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SURFACE TRANSPORTATION BOARD
Washington, DC 20423

Office of Economics, Environmental Analysis, and Administration

March 24, 2003

Mr. Rodney Schwartz
Civil Engineer
Department of the Army
Corps of Engineers
12565 West Center Road
Omaha, Nebraska 68144

Re: Finance Docket No. 30186 (Sub-No. 3), Tongue River Railroad
Company -- Rail Construction and Operation -- Western Alignment in
Rosebud and Big Horn Counties, Montana

Dear Mr. Schwartz:

The Surface Transportation Board's Section of Environmental Analysis (SEA) is resuming its environmental review of the above proceeding, which has been held in abeyance at the applicant's request since March 2, 2000. Because your agency was granted cooperating agency status, SEA now wishes to confirm your continued involvement as a cooperating agency at this time.

In March 2000, SEA was preparing to issue a draft Supplemental Environmental Impact Statement (SEIS) when Tongue River Railroad Company (TRRC) asked SEA to suspend work on the proceeding. The draft SEIS was being developed in consultation with three agencies that had requested cooperating agency status: the U.S. Army Corps of Engineers; the Department of the Interior, Bureau of Land Management; and the Montana Department of Natural Resources and Conservation, acting as the lead agency for all Montana state agencies. These three agencies have decision-making authority independent of the Board and are the three principal agencies from whom TRRC must obtain separate approvals.

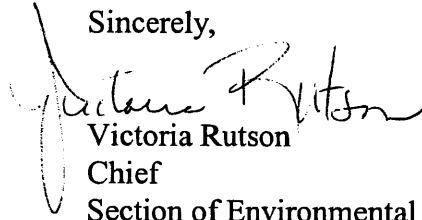
On March 11, 2003, the Surface Transportation Board (Board) issued a decision giving notice that it would allow the Tongue River Railroad Company (TRRC) to supplement the application it filed on April 27, 1998 ("Tongue River III"), pursuant to 49 U.S.C. 10901, to construct and operate a 17.3-mile line of railroad known as the "Western Alignment" in Rosebud and Big Horn Counties, Montana, to be built from Decker, Montana to a point 17.3 miles north of Decker. The Western Alignment is an alternative routing for a portion of the 41-mile Ashland to Decker, Montana rail line approved for construction on November 8, 1996 in Finance Docket No. 30186 (Sub-No. 2), and referred to as "Tongue River II." The Tongue River III proceeding

had been held in abeyance at the applicant's request since March 2, 2000. On January 17, 2003, TRRC requested leave to file supplemental evidence to update the record in this case and, as stated above, on March 11, 2003, the Board granted this request.

Accordingly, SEA plans to publish an Amended Notice of Intent in the Federal Register on March 26, 2003 and reference the final scope issued in February 1999. Because of the three-year lapse in action on the Tongue River III application, we are asking for public review and comment in the Notice of Intent and will update the final scope, as appropriate. As SEA resumes the environmental review process, I feel that now is the time to ascertain whether you are still interested and able to participate as a cooperating agency.

I look forward to hearing back from you (by letter, phone, or email) by April 4, 2003. In the meantime, if I can be of assistance, please do not hesitate to contact me or Kenneth Blodgett of my staff at (202) 565-1554, blodgettk@stb.dot.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Victoria Rutson".

Victoria Rutson

Chief

Section of Environmental Analysis