

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

311261

DOCKET NO. FD 36854

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**UNION PACIFIC RAILROAD COMPANY
—CONSTRUCTION AND OPERATION EXEMPTION—
IN MATAGORDA COUNTY, TEX.**

**UNION PACIFIC RAILROAD COMPANY'S
SUPPLEMENTAL BRIEF**

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INTRODUCTION

Union Pacific Railroad Company (“Union Pacific”) respectfully submits this Supplemental Brief pursuant to the April 14, 2026 decision in the above-captioned docket.¹ In that decision, the Board requested additional information from Union Pacific concerning the impact of the proposed construction and operation of the Line on the track segments jointly owned by Union Pacific and BNSF Railway Company (“BNSF”) described in the Petition for Exemption and customers in the area. The Board also requested information on the status of any dispute between Union Pacific and BNSF under any joint facility agreement related to the Line. Union Pacific is providing the requested information below.

I. Additional Information On Joint Trackage.

In its Petition for Exemption, Union Pacific described two track segments jointly owned with BNSF in the vicinity of the Line: (1) track that runs east-west and parallel to Farm-to-Market Road (“FM”) 3057 between the Celanese Facility and a connection to BNSF’s network near FM 2668 (“East-West Joint Track”), and (2) the Cities Service Track, which runs north-south parallel to FM 2668 between the Celanese Industrial Lead² and Gilmore Road. The Board requested information on the “the amount of joint trackage that will be used in each of the potential routes for the Line and how UP will coordinate operations of the joint track segments with BNSF.”³ The East-West Joint Track is approximately 2.8 miles long, between UP milepost

¹ *Union Pac. R.R.—Constr. & Operation Exemption—In Matagorda Cnty., Tex.*, Docket No. FD 36854 (STB served Apr. 14, 2026) (“April 14 Decision”).

² As explained in the Petition for Exemption, the Celanese Industrial Lead consists of: (1) track that is solely owned by Union Pacific that runs south from the Angleton Subdivision to the Celanese Facility, and (2) the East-West Joint Track.

³ April 14 Decision at 2.

3.73± and UP milepost 1.65±. The Cities Service Track is approximately 1.31 miles long, between milepost 0.36± and milepost 1.67±.

Union Pacific is providing more specific information as to the three alternative routings for the proposed Line submitted to the Office of Environmental Analysis (“OEA”) in connection with the Board’s environmental review,⁴ as well as an update on discussions between Union Pacific and the Texas Department of Transportation (“Texas DOT”).

Alternative 1 (Far East). Alternative 1 (Far East) for the proposed Line is an approximately 4.93-mile alignment that would consist of (1) a new west wye track near the intersection of FM 3057 and FM 2668 to connect the eastern end of the East-West Joint Track at CIL UP milepost 3.58± with the north end of the Cities Service Track at milepost 0.36± that is also jointly owned by Union Pacific and BNSF and (2) a new track running roughly parallel to FM 2668 between the southern end of the Cities Service Track at the intersection of FM 2668 and Gilmore Road at existing milepost 1.67± and the LyondellBasell facility in Bay City at new milepost 6.55±.

If Alternative 1 (Far East) is constructed, Union Pacific’s operations to reach the LyondellBasell facility in Bay City will require use of both the East-West Joint Track and the Cities Services Track. Traffic moving to and from the LyondellBasell facility on Union Pacific via the proposed Line would traverse approximately 7,459 feet of the East-West Joint Track and approximately 1.31 miles of the Cities Service Track.⁵ Construction of the west wye track to connect the Celanese Industrial Lead and the Cities Service Track would also impact a segment of east wye track owned by BNSF. Specifically, the southern portion of the BNSF east wye

⁴ See EI-34149 (filed Dec. 3, 2025).

⁵ See *id.* at 23.

track between Station 11+27.86 and Station 17+33.30 would need to be shifted east slightly to accommodate the tie-in of the new west wye at Station 19+31.98 (west wye) and Station 18+62.86 (Cities Service Track).

Alternative 2 (East). Alternative 2 (East) is an approximately 4.43-mile alignment that like Alternative 1 (Far East) would consist of a new west wye track and a new Wadsworth Industrial lead. The construction of the west wye track for Alternative 2 (East) would mirror the construction in Alternative 1 (Far East). Under Alternative 2 (East), the new track would be more closely parallel FM 2668 between the southern end of the Cities Service Track at the intersection of FM 2668 and Gilmore Road at milepost 1.67± and the LyondellBasell facility in Bay City for a total of 4.43 miles. Alternative 2 (East) will impact the same two segments of track jointly owned with BNSF and require the same modification to BNSF's east wye connection as Alternative 1 (Far East).

Alternative 3 (West). Alternative 3 is an approximately 6.4-mile alignment that would consist of a single new track extending from the portion of the Celanese Industrial Lead jointly owned by Union Pacific and BNSF (East-West Joint Track) at CIL milepost 3.53± and run southward along the western side of FM 2668 all the way to the LyondellBasell facility in Bay City. If Alternative 3 (West) is constructed, Union Pacific's operations to reach the LyondellBasell facility in Bay City will traverse approximately 6,864 feet of the East-West Joint Track.

Discussions with Texas DOT. Because the proposed Line could impact existing state roads in the vicinity of the Line, Union Pacific began discussions with Texas DOT to discuss those potential impacts. Union Pacific previewed each potential alignment of the proposed Line with the Texas DOT as part of the preparation of the Alternatives Report filed on December 3,

2025. *See* EI-34149 at § 2.1.5. At the end of September 2025, Texas DOT expressed concerns about Alternative 1 (Far East) and Alternative 2 (East), both of which contemplate the proposed west wye track running through the intersection of FM 2668 and FM 3057. During recent discussions, Union Pacific and Texas DOT have identified two potential solutions to avoid an at-grade rail crossing through this intersection, one of which would require a realignment of the west wye track that differs from alignment in Alternative 1 (Far East) and Alternative 2 (East), the other of which would involve realignment of FM 3057 south of the proposed west wye footprint described in Alternatives 1 and 2. Both options being discussed with Texas DOT would involve traffic traversing the Cities Service Track. Union Pacific has disclosed to OEA these ongoing discussions with Texas DOT and the potential options for avoiding an at-grade crossing through the intersection. Union Pacific plans to promptly supplement its December 5, 2025, submission in the environmental docket with details concerning the two options being discussed with Texas DOT once consultation with Texas DOT concludes, which is expected May 2026. Union Pacific also intends to discuss these alignment options with BNSF, as discussed further below.

II. Coordination of Operations Over Joint Trackage.

The Board instructed Union Pacific to address how it will coordinate operations of the joint track segments with BNSF. April 14 Decision at 3. Union Pacific has substantial experience coordinating operations over joint facilities across its network. Indeed, Union Pacific and BNSF have been jointly operating the East-West Joint Track and the Cities Service Track for decades. The joint facility agreements governing these two segments of jointly owned track establish a default rule that responsibility for switching operations for any customers shall alternate between Union Pacific and BNSF, and as operations have changed over time, Union

Pacific and BNSF have agreed on alternative operating arrangements to reflect current circumstances.

Union Pacific and BNSF operate under track warrant for these jointly owned tracks and Union Pacific expects that the railroads will continue to do so. Union Pacific intends to engage in discussions with BNSF to agree on joint operating protocols, to the extent they are not already covered by the existing joint facilities arrangements. This will include discussions regarding overhead movements, switch operations, and any additional operating concerns between the parties.

III. The Proposed Line's Impact On Customers.

The Board also sought information on the proposed Line's impact on rail shippers in the area other than LyondellBasell. April 14 Decision at 3. As explained below, Union Pacific does not anticipate any negative impact in rail service on existing customers as a result of the proposed Line.

There are four current customers located at the Celanese Facility in the vicinity of the proposed Line: Hoechst Celanese Chemical Group ("Hoechst Celanese"), Airgas/Air Liquide, Oxea Corporation, and Roehm America LLC. The Celanese Industrial Lead is used to serve the Celanese Facility. Union Pacific accesses the Celanese Facility via its solely owned track that extends southward from the Angleton Subdivision at approximately milepost 277 and connects to the East-West Joint Track that connects to the Celanese Facility. BNSF accesses the Celanese facility over the East-West Joint Track that extends from BNSF's solely owned Bay City Subdivision.

Today, Union Pacific operates a local job that originates from Bloomington, TX and serves the Celanese Industrial Lead five days per week (Monday through Friday). Union Pacific

drops inbound traffic and Hoechst Celanese sets outbounds for Union Pacific at the end of the leased Celanese Industrial Lead, near milepost 277 of the Angleton Subdivision. Currently, pursuant to a 1989 agreement, Hoechst Celanese leases from Union Pacific a portion of the Celanese Industrial Lead from the Celanese facility to Union Pacific's Angleton Subdivision as well as three tracks owned by Union Pacific in the vicinity of the connection with the Angleton Subdivision at milepost 277 and Union Pacific's interest in four segments of the East-West Joint Track in the vicinity of the Celanese facility and for the purpose of storing railcars and performing switching operations. Hoechst Celanese operates their leased portion and performs switching for all customers, which includes Airgas/Air Liquide, Oxea Corporation, and Roehm America LLC. Union Pacific has no plans to reduce the current service plan to the customers located at the Celanese Facility. Union Pacific also understands that Hoechst Celanese stores railcars on the Cities Service Track pursuant to a lease agreement with BNSF.⁶

Union Pacific has notified Hoechst Celanese of its intent to terminate the 1989 track lease agreement to facilitate increased traffic over the Celanese Industrial Lead associated with operation of the proposed Line. Following termination of the lease, responsibility for switching cars to and from the Celanese Facility will rotate between Union Pacific and BNSF on an annual basis pursuant to a 1961 joint facility agreement or as otherwise agreed to by the parties. Union Pacific plans to provide Hoechst Celanese with alternative rail car storage locations and is discussing potential locations for storage with Hoechst Celanese.

Union Pacific plans to fully utilize and expand service on the Celanese Industrial Lead, which means making it available for through traffic. That in turn would require changes to current car storage arrangements. Union Pacific has identified three options for customer storage

⁶ BNSF has not disclosed the lease agreement or its terms to Union Pacific.

once the 1989 track lease is terminated: (1) the Port of Victoria in Bloomington, TX, (2) the Watco Refugio Transload Terminal in Refugio, TX,⁷ and (3) as discussed further below, a proposed new industrial park.

In addition to the LyondellBasell facility and the Celanese Facility, there are other potential future-rail served sites in the area. Since the filing of the Petition, an industrial park developer has executed an option agreement to acquire property to develop an industrial park east of the proposed Line. Union Pacific discussed this proposed industrial park with OEA during its most recent site visit in April. Based on information that Union Pacific has now, the industrial park would be located south of Gilmore Road and north of the LyondellBasell facility and connect with the proposed Wadsworth Industrial Lead south of the Cities Service Track. The industrial park developer would use approximately 500 acres and would construct industrial trackage sufficient to accommodate about 1,800 cars. As part of those discussions, Union Pacific is considering using some of the industrial park developer's planned trackage for short-term storage of cars for the Celanese Facility discussed above. Union Pacific is engaging in discussions with the industrial park developer regarding this possibility. Rail traffic to the park is expected to be manifest at this time and Union Pacific would provide service a minimum of five days per week.

In the Petition for Exemption, Union Pacific disclosed plans to construct trackage within the existing right-of-way of the Union Pacific-owned north-south portion of the Celanese Industrial Lead to effectuate planned service to another customer. Petition for Exemption at 3 n.1. As with other expansion projects, these tracks would also provide operational flexibility to

⁷ Today, Oxea already utilizes the facility in Refugio, TX for storage and staging for their empty cars.

Union Pacific. Union Pacific expects to complete the supporting trackage, which consists of five tracks varying in length from 3,357' to 4,371' with a total track footage of just over 19,000', by 2028-2029. As a result, Union Pacific does not expect construction and operation of the proposed Line to negatively impact that facility.

IV. Status of Dispute Between Union Pacific and BNSF Over Joint Facility Agreement.

The Board requested an update on the status of any dispute between Union Pacific and BNSF under any joint facility agreement related to the Line. April 14 Decision at 3. Alternative 1 (Far East) and Alternative 2 (East) for the proposed Line contemplate the construction of a new wye connection pursuant to a 1981 joint facility agreement between Union Pacific and BNSF. Union Pacific and BNSF entered into the 1981 joint facility agreement to facilitate construction of joint trackage to serve a facility that was planned by the Cities Service Company. The jointly owned Cities Service Lead and the BNSF-owned east wye connection were constructed pursuant to this agreement. The 1981 joint facility agreement also contemplates construction of a west wye connection, which Union Pacific never completed because the Cities Service Company failed to construct its facility as planned.

BNSF claimed that the 1981 agreement expired and with it Union Pacific's right to construct the west wye connection on BNSF's property. BNSF Letter at 2 & Ex. A (filed Jan. 21, 2026). Union Pacific provided BNSF evidence that the 1981 agreement is still effective, including a 1990 letter of understanding specifically acknowledging the effectiveness of the agreement until such time as Union Pacific resumes use of the joint track. Thereafter, Union Pacific invited BNSF to articulate its position and share documentation if it disagreed with Union Pacific's analysis of the agreement's continuing validity. In recent correspondence dated April 24, 2026, BNSF appears to concede the validity of the 1981 agreement. Rather than contending that the

1981 agreement is no longer in effect, BNSF has acknowledged that “the Bay City Cities Service Joint Trackage Agreement stands on its terms” and instead has focused on seeking detail surrounding the project, rights-of-entry agreements, and construction agreements. Based on this correspondence, Union Pacific is hopeful that the dispute regarding the effectiveness of the 1981 agreement has been resolved. Union Pacific intends to work with BNSF going forward to address their concerns, including rights-of-entry and construction agreements, as necessary.

Union Pacific notes that one of the options under consideration by the Texas DOT would have the benefit of avoiding west wye construction on BNSF property. Union Pacific has already previewed these options with OEA and expects to have feedback from Texas DOT on these options later this month. Union Pacific will notify the Board and OEA accordingly, and will also discuss these options with BNSF. Union Pacific is also amenable to informal discussions between Union Pacific, BNSF, and OEA, to the extent that that would be productive.

CONCLUSION

Union Pacific appreciates the opportunity to provide additional information in support of the Petition for Exemption and respectfully requests that the Petition be granted.

Respectfully submitted,

/s/

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CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of May 2026, the foregoing Supplemental Brief in Docket No. FD 36854 was served by first-class mail or more expeditious means on all parties of record in this proceeding.

/s/ Tanya L. Spratt
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