

0059

File ACT/007/009  
ACT/007/018  
Route Copy

**EUREKA ENERGY COMPANY**

A SUBSIDIARY OF PACIFIC GAS AND ELECTRIC COMPANY

77 BEALE STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 721-4211 • TWX 910-372-6587

Jim

April 29, 1981

Mr. Don Ross  
Vice President & General Manager  
Soldier Creek Coal Company  
P. O. Box 1  
Price, Utah 84501

RECEIVED

MAY 8 1981

DIVISION OF  
GIL, GAS & MINING

Dear Don:

Eureka Energy Company (Eureka) is planning development of its Sage Point-Dugout Canyon Coal project in the near future. Toward this end we have prepared and submitted appropriate permit applications (including extensive mine plans) to federal and state regulatory authorities. Because we are anxious to obtain maximum production from these properties we have become concerned about certain aspects of Soldier Creek Coal Company's mining operation which conceivably could affect our interests.

We believe that Soldier Creek Coal Company's mining operation is presently progressing towards the eastern boundary of our Sage Point-Dugout Canyon properties, and that it has passed under surface lands presently owned by Eureka. As I am sure you realize, six month's notification of intent to mine under a surface owner's property must be given (30 CFR 817.122). While we have not yet received notification we are much more concerned that Soldier Creek Coal Company shortly may be mining under the stream bed of Soldier Creek. The water rights in Soldier Creek are owned by Eureka and are an integral part of the planned development for our mining venture. We therefore expect that Soldier Creek Coal Company will take appropriate measures in its mining operations to protect these very valuable water rights, or provide an alternative source of water as outlined in 30 CFR 717.17 and 30 CFR 783.17.

In short, we ask that every effort be taken by your Company to insure the integrity and minability of Eureka's Sage Point-Dugout Canyon Coal property. In this regard, we request that Soldier Creek maintain a barrier pillar between our respective properties. For your convenience, we have calculated the appropriate pillar dimensions on the attachment to this letter.

So that we may understand how you anticipate protecting these valuable assets, we would appreciate receipt of your mine plan illustrating how you expect to safeguard our water rights in Soldier Creek and provide the required barrier pillar. Eureka has enjoyed an excellent relationship with your Company, and we hope that we can continue this relationship. Nevertheless, we feel that it is necessary to bring these matters to your attention in the hope that an amicable resolution may be had. Thank you for your courtesy and cooperation.

Sincerely,

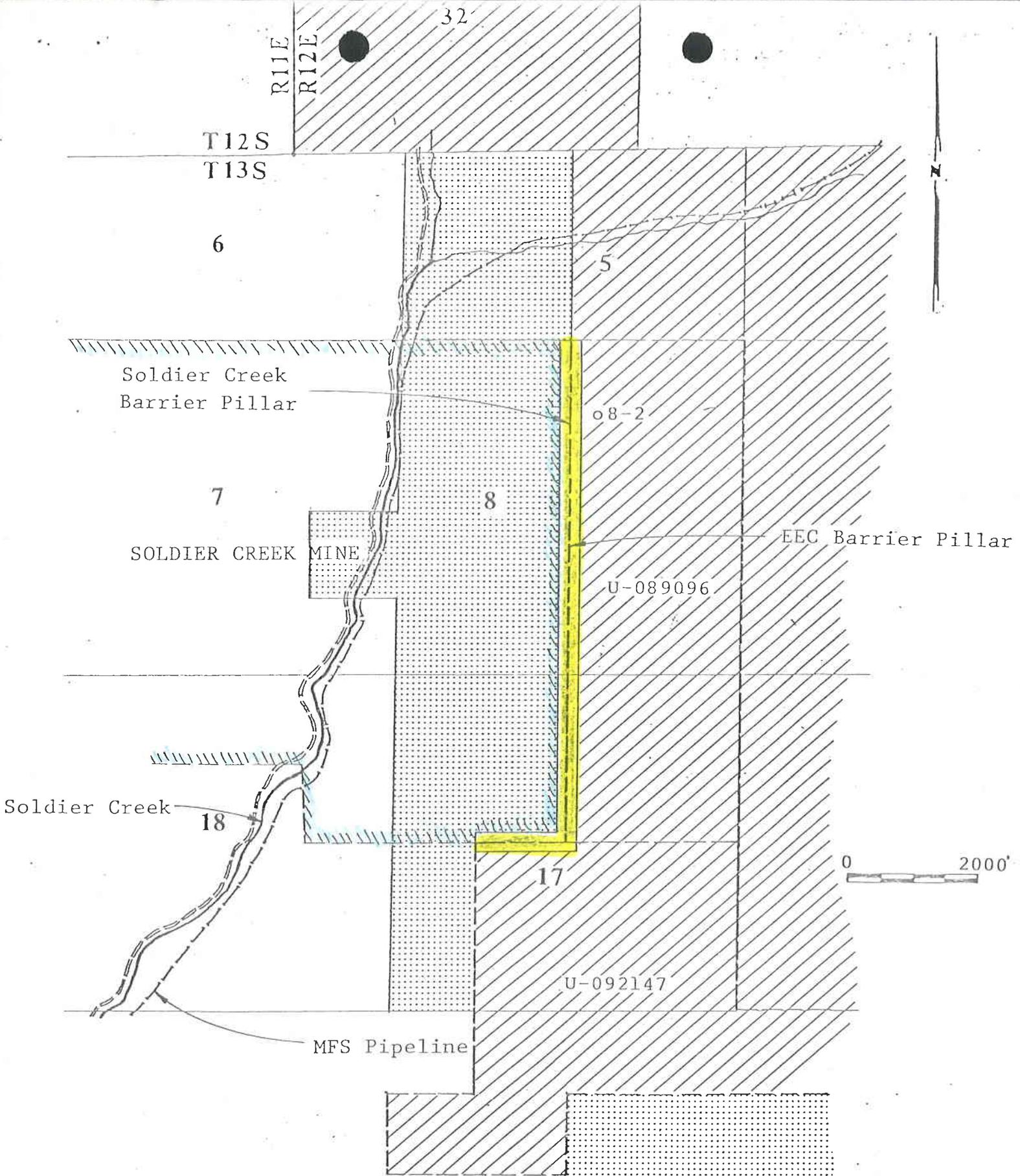


DAVID W. HESS  
Vice President and  
General Manager

DWHess(4144):22N

Attachment

cc: US Geologic Survey (J. Moffitt)  
US Office of Surface Mining (D. Crane)  
Utah Mine Safety and Health Administration  
State of Utah Division of Oil Gas and Mining (J. Feight)  
C. J. Parr



EEC SURFACE OWNERSHIP OUTSIDE OF MINED AREA



EEC COAL LEASES



SCM COAL LEASES

PROPERTY BARRIER PILLAR CALCULATION\*

Soldier Creek Coal Company's Soldier Canyon mine and Eureka Energy Company's proposed Fish Creek No. 1 mine share a mutual underground property line established by Federal leases U-089096 and U-092147. These lease outlines have been plotted on the attached map in accordance with our Federal lease descriptions.

Pursuant to paragraph b, Section 30, Article IV of "General Safety Orders, Utah Coal Mines", neighboring mines must provide a property barrier pillar.

In order to define the thickness of seams at the property line between Soldier Creek Coal Company and ours, Eureka Energy Company used data from its drill hole 8-2 (shown on the attached map). This drill hole was selected as representative of seam thickness in the area.

| <u>Seam</u> | <u>Thickness</u> |
|-------------|------------------|
| Sunnyside   | 6.9'             |
| Rock Canyon | 12.7'            |
| Gilson      | 4.75'            |

---

\* "General Safety Orders, Utah Coal Mines. Industrial Commission of Utah, Jan. 1, 1976."

The maximum overburden thickness (2.163') was determined at the same drill hole (8-2) from the top of the Gilson seam to the drill hole "collar".

The property barrier formula based on Utah's "General Safety Orders, Utah Coal Mines" is as follows:

$$B = 10 + 2 (t_1 + t_2 + t_3) + 5 \left( \frac{O.B.}{100} \right)$$

Where:

B = Boundary barrier pillar size (ft.)

$t_1$  = Thickness of Sunnyside Seam (ft.)

$t_2$  = Thickness of Rock Canyon Seam (ft.)

$t_3$  = Thickness of Gilson Seam (ft.)

O.B. = Maximum Overburden (ft.)

Substituting values:

$$B = 10 + 2 (6.9 + 12.7 + 4.75) + 5 \left( \frac{2,163}{100} \right)$$

$$B = 166.8'$$

Conclusion: From the above calculation, approximately by a 170' barrier pillar is required to be left unmined by each company. (i.e., 340' total pillar should remain between Soldier Creek Coal Company's mine and that of Eureka Energy Company.)