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Department of Energy
Washington, DC 20585

June 30, 2006



Chairman W. Douglas Buttrey
Office of Chairman
Surface Transportation Board
1925 K Street, NW, Suite 820
Washington, D.C. 20423-0001

RE: Docket Nos. 38302S and 38376S

Dear Chairman Buttrey:

The order entered in these dockets July 27, 2005 (served August 2, 2005, and effective September 1, 2005), approving the Government's settlement agreement with Union Pacific Railroad Company, further held these proceedings in abeyance while directing the Government to file quarterly reports on the progress of settlement negotiations. This will report that the Government is continuing separate discussions with BNSF Railway and Norfolk Southern. We will file a further report by the end of September 2006.

Sincerely,

Stephen C. Skubel
Assistant General Counsel
For Federal Litigation
(202) 586-5579

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cc: Vice Chairman Francis P. Mulvey
Attached Service List



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CERTIFICATE OF SERVICE

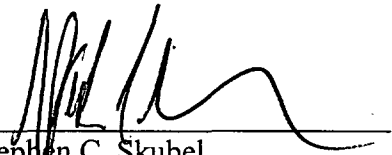
I, Stephen C. Skubel, hereby certify that on this 30th day of June, 2006, I served a copy of the foregoing document by prepaid first-class mail on the following:

Aberdeen & Rockfish R.R. Co. P.O. Box 917 Aberdeen, NC 28315	Buffalo & Pittsburgh Railroad c/o Genesee & Wyoming, Inc. 66 Field Point Road Greenwich, CT 06830
Montana Rail Link, Inc. 101 International Way Missoula, MT 59808	James R. Paschall Greg E. Summy Norfolk Southern Railway Company Three Commercial Place Norfolk, VA 23510
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