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The largest coal supply letter of intent agreement ever negotiated, utilizing Navajo and Hopi Indian coal reserves in Arizona, was announced today by Secretary of the Interior Stewart L. Udall. The coal to be supplied under this agreement will be used in a planned electric generating plant to be built in Clark County, Nevada, by a group of private and public utilities, with Southern California Edison Company as project manager.

Secretary Udall said, "under the agreement, between Edison and the Peabody Coal Company, Navajo and Hopi coal reserves mined in Black Mesa area, Arizona, will be transported by slurry pipeline or rail to the plant site in Nevada.

"A minimum of 117,000,000 tons of coal would be delivered over a period of 35 years to fuel the first two units for this plant on the Colorado River below Davis Dam. In addition, it is foreseeable that more generating plants will be built later in the Nevada-Arizona area, utilizing additional millions of tons of Indian coal, " Udall stated.

The agreement will mean "new jobs, large tax benefits, and tremendous economic advantages not only in royalties and jobs for the two Indian tribes, but also for all of the entire southwest", the Interior Secretary said. It is estimated that royalties to the Indians will amount to more than $30 million over the term of the agreement.

Udall extended a commendation to "all parties involved in this agreement and for taking a giant step forward in development of a formula for joint public and private resource development in the Colorado Basin that will become a model for the Nation."

Final agreements will be subject to review and further action by the Indian Tribal governments and the Department of the Interior, Udall said.

Mr. Jack K. Horton, President of Southern California Edison, said in Los Angeles that the generating plant, to be known as the Mohave Steam Station, is proposed to be constructed as part of a regional power plan developed by “WEST” (Western Energy Supply and Transmission Associates), an Association of 17 public and private electric generating agencies of the southwest.

Horton said the contemplated plant, which will require an investment of approximately $150,000,000, will have an initial capacity of 1,500,000 kilowatts--enough power to serve a city of 2,000,000 people.

Edison expects to receive about one half of the power plants output; it is contemplated that the remainder will be used by the Los Angeles Department of Water and Power, the Salt River project of Arizona and other southwest utilities.

The Edison President said, “the initial two units of Mohave are expected to go into operation by 1970 and 1971. If additional water supply becomes available in the future, the agreement contemplates the construction of additional generating plants to be built in the Arizona-Nevada area and calls for doubling the use of Indian coal supplied by the Peabody Coal Company as fuel,” he added.

Horton emphasized that the addition of coal-fired plants in the future does not diminish Edison's need for additional natural gas supplies for the numerous generating plants existing or under construction in the Southern California Metropolitan areas.

Edison now is awaiting a decision by the Federal Power Commission on an application to import a new supply of natural gas from Texas for this purpose.

T. C. Mullins, President of the Peabody Coal Company, also issued a statement from his firm’s headquarters in St. Louis, Missouri.

"The opening of this tremendous new market for coal extends Peabody’s area from Florida to California. We are pleased indeed to have this opportunity to contribute to the assurance of low-cost electricity in the western states and to resulting benefits to the Indians and the economy of the west”, Mullins said.

"In view of our Company's huge uncommitted coal reserves in this area, we look forward to continuing and expanded major participation in the growing emphasis on coal-generated power in the west.”