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August 25, 2003

VIA FAX 595-3265

Jeff Devashrayee
 Union Pacific Railroad
 280 S 400 W # 250
 Salt Lake City, UT 84110

This letter summarizes the telephone conversations between us today.

We discussed the present situation at the Whiskey Creek Loadout on my client's property. Sometime a few weeks ago seven or so of your rail cars derailed on my client's property, spilling coal and wrecking the train cars.

Sometime thereafter, your contractor, Durbano Metals obtained access to the property without my client's knowledge or permission and commenced a salvage operation including cutting torches, trucks and other heavy equipment approximately 220 feet from the tracks on my client's property, again without his knowledge or permission. Your contractor also locked out my client from his own property.

Today I reiterated the request I made yesterday to Ms. Gochberg that you provide me information regarding any right of way, easement, or agreement you claim on my client's property. Today you informed me that your client asserts a 50 ft. right of way for the tracks across my client's property. Please provide documentation of that assertion.

I voiced the concerns my client has regarding liability to your contractors and to adjoining landowners and the school immediately across the street from my client's property. I discussed the sensitive reclamation of the property being supervised by the State. My client has lost use of the property during the period Durbano has been conducting a salvage operation. My client has significantly increased liability by virtue of the dangerous nature of the loadout facility and the risk it poses to your contractors and the general public.

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 AUG 27 2003
 DIV. OF OIL, GAS & MIN.

I have some questions for you:

Are you conducting any coal mining and/or reclamation without permits? You may want to look at Cessation Order No. C03-51-1-1, which is enclosed. Have you posted a bond for this activity?

Have you notified the DEQ concerning this accident? You may want to consider U.C.A. § 19-5-114, as there may be monitoring stations at or near my client's property.

The tons of spilt coal are a continuing trespass on my client's property. Some of that coal may have damaged trees, for which treble damages may be due under U.C.A. §78-38-3. Coal is inherently a nuisance, injurious to health, and offensive to the senses, and is subject to an action for damages under U.C.A. §78-38-1.

You, through your contractors, have committed trespass in the areas beyond your right of way (if any), by engaging in industrial metal salvage operations on my client's property. More than nominal damages are likely to be assessed because of your client's cavalier attitude towards my client. You called my client "greedy." You stated that "your client can go ahead and sue us," and "we are not interested in paying any money."

Your response, "do you want it cleaned up or not?" is completely unhelpful in this matter. Of course my client wishes to have the damages to his property mitigated. He is actively pursuing your current and former clients to have them remediate and reclaim his property.

The first issue is why your client has failed to notify or communicate with my client about what is happening to his property. Your offer to now communicate in good faith with my client is too little too late.

The second issue is damages. Frankly, it is difficult for us to trust a company to do a careful job of remediating this toxic spill of coal when they have failed abjectly to communicate with us before today and now take a "not interested" approach to discussing settlement.

In order to move this process forward, I suggest as an interim matter, we mutually agree to a licensed, bonded, third party remediation contractor who can exercise the necessary degree of care to protect my client's property. These include runoff conveyance channels, erosion control devices, and re-vegetated areas, trees, and water systems. I suggest that we involve the DOGM and DEQ immediately in this process in light of the existing cessation orders. An indemnity and hold harmless agreement in favor of my client from all parties will be necessary.

Once we have agreed upon a remediation contractor, it will then be easier to assess the damages the spill, the unauthorized entry and use, and residual damages, if any, that have been caused by your client's actions. All this may be done without resort to litigation.

We look forward to your prompt response to the proposals contained in this letter.

Very truly yours,

A handwritten signature in black ink, appearing to be 'LDB' or similar initials, written in a cursive style.

Lawrence D. Buhler

cc: George Liodakis
DEQ
DOGM
Durbano Metals