

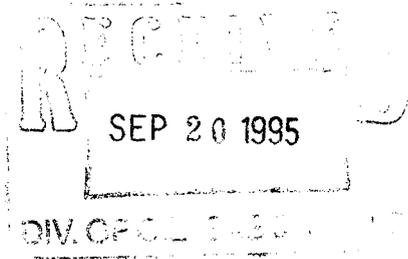
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Coastal
The Energy People

September 14, 1995

David Darby
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



ACT 1007/005 #2 = #5
Copy Dave

Re: DWR meeting regarding emulsion spill at Skyline Mine on September 6, 1995

Dear Mr. Darby:

This afternoon representatives of Utah Fuel Company met with Miles Moretti and Kevin Kristofferson of DWR to discuss resolution of the above referenced incident. There are two remediation options which will be recommended by DWR. The first is that cut-throat trout fry can be stocked into Eccles and Mud Creeks. The second option is to trap trout from Huntington Creek during the spring of 1996 and plant those fish in Eccles and Mud Creeks. The second option is preferred because it will result in a catchable fish population in approximately one year, whereas the first option will take about three years to develop a catchable fish population. In order to implement the trapping and transplanting option DWR must receive approval to assure that diseased fish are not transplanted. Since Huntington Creek is a certified disease-free fishery the DWR personnel believe they will get approval to trap and transplant the fish. However, if the this option is not approved then the first option, stocking the creeks with fry, will be implemented.

Price DWR will prepare the recommendation by the end of next week (September 22) and it is anticipated that DEQ will receive the recommendation the following week. The settlement will be determined by which option is recommended so a final settlement amount was not agreed upon at this time.

The tone of the meeting was very cooperative and cordial. DWR was complementary on the way in which Utah Fuel responded to this incident, and accepted the plan which has been implemented to prevent future spills.

If there are any questions please contact Keith Zobell or Barry Barnum at Utah Fuel Company.

Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
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Dave, we appreciate working with you toward a resolution of this unfortunate situation. Thank you for your help.

Very truly yours,

A handwritten signature in black ink, appearing to read "Barry R.", written in a cursive style.

Barry J. Barnum