SOUTHLAND RESOURCES , INC.

SEARLES MINE NO. 4, P-3837

ALABAMA SURFACE MINING COMMISSION

SURFACE MINING PERMIT APPLICATION

P A R T I

Prepared by:

MCGEHEE ENGINEERING CORP.
P. O. Box 3431
450 19th Street West
Jasper, Alabama 35502-3431
Telephone (205) 221-0686

STATE OF ALABAMA
SURFACE MINING COMMISSION

(X) Renewal Application for a Surface Coal Mine
( ) Renewal Application for an Underground Coal Mine
( ) Renewal Application for a Preparation Facility

PART I A. IDENTIFICATION

1. PERMIT APPLICANT
Name: **Southland Resources, Inc.**
Street Address: **5710 University Blvd. East**
City: **Cottondale** State: **AL** Zip: **35453**
Mailing Address: **P.O. Box 770**
City: **Cottondale** State: **AL** Zip: **35453**
Telephone Number: **(205) 554-1550**
Social Security Number(Voluntary): ___-__-____
Employer Identification Number: **63-1031564**
ASMC License#: **L-652**

2. ENTITY OR PERSON RESPONSIBLE FOR PAYING ABANDONED MINE LAND RECLAMATION FEES
Name: **Southland Resources, Inc.**
Street Address: **5710 University Blvd. East**
City: **Cottondale** State: **AL** Zip: **35453**
Mailing Address: **P.O. Box 770**
City: **Cottondale** State: **AL** Zip: **35453**
Telephone Number: **(205) 554-1550**
Social Security Number(Voluntary): ___-__-____
Employer Identification Number: **63-1031564**
ASMC License#: **L-652**

3. IDENTIFY THE OPERATOR FOR THIS MINE IF DIFFERENT FROM THE PERMITTEE
Name: **SAME AS PERMITTEE**
Street Address: _____
City: _____ State: **AL** Zip: _____
Mailing Address: _____
City: _____ State: **AL** Zip: _____
Telephone Number: (_____)_____-_____
Social Security Number(Voluntary): ___-__-____
Employer Identification Number: _____
ASMC License#: _____

4. CONTACT PERSON FOR PERMIT REVIEW ISSUES AND CORRESPONDENCE
Name: **McGehee Engineering, Corp.**
Mailing Address: **P. O. Box 3431, 450 19th Street West**
City: **Jasper** State: **AL** Zip: **35502**
Telephone Number: **(205) 221-0686**

PART I B. OWNERSHIP AND CONTROL

1. PERMIT APPLICANT OWNERSHIP AND CONTROL.

At the time of filing of this application provide an update of all information contained in the applicant's license file or certify that the information contained in the license is accurate and complete. The updated information shall be submitted on Part I A through Part I F of the License application form. Check one of the following:

_X_ A license update is included.

__ Information contained in the license file is accurate and complete at the time of filing of this application. No update is included.

Following notification that the permit appears eligible for issuance, the applicant must certify that all information in this application and the license file pertaining to ownership and control, surface mining history and violation history is still valid or the applicant must submit the appropriate update information.

2. OPERATOR OWNERSHIP AND CONTROL.

If someone other than the permittee has been identified as the operator under this permit, an update of the ownership and control information contained in the operator's license file must be provided or certify that the information contained in the license file is accurate and complete. The updated information shall be submitted on Part I A through Part I F of the License application form. Check one of the following:

_X_ A license update is included.

__ Information contained in the license file is accurate and complete at the time of filing of this application. No update is included.

Following notification that the permit appears eligible for issuance, the applicant must certify that all information in this application and the license file pertaining to ownership and control, surface mining history and violation history is still valid or the applicant must submit the appropriate update information.

3.CONTROL OF MINING OPERATION THROUGH CONTROL OF COAL TO BE MINED.

Provide the information below for any person or entity who owns or controls the coal to be mined under this permit and who, by lease, sublease, or other contract:

A. has the right to receive the coal after mining, or,
B. has the authority to determine the manner in which the operator or permittee conducts surface coal mining operations.

(USE ADDITIONAL SHEETS IN THE FORMAT BELOW IF NECESSARY)

Name: **__Southland Resources, Inc. _____**
Street Address: **__5710 University Blvd. East _____**
City: **__Cottondale _____** State: **_AL_** Zip: **__35453____**
Mailing Address: **_ P.O. Box 770 _____**
City: **_Cottondale _____** State: **_AL_** Zip: **__35453____**
Telephone Number: **__(205) 554-1550_____**
Social Security Number (Voluntary): _____-_____-_____
Employer Identification Number: **_ 63-1031564_____**
ASMC License#: **_L-652___**

PART I C. PROPERTY OWNERSHIP, INTERESTS AND RIGHTS

1. OWNERSHIP OF PROPERTY TO BE MINED AND RIGHT OF ENTRY.

INSTRUCTIONS:

Show the property ownership boundaries of each parcel of land in the permit area on the permit map or an overlay of the same scale as the permit map. If the surface estate is severed from the mineral estate, show and describe the ownership of each estate separately. In the spaces below, identify:

1. Every current legal or equitable owner(s) of record (as found in a standard search of title) of the property;
2. The holders of record of any leasehold interest in the property; and,
3. Any purchaser of record under a real estate contract of the property.

Describe the basis of the applicant's legal right to enter and mine on all properties contained in the permit application. If the mineral estate has been severed from the surface estate,describe the basis of the legal right to enter and mine both the surface and mineral separately. Give the nature of such right (i.e. lease, deed, contract, etc.), where recorded, describe from whom, to whom, and the date executed,and whether that right is the subject of pending litigation.

USE ADDITIONAL SHEETS IN THE FORMAT BELOW AS NECESSARY

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Legal description of property or permit map symbol: **F-3**
(SEE PERMIT MAP)
Surface/Mineral/or Fee Simple (both): **FEE SIMPLE**
Legal owner(s) of record: **KELLERMAN LAND ASSOCIATES c/o REGIONS BANK TRUSTEE**
Address: **P.O. BOX 10463** City: **BIRMINGHAM** State: **AL** Zip: **35202**
Holders of leasehold interest: _____
Address: _____ City: _____ State: _____ Zip: _____
Purchasers under a real estate contract: _____
Address: _____ City: _____ State: _____ Zip: _____
Description of right to enter or mine:

Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.
LEASE	KELLERMAN LAND ASSOCIATES.	SOUTHLAND RESOURCES, INC.	03-20-00	NO

PART I C. (CONTINUED)

2. OWNERSHIP OF SURFACE AND MINERAL LANDS CONTIGUOUS TO THE AREA TO BE MINED.
INSTRUCTIONS:
Provide the information below for the owners of record of all surface and mineral properties contiguous to any part of the proposed permit area.

USE ADDITIONAL SHEETS IN THE FORMAT BELOW AS NECESSARY

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Name: **KELLERMAN LAND ASSOCIATES**
Address: **P.O. BOX 10463**
City: **BIRMINGHAM** State: **AL** Zip: **35202**
Interest owned (Surface, Coal or Fee Simple): **FEE (F-3)**
Type of Interest (Owner, Lease , or Other): **OWNER**

PART I C. (CONTINUED)

3. INTERESTS OR PENDING INTERESTS IN LANDS CONTIGUOUS TO THE PERMIT AREA.
INSTRUCTIONS:

THE APPLICANT HAS NO INTEREST IN ANY LANDS OR CONTIGUOUS LAND OTHER THAN THE PERMITTED AREA.

Give the legal description of all lands contiguous to the permit area for which the permit applicant:

1. Holds an interest,
2. Holds an option, or
3. Has made a bid for ownership, lease or other interest.

USE ADDITIONAL SHEETS IN THE FORMAT BELOW AS NECESSARY

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Legal description: _____

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Describe the nature of the interest:_____

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Legal Description:_____

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Describe the nature of the interest:_____

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Legal description: _____

_____

_____

Describe the nature of the interest:_____

_____

PART I D. PERMIT AREA INFORMATION

1. Give the requested term of this permit: 5 years.

2. Give the legal description of the land upon which the applicant proposes to conduct surface coal mining operations. List each quarter-quarter section, section, township, range, and county.

NE/NE, SE/NE, SW/NE, NW/NE, NE/NW, SE/NW, SW/NW & NW/NW SECTION 1, NE/NE, SE/NE, SW/NE, NW/NE, NW/NW & NE/NW SECTION 2, TOWNSHIP 20 SOUTH RANGE 8 WEST, SE/NE, NE/SE, SE/SE, SW/SE, NW/SE, NE/SW, SE/SW & SW/SW SECTION 35, SE/SE, SW/SE, NW/SE, NE/SW, SE/SW, SW/SW & NW/SW SECTION 36, TOWNSHIP 19 SOUTH, RANGE 8 WEST, TUSCALOOSA COUNTY, ALABAMA

3. Give the acreage of the permit, each increment and the type of bonding.
   a. Total permit acreage: 495.0 acres

   b. Give the acreage and type of bond for each mining increment:

Increment	Acres	Type Bond Proposed
1.	79.0	Certificate of Deposit
2	106.0	Certificate of Deposit
3	157.0	Certificate of Deposit
4	93.0	Certificate of Deposit
5	32.0	Certificate of Deposit
6	28.0	Certificate of Deposit

c. Identify the increment(s) on which mining will initially begin upon issuance of this permit: Inc. No. 1

4. Has any acreage in the proposed permit area been previously disturbed by mining? (XX) YES ( ) NO

   If yes, supply the following for any and all previously disturbed areas:

   a. Show the boundaries of the previously disturbed area(s) on the permit map and identify with an appropriate symbol.
   SEE PERMIT MAP
   b. List, for each area, the permit number under which it was disturbed and the number of acres. Indicate the status of each permit as Unreleased, Grading released, or 100% released.(If no permit, indicate as such)

Permit	Acres	Status
NA	31.0 ac	Pre-Law
P-3260	93.0 ac.	Bonded

5. Is disturbance to be conducted within 300 feet, measured horizontally, from an occupied dwelling?
   ( )YES (XX)NO.
   If YES, attach a signed waiver from the owner of the dwelling indicating the minimum distance disturbance will be allowed by the owner.

PART I D. (CONTINUED)

6. Is disturbance proposed within 100 feet of a public road right-of-way or will a public road be closed or relocated?
( ) YES (XX) NO.
If YES, enclose a copy of the approval granted by the government entity which has jurisdiction over the road. The approval must state the minimum distance disturbance will be allowed to the road or road right-of-way.

7. List all other licenses and permits required to conduct mining operations including, but not limited to, MSHA I.D. and NPDES. Give the identification or permit number , the name and address of the issuing authority, and the status or date of approval or issuance of each:

Permit	ID or Permit Number	Issuing Authority	Address	Status or date of issuance
MSHA ID	01-03236	MSHA	228 West Valley Ave. Birmingham, AL 35209	05-01-02
NPDES	AL0026590	ADEM	1751 Federal Drive Montgomery, AL 36130	Public Notice 3/18/03 Issue Date 05/01/03

8. Is the property in the permit covered by zoning or other land use restrictions? ( ) YES (XX) NO.
If yes, indicate the jurisdictional authority and zoning or landuse restriction for the entire permit area. If more than one zoning classification exists for the permit area, identify the boundaries of each on the permit map.

Jurisdictional Authority	Zoning Classification	Allows mining? Yes or No

9. Describe access to the proposed mine from a known point on the nearest public highway: From the intersection of Tuscaloosa County Road 59 and Alabama State Highway 216 in Brookwood, Alabama, travel north on Tuscaloosa County Road 59 approximately 7.0 miles just past Kellerman Post Office to the mine entrance on the left. The boundaries to the permit area will be marked and signs will be posted.

10. Did the applicant receive assistance from the Small Operator Assistance Program in preparing this application?
( ) YES (XX) NO
If YES, list SOAP I.D. Number:_____

11. Submit a certificate of proof of Liability Insurance with this application.

PART I E. PUBLIC NOTICE AND AVAILABILITY FOR INSPECTION

12. Give the name of the approved public office in which a copy of this application will be filed for public inspection following notification of completeness: Alabama Surface Mining Commission and Alabama Surface Mining Commission website http://surface-mining.alabama.gov

13. Enclose a copy of the notice of filing of this application which will appear in a newspaper of general circulation in the vicinity of the mine and identify the name of the newspaper: See Attachment I-E-13

PUBLIC NOTICE FILING OF PERMIT APPLICATION

In accordance with the provision of Act No. 81-435 of the State of Alabama and the regulations promulgated under this act, Southland Resources, Inc., P.O. Box 770, Cottondale, AL 35453 is filing an application to renew its Searles Mine No. 4 (P-3837) permit, Surface Mine. Access to the mine is as follows:

From the intersection of Tuscaloosa County Road 59 and Alabama State Highway 216 in Brookwood, Alabama, travel north on Tuscaloosa County Road 59 approximately 7.0 miles just past Kellerman Post Office to the mine entrance on the left. The boundaries to the permit area will be marked and signs will be posted.

NE/NE, SE/NE, SW/NE, NW/NE, NE/NW, SE/NW, SW/NW & NW/NW SECTION 1, NE/NE, SE/NE, SW/NE, NW/NE, NW/NW & NE/NW SECTION 2, TOWNSHIP 20 SOUTH RANGE 8 WEST, SE/NE, NE/SE, SE/SE, SW/SE, NW/SE, NE/SW, SE/SW & SW/SW SECTION 35, SE/SE, SW/SE, NW/SE, NE/SW, SE/SW, SW/SW & NW/SW SECTION 36, TOWNSHIP 19 SOUTH, RANGE 8 WEST, TUSCALOOSA COUNTY, ALABAMA

A copy of the permit application is available for public inspection and review on the Alabama Surface Mining Commission website http://surface-mining.alabama.gov. A copy of the permit application is also available for public inspection and review at the office of the Alabama Surface Mining Commission located on the second floor of the Pinnacle Bank Building at 1811 2nd Avenue, Jasper, Alabama 35501. Written comments, objections, request for public hearing or request for informal conferences concerning this permit should be sent to the Alabama Surface Mining Commission, P.O. Box 2390, Jasper, Alabama 35502-2390, no later than 30 days from the last date of publication of this notice.

This notice to be published in the Tuscaloosa News Newspaper.

TO THE TUSCALOOSA NEWS:

Please run this notice once a week for four (4) consecutive weeks beginning on Dec. 8th, Dec. 10th, Dec. 17th and Dec. 24th. Please send invoice and notarized proof of publication to:

Southland Resources, Inc.
P.O. Box 770
Cottondale, AL 35453
Telephone (205) 554-1550

Also please send a notarized proof of publication to:
If you should have any questions or need additional information, please call:

McGehee Engineering Corp.
P. O. Box 3431
Jasper, AL 35502-3431
Telephone (205) 221-0686