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Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

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Office of Chief Counsel
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Public Record

**Re: Docket No. FD 36873, Union Pacific Corporation and Union Pacific Railroad Company—
Control—Norfolk Southern Corporation and Norfolk Southern Railway Company
Comments in Opposition to the Proposed Transaction**

Dear Chairman Fuchs and Members of the Board:

Silica Services, LLC operates a silica sand mining and processing facility in Sanders, Arizona. Silica originates the entirety of its rail traffic on the BNSF Railway and ships industrial and frac sand to customers across the country. Silica writes to register its opposition to the proposed control transaction and to furnish the Board with a specific, quantifiable competitive harm the merger would visit upon it, not a speculative or generalized one.

West of the Mississippi River, shippers of product in Silica's market have a choice of exactly two Class I carriers at origin: BNSF and Union Pacific. Silica's facility sits on BNSF rail. A substantial and growing end market for silica sand exists east of the Mississippi, a geomarket serviced today, almost in its entirety, by Norfolk Southern. No other Class I railroad maintains a meaningful presence there.

Today, that arrangement is competitively neutral. Whether a shipper's sand originates on BNSF or on Union Pacific, reaching the eastern geomarket requires an interchange with Norfolk Southern. Every competitor makes the same handoff, and Silica competes on the merits, on service, and on price. The merger would abolish that parity in a single stroke. Silica's BNSF origin traffic would now require an interchange with a combined entity controlled by the very rival it competes against from other origins. This is not a marginal disadvantage Silica could engineer around. A single linehaul railroad controlling the rates and service of its interchange competitor is not a fair fight, and Silica would be foreclosed from the eastern market as surely as if the door had been bolted shut.

Silica is generally familiar with Union Pacific's Committed Gateway Pricing (CGP) proposal, and it does not lessen Silica's concerns. Silica has seen nothing showing that the 70th percentile pricing Union Pacific proposes would be better than (or even equal to) the pricing currently available from Norfolk Southern to reach Silica's customers east of the Mississippi. This merger would give Union Pacific every incentive to prefer Union Pacific-served origins to Silica's detriment, and CGP does nothing to stop that from happening.

Silica also flags a broader and more sobering concern for the Board's consideration. Should this transaction proceed, BNSF may have little practical choice but to pursue a countervailing combination of



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its own, with CSX or with CN, merely to preserve its competitive footing. Carried to its logical end, that path leaves the nation with two unregulated networks in place of the four that compete today, gatekeepers rather than carriers. The Board should weigh this merger not only for what it does directly, but for the arms race it may set in motion.

Mergers are meant to sharpen competition, not dull it. For Silica Services, this transaction does the latter. Silica respectfully requests that the Board find the application inconsistent with the public interest, or, at a minimum, condition any approval on enforceable, self-executing protections, such as reciprocal switching or open interchange commitments, sufficient to preserve the ability of non-Union Pacific origin shippers to compete for eastern markets on equal terms. Silica appreciates the Board's attention to these comments and stands ready to elaborate should that be useful.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joe Jackson", written over a light blue horizontal line.

Joe Jackson
Chief Executive Officer
Silica Services, LLC

cc: All Parties of Record