has given all of the necessary information as requirements of R645-201-221 such as name, address, and telephone number.

The Applicant has submitted the necessary information to comply with regulations R645-100-400, R645-200-100, R645-200-200, and R645-201-100 in the analysis.

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

Analysis:

Alton Coal Development will disturb the natural land surface while conducting conventional drilling. There will be no stripping of topsoil. The drill site pad size will be approximately 30 ft. X 40 ft. The drill sites will be located in an area requiring some leveling. Drilling equipment and material will be brought in by rubber tire equipment to the sites.

The applicant has committed in the Notice of Intent to clean-up spills and to scarify and seed all disturbed areas.

Findings:

The information submitted complies with the requirements of R645-202-100.

COAL EXPLORATION

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Biology

Mt. Nebo Scientific conducted a field studies on Project area and the adjacent areas for potential threatened or endangered species. No threatened or endangered species were located within the **Project area**. BLM's Environmental Impact Statement stated that no threatened or endangered species are in the Project area.

Cultural Resources

The Paleontological field survey was conducted for the exploration areas. These areas are within the survey areas on appendix B in the Cultural Resource Inventory of Alton Coal Development's Sink Valley-Alton Amphitheater Project Area, Kane County, Utah by Patricia Stavish. This was reviewed and incorporated by the Division on October 15, 2009.

No Cultural Resource Areas will be affected by conducting Minor exploration.

Roads

R645-202-232; Alton Coal Development will use existing roads. The Applicant will drive vehicles overland off of existing roads. If lands become compacted the Applicant will rip compacted areas and seed these areas.

Topsoil

Topsoil will be selectively removed at the drill locations, stored and redistributed.

Diversions of Overland flows and streams

The applicant states that there will be no diversion of overland flows.

Hydrologic Balance

The applicant states that the drill hole will be sealed using bentonite slurry.

COAL EXPLORATION

The applicant states that no holes will be used monitoring well.

Acid- or toxic forming materials

The applicant has committed bury acid and toxic materials under four feet of cover if encountered.

Findings:

The information provided does meet the minimum regulatory requirements of this section.

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

Alton Coal Development will scrape off the vegetation and remove the topsoil from the conventional drill sites. The total disturbed area, including road construction and drill pads, are 1.76 acres. The applicant will reclaim to AOC.

Revegetation

The Division has found that using the extreme surface roughening methods described in The Practical Guide to Reclamation in Utah (www.dogm.utah.gov) work better for controlling erosion and establishing vegetation than crimping mulch. Surface mulch can be incorporated during the roughening process.

All organic material grubbed from the drill pad will be salvaged to use as a surface mulch during reclamation operations. It is recommended that only materials native to the site be used as mulch. Noxious weed-free straw or hay will introduce additional non-noxious weeds.

The seed mixture does not meet the requirements of R645-202-200. Not all of the proposed species are native to the area to be disturbed. See Table -2 for seed mix to be used.

Boreholes

The main drill hole diameter will be NQ 2 inches diameter. The depth of the hole will be 40 feet to 200 feet.

COAL EXPLORATION

Upon completion of the drilling, the hole will be plugged with bentonite to its full depth. A brass tag will be placed at the top of the drill hole stating the applicant's name, drill hole number, and legal description.

Facilities and Equipment

R645-202-244 through R645-202-244.300: All drilling equipment and materials will be removed from the drill area once drilling is completed. Sealing will start thereafter, and all equipment and material for sealing the drill hole will be removed, when sealing is completed.

No facilities are to be built during this exploration program.

Findings:

The information provided meets the minimum regulatory requirements of this section.

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

Alton Coal Development has requested that the Division not make any drilling information available for public inspection relative to coal seam thickness or quality.

Findings:

The applicant has met the minimum requirements of this section in the Notice of Intent.