contaminated by the leaked fuel. Areas of ground near Alphabetland preschool and along Victory Boulevard would be excavated to remove contaminated soil, according to officials.

"The extent of the digging will be determined tomorrow as they go along," a DEP official, who asked not to be identified, said last night.

As thousands of gallons of water was used in the cleanup operation, some residents reported that their tap water was becoming rust-colored. DEP spokesman Sam Friedman said his agency had dispatched an inspector to investigate the complaints, and he speculated that the heavy water use might be the cause of the discoloration.

Mayor Edward I. Koch, who was at the scene yesterday along with Borough President Ralph Lamberti, had high praise for the Fire Department and the police.

"They prevented a situation which they had in Mexico City last December when large amounts of gasoline exploded and claimed many lives," Koch said. "It is serious because any time you have a potential catastrophe it's got to be deemed serious. When you consider what might have happened, all you have to do is look at Mexico City."

"You have to praise the Fire Department and police for their response to the situation," Lamberti added. "Their combined preparedness and responsiveness in this situation prevented a terrible tragedy from happening."

Koch said he "would make sure" the "company involved" would pay "at least half" the cost of the oil spill's cleanup.

A Fire Department spokesman said pipeline company representatives and fire officials are scheduled to meet at the department's Fire Prevention Office in Brooklyn to discuss "how and why this happened," as well as preventive measures for the accident's reoccurrence.

Meanwhile, Community Board 2's public services committee, during a regular meeting last night, passed a resolution calling for legal action to close the pipeline if a full investigation of the rupture is not forthcoming.

Committee members said the leak recalled the death of Rossville workers in a natural gas explosion in 1973. "I think a full explanation should be given on how this happened," board member Philip Scampas said.

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