

SURFACE TRANSPORTATION BOARD
Washington, DC 20423

#EO-603
PAW

Office of Economics, Environmental Analysis, and Administration

August 16, 2007

David Coburn, Esq.
Steptoe & Johnson
1330 Connecticut Avenue, NW
Washington, DC 20036-1795

RE: STB Finance Docket No. 34284, Southwest Gulf Railroad Company,
Construction and Operation in Medina County, TX

Dear Mr. Coburn:

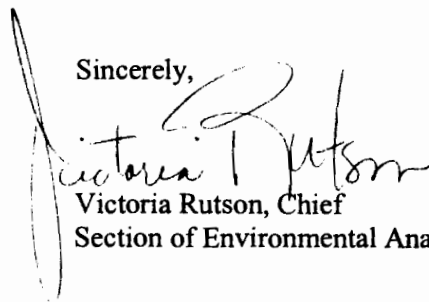
This letter acknowledges that the Board's Section of Environmental Analysis (SEA) has received your letter of August 3, 2007, indicating that the Southwest Gulf Railroad (SGR) has decided to support the Eastern Bypass alternative for the rail line that it prefers in Medina County, rather than its original Proposed Route to the west. As you are aware, SEA had determined in its Supplemental Draft Environmental Impact Statement (EIS) that two of the eastern routes assessed, the Eastern Bypass and the MCEAA Alternative, would, in SEA's view, be environmental preferable to the Proposed Route. As a result of that, and your letter, the Final EIS, which SEA is currently preparing, will focus on the various Eastern Alternatives.

In addition, SEA agrees with you that the sufficiency of SGR's voluntary mitigation plan, which applies solely to the Proposed Route, need no longer be considered, given SGR's decision to support the Eastern Bypass.

With respect to cultural resource issues, SEA will now work to develop an appropriate Programmatic Agreement (PA) with SGR and the necessary consulting parties. The PA will focus on the eastern routes and will address the extent to which additional, route-specific archaeological and historic property analysis would be needed prior to the start of construction on the eastern route (or routes) that ultimately might be selected (assuming that the Board ultimately approves the proposed construction), and the appropriate mitigation measures that would be required should such sites be uncovered and identified once construction has begun. There will be ample opportunity for public review and comment on the PA by all interested parties before it is executed.

Thank you for your letter, which SEA has placed on the Board's website and in the public docket for this proceeding. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,



Victoria Rutson, Chief
Section of Environmental Analysis