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JIM
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EUREKA ENERGY COMPANY

A SUBSIDIARY OF PACIFIC GAS AND ELECTRIC COMPANY

77 BEALE STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

March 1, 1982

Mr. James W. Smith
Coordinator of Mined Land Development
State of Utah
Natural Resources and Energy
Oil, Gas and Mining
4241 State Office Building
Salt Lake City, UT 84114

Re: Sage Point-Dugout Canyon Project

Dear Mr. Smith:

On February 10, 1982, Eureka Energy Company executed a definitive coal property sale and purchase agreement to sell its Sage Point-Dugout Canyon coal properties to Sunoco Energy Development Company (Sunedco), a unit of Sun Company, Inc. Transfer of the properties to Sunedco will take place after all governmental approvals and legal requirements associated with the sale are satisfied, including assignment of the coal leases. Approval of the lease assignments is anticipated within 60-120 days after the requests are submitted.

It is our understanding that a mining permit for the Sage Point-Dugout Canyon Project will be issued in March or April 1982. It is still anticipated that construction activities will start around June 1, 1982.

Until the sale and property transfer are final, I will remain in charge of coordinating regulatory activities. I, or the appropriate person at Sunedco, will advise you when the transaction is fully consummated.

Very truly yours,

Nicolas Temnikov

NICOLAS TEMNIKOV

NT:apb

cc: Mr. R.Hagan/R.Dawes
Acting Director
Office of Surface Mining
Brooks Towers
1020 15th Street
Denver, CO 80202

Mr. S. O. Ogden
Sunoco Energy Development Co.
12700 Park Central Place, Suite 1500, Box 9
Dallas, TX 75251

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