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INTER-CORPORATE MEMORANDUM

March 5, 1993

SUBJECT: *Liability Insurance*

TO: Keith Zobell

Subsidiary: Utah Fuel Company
Department: Skyline/Environmental

FROM: Sylvia A. Blackshear

Subsidiary: Coastal States Mgmt.
Department: Risk Management/918

In response to your memorandum dated February 22, 1993, please be advised that the total amount of insurance under this policy is \$2,000,000.

All fifteen subsidiaries of The Coastal Corporation are covered under this policy. If you were to use the worst case scenario and all fifteen companies had a disaster during this policy period there is only \$2,000,000 insurance to cover all the disasters; however, Coastal has excess policies that would pick up after the \$2,000,000 has been exhausted.

Since the Division of Oil, Gas and Mining requires a \$500,000 aggregate with \$300,000 each occurrence, Coastal has sufficiently met their requirements. In the event an accident/disaster does occur, the Division is entitled to only \$300,000 each accident, not \$2,000,000.

Should you require additional information, please do not hesitate to contact me at extension 3974 in Houston.

Best regards.

/sab