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**envirosphere company**

A Division of EBASCO SERVICES INCORPORATED

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10 September 1982

Mr. Robert Schueneman  
Office of Surface Mining  
1020 - 15th Street  
Brooks Towers, 2nd floor  
Denver, CO 80202



Dear Mr. Schueneman:

Re: Valley Camp Coal Company, Belina Complex MRP  
Envirosphere Company relationship to Gates Engineering Company

This is to confirm the information that I discussed with you in your office Thursday, September 2, regarding the corporate relationship between Gates Engineering and Envirosphere and its significance to the work we are performing for OSM (Contract J5120096, Solicitation HDQ-006). The project is Technical Review Assistance Related to Mining and Reclamation Plan (MRP) for Belina Complex, Valley Camp Coal Company, Carbon County, Utah. Our purpose in discussing this with you was to alert you to a possible appearance to others of a conflict of interest, though in our judgment none exists, and to assure you that Envirosphere personnel will scrupulously maintain their professional objectivity in performing this project for OSM.

Envirosphere Company is a division of Ebasco Services Incorporated. Gates Engineering Company, Inc. was acquired as a wholly owned subsidiary of Ebasco in 1981. Gates' corporate headquarters are in Beckley, West Virginia and Gates has other offices in Pittsburgh and Denver (Golden). Ebasco and Envirosphere have offices in New York, Atlanta, Denver (Golden), Houston, Los Angeles and Seattle. The Denver offices of Envirosphere and Gates are separate, but are adjacent to each other in a building of the Denver West Office Park. Staffs and support personnel of the companies are completely separate. Each company has its own projects, there is no transfer of project information between the companies.

Before deciding to bid to OSM on this project we asked Gates if they had a project with Valley Camp Coal Company and were informed that they had a small contract for geologic analysis and coal reserves calculation, that the work would be completed shortly. In Gates' view, Envirosphere's potential work for OSM would not be a conflict of interest for either OSM or Valley Camp. We concurred in that conclusion. Thereafter, neither Gates' work for Valley Camp nor Envirosphere's work for OSM (after our successful bid) was discussed between the companies.

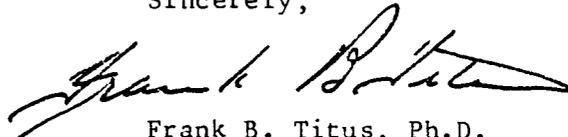
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We have recently been made aware that Valley Camp intends to rely on a report by Gates to support its MRP. On August 24, R.S. Lytle, Envirosphere project manager for the OSM project, attended a project conference in Salt Lake City with Sarah Bransom, OSM Project Technical Officer; representatives of the Utah Division of Oil, Gas and Mining (DOG M); and a Valley Camp Coal Company representative. In that meeting the Valley Camp representative stated that the Gates report, when available, would provide answers to questions raised by DOGM and Envirosphere in our respective reviews of the MRP.

We are not presently aware of the contents of the anticipated Gates report except for what Mr. Lytle could infer from the comments in the Salt Lake City meeting and what Mr. Niles Grosvenor, Gates Vice President (Denver), has told me recently about the scope of work in Gates' contract with Valley Camp. We will continue to maintain a clear separation from Gates on this project matter, and will only receive information generated by Gates through normal OSM project channels.

Envirosphere's responsibility on the project is to act in OSM's behalf in reviewing, evaluating for completeness and adequacy, and preparing comments on technical material submitted in support of Valley Camp's application; and further to propose for OSM's approval and use any permit conditions that may be required. We submit that Envirosphere's corporate relationship to Gates does not create any conflict of interest for the company or our personnel in fulfilling our responsibility to OSM.

Sincerely,



Frank B. Titus, Ph.D.  
Manager  
Denver Regional Office

FBT/slr

cc R.L.Carpenter, OSM Contract Officer  
J.A.Rasile, Envirosphere Vice President  
Niles Grosvenor, Gates Vice President