

CRAFT JOSEPH W III
Form 4
September 18, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CRAFT JOSEPH W III

(Last) (First) (Middle)
1717 S. BOULDER AVENUE, SUITE 600
(Street)

TULSA, OK 74119

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

Alliance Holdings GP, L.P. [AHGP]

3. Date of Earliest Transaction (Month/Day/Year)
09/16/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

President and Chief Executive

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Unit				(A) or (D)	Code V Amount (D) Price		By Alliance Resource GP, LLC (1) (2)
Common Unit					20,641,168	I	
Common Unit					5,193,759 (3)	D	
Common Unit					4,411,579 (3)	I	By GRAT
Common Unit					549,020	I	By Alliance Management Holdings III, LLC (4)

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Number of Shares
Call option (obligation to sell) ⁽⁵⁾	\$ 30	09/16/2008		S	266,505	07/01/2011	07/01/2013	Common units	266,505

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CRAFT JOSEPH W III 1717 S. BOULDER AVENUE SUITE 600 TULSA, OK 74119	X	X	President and Chief Executive	

Signatures

Joseph W. Craft by Mindy Kerber, pursuant to power of attorney dated July 27, 2006

09/18/2008

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Joseph W. Craft III ("Craft") indirectly holds 20,641,168 Common Units of AHGP through Alliance Resources Holdings, Inc. ("ARH II"), of which he is sole director and sole shareholder. ARH II holds all of the outstanding shares of Alliance Resource Holdings, Inc. ("ARH"). ARH, in turn, holds all of the outstanding membership interests of Alliance Resources GP, LLC (the "SGP"). Prior to June 13, 2006, Craft was the majority, but not sole, shareholder of ARH II. On June 13, 2006, Craft and ARH II entered into a stock purchase and stock redemption transaction with the other shareholders of ARH II which, after giving effect thereto, resulted in Craft becoming the sole shareholder of ARH II. In a prior Form 4 filing, Craft reported his interest in the 20,641,168 Common Units of AHGP held by the SGP, but disclaimed beneficial ownership in such Common Units except to the extent of his pecuniary interest therein. (Continued in footnote (2)).

(2)

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Craft, as sole shareholder of ARH II, no longer disclaims beneficial interest with respect to any of the 20,641,168 AHGP Common Units held by the SGP.

- (3) After giving effect to the Alliance Management Holdings, LLC ("AMH") Liquidation and the AMH II Liquidation, and the stock purchase and stock redemption transaction referenced in footnote (1) above, Craft directly acquired 4,693,759 Common Units of AHGP, and indirectly acquired, through the Joseph W. Craft III Grantor Retained Annuity Trust dated February 27, 2006, 4,411,479 Common Units of AHGP.

- (4) Craft indirectly holds 549,020 Common Units of AHGP through Alliance Management Holdings III, LLC ("AMH III"), which acquired 600,000 Common Units of AHGP in connection with the AMH Liquidation and the AMH II Liquidation. Craft is the sole director of AMH III and owns 42.43% of the membership interests in AMH III. Craft disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interests therein.

- (5) AMH III entered into option agreements to sell 266,505 common units of AHGP for an exercise price of \$30.00 per common unit, the options are exercisable from July 1, 2011 through July 1, 2013. AMH III received consideration of \$3.36 per common unit for each option.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.