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PRO/007/009

EUREKA ENERGY COMPANY

A SUBSIDIARY OF PACIFIC GAS AND ELECTRIC COMPANY

1010 KEARNS BUILDING • 136 SOUTH MAIN STREET • SALT LAKE CITY, UTAH 84101 • (801) 359-3811

August 21, 1979

Mr. Ron W. Daniels, Coordinator
Division of Oil, Gas & Mining
State of Utah
1588 W. North Temple
Salt Lake City, Utah 84116



Dear Mr. Daniels:

Eureka Energy Company, a wholly owned subsidiary of Pacific Gas and Electric Company, has acquired leases for about 240 million tons of underground coal in Carbon County, Utah which it intends to develop as the principal fuel source for PG and E's 1600 megawatt Fossil 1 & 2 power plant project in northern California. Since purchasing the Carbon County property (hereinafter designated the "Sage Point-Dugout Canyon Project"), Eureka has conducted extensive geologic, hydrologic, socio-economic, and environmental studies; completed preliminary plans for mining operations; and submitted a Mining and Land Use Plan to U.S.G.S. under requirements of 30 CFR § 211. With the recent adoption of the SMCRA Permanent Regulatory Program promulgated by the U.S. Office of Surface Mining, Eureka has begun to prepare an application for a permit to conduct underground coal mining operations and reclamation in compliance with 30 CFR §§ 700-890 and the related Utah regulatory program administered by your office.

The purpose of this letter is threefold:

- (1) To give notice of Eureka Energy Company's intention to proceed with an underground mining and reclamation permit application and to submit a map (enclosure number 1) which designates the preliminary proposed mine plan area, permit area, and adjacent area.

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(2) To provide background information (enclosure number 2) about the Sage Point-Dugout Canyon Project and its importance to a critical energy project in California.

(3) To request review and comment by your office and, through your coordination, the U.S. Office of Surface Mining, the U.S. Fish and Wildlife Service, the U.S. Bureau of Land Management, and the Utah Division of Wildlife Resources regarding the outline of Eureka's proposed program to satisfy requirements 30 CFR § 783, "Environmental Resources Information", of the Permanent Regulatory Program. The outline (enclosure number 3) specifies data, studies, maps, narratives, etc., which Eureka intends to include in its permit application for the Sage Point-Dugout Canyon Project. The outline includes such descriptions for all but one of the individual sections of 30 CFR § 783. For the exception, Section 783.20 "Wildlife Resources Information", Eureka requests specific recommendations from your office and other agencies, as appropriate, to determine and define studies that should be performed to obtain information that is needed to minimize disturbances and adverse impacts on wildlife and related environmental values.

Eureka hopes that the review of the proposed outline by your office and the other agencies will improve and expedite the preparation of environmental resources information for the Sage Point-Dugout Canyon Project, and minimize delays when the permit application is submitted for review.

Your prompt reply on this matter would be greatly appreciated. Please do not hesitate to call me if you have any questions.

Sincerely yours,



P. Bruce Benzler
Administrative Engineer

PBB:pf
Encl.