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June 15, 1981

 DIVISION OF  
 OIL, GAS & MINING

Mr. Norman A. Huey  
 U. S. Environmental Protection Agency  
 1860 Lincoln Street  
 Denver, Colorado 80295

Re: Prevention of Significant  
 Deterioration Permit  
 Sage Point-Dugout Canyon Project

Dear Mr. Huey:

I am taking this opportunity to inform you about the status of the Sage Point-Dugout Canyon Project and the air quality permits. It is our understanding that a Prevention of Significant Deterioration (PSD) permit is currently not required.

Eureka Energy Company (Eureka) plans to construct four underground coal mines in the Sage Point-Dugout Canyon area of Carbon County, Utah. Utah's Division of Oil, Gas, and Mining and the Office of Surface Mining in Denver have recently finished the completeness review of our mine permit application for this project. Eureka anticipates starting construction in Spring of 1982.

On December 11, 1979 Utah issued an air quality approval order for construction and operation of the Sage Point-Dugout Canyon mine project. Within the past two months, our proposed plans and specifications have been re-evaluated and have been found to be consistent with the requirements of the Utah Air Conservation Regulations and the Utah Air Conservation Act. A State of Utah air quality approval order was granted on May 18, 1981 (a copy of this order is enclosed).

In August 1978, Eureka filed an application with your office for a PSD permit to conduct the proposed mining activities and construct the associated facilities. The conditional permit - granted on December 19, 1979 - expires this month. According to the Executive Secretary of the Utah Air Conservation Committee, Eureka is currently not required to obtain a PSD permit because our proposed emissions are less than 250 tons/year (please refer to April 14, 1981 letter).

Please contact me if you have any questions or need additional information.

Sincerely,

NICOLAS K. TEMNIKOV  
 Regulatory Coordinator

NKT:dmh

Enclosures

cc: ✓ Jim Smith (DOGM)  
 BCBradford (Division of Environmental Health)