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SARGENT
SAND CO.

6105 Jefferson Ave.
Midland, MI 48640

June 28, 2017

VIA E-FILING

Ms. Cynthia T. Brown
Chief, Section of Administration – Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, D.C. 20024

Re: *Grand Elk Railroad, Inc. – Acquisition Exemption – Norfolk Southern Railway
Company, Docket No. 36127*

*Grand Elk Railroad, Inc. – Petition for Board Order Pursuant to 49 U.S.C. §
1321, Docket No. FD 36127 (Sub-No. 1)*

Dear Ms. Brown

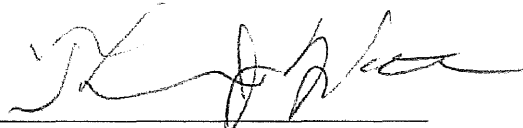
I am writing on behalf of Sargent Sand Company (“Sargent”) in reply to the petitions filed by Grand Elk Railroad, Inc. (“Grand Elk”) in the above-referenced proceedings now pending before this agency. In so doing, I urge the Surface Transportation Board to act quickly and favorably on Grand Elk’s petitions in order to permit Grand Elk to resume full operations in and around Grand Rapids, Michigan. Failure to act quickly and decisively as Grand Elk has requested will result in further injury to Sargent’s business and will perpetuate unacceptable (and completely avoidable) rail service inefficiency in the Grand Rapids market stemming from the unilateral actions of CSX Transportation (“CSXT”). Fair access to the additional loading capacity available at the Turner Yard is essential to meeting customers’ needs and growing our business.

As you may know, Grand Elk had for several years operated in and through Grand Rapids without disruption or interference. Sargent had come to depend upon Grand Elk service. But, in August of last year, CSXT decided to bar Grand Elk from exercising trackage rights in Grand Rapids that we understand that Grand Elk and other railroads before it historically had exercised. We understand that CSXT did not, and does not, have to act as it has, and that CSXT could allow for the resumption of Grand Elk’s operations immediately if it wanted to. CSXT’s actions have resulted in significant and ongoing harm to Sargent. Specifically, because of the additional, exorbitant switching charges that CSXT imposes upon traffic that otherwise would originate at

Grand Elk's now-isolated Turner Yard, Sargent has found shipping from Turner Yard to be financially untenable. Sargent has for several months shifted its sand loadings to a Grand Elk-served transload facility that is not stranded by CSXT's actions. However, the shift to the alternative facility has resulted in increased logistics costs for Sargent (albeit lower additional logistics costs that we would incur were we still originating traffic at Turner Yard) and it restricts our carload originations, since the alternative Mart Street facility we are now using has less capacity than Turner Yard. In addition, the longer haul required by the use of the Mart Street site increases our trucking costs, leads to inefficiencies in the utilization of the trucks, and ultimately adds congestion to the Grand Rapids highway system.

Sargent struggles to understand why CSXT has decided to act as it has, and why this agency should allow for such serious disruption to rail service in Grand Rapids. We support Grand Elk because it appears that they are doing all they can to restore service to Turner Yard despite CSXT's hostility. We hope that the STB can and will act promptly in the interest of rail service and competition in the area and grant Grand Elk's pending petitions. (It would be better still if CSXT would stop behaving as it has, and restore a cooperative operating relationship with Grand Elk.) If the STB should fail to act, Sargent will continue to face hardship and that it will continue to face increased transportation costs.

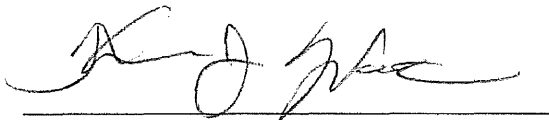
Sincerely,



Thomas J. Watkins
Vice President

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing reply to be served upon all parties of record listed on the Surface Transportation Board's service list in the foregoing dockets (as those parties are listed on the STB's website as of this date) via USPS first-class service, postage prepaid, or via more expeditious means of delivery:



Thomas J. Watkins

6/28/17

June 28, 2017