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October 22, 2009

VIA FEDERAL EXPRESS

Victoria Rutson
Chief--Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: Abandonment in Penobscot and Aroostook Counties, Maine

Dear Ms. Rutson:

By letter dated September 18, 2009, I advised you that Montréal, Maine & Atlantic Railway, Ltd. ("MMA") intends to file an abandonment application for approximately 233 miles off lines located in Penobscot and Aroostook Counties in Maine. In anticipation of the abandonment application, MMA retained HNTB to provide assistance on environmental and historic matters.

HNTB has conducted a preliminary environmental review of the proposed abandonment. As a result of implementation of the abandonment, rail customers currently served by the lines would need to find other means of transportation. The most likely alternative means of transportation would be trucks, but HNTB does not expect the increase in trucks on local roads and highways to be significant. Furthermore, HNTB believes that any increase in air emissions due to rail to truck conversions would be within the parameters established by the National Air Quality Standards.

Upon approval of the abandonment, MMA plans to salvage the track material. All salvaging activity is expected to be done within the existing right-of-way, and no new access roads would be constructed for the removal of track materials. In fact, it is anticipated that the track material would be removed by rail, rather than truck. Noise disturbances during the salvaging operations would be insignificant and short-term. The rail lines in question cross a number of waterways, but MMA does not plan to remove any bridges. Consequently, HNTB does not expect any impacts to streams or associated wetlands under or adjacent to bridges. The lines are not located within a Maine coastal zone, and, except for 3 structures that are more than 50 years old and that will not be disturbed, there are no historic or cultural resources within the right-of-way. Therefore,

as a result of its preliminary environmental review, HNTB does not expect any significant impacts to the environment as a result of the abandonment.

In my letter of September 18, 2009, I requested that the Section of Environmental Analysis ("SEA") approve HNTB as a third-party consultant, waive the requirement of an environmental report and historic report, determine that an Environmental Assessment, rather than an Environmental Impact Statement, would be appropriate and adopt a schedule that we proposed. Subsequently, Ron Deverman of HNTB and I had telephone conversations with Diana Wood of your office, and Ms. Wood sent an e-mail dated September 29, 2009 outlining the views of SEA on the issues under discussion.

MMA and SEA have reached an understanding on these issues for purposes of the proposed abandonment. The purpose of this letter is to set forth the terms of and to confirm the understanding that has been reached.

We understand that you have approved HNTB as a third-party consultant in accordance with 49 CFR 1105.10(d). As required by the regulations, HNTB will be working under your direction but will be compensated by MMA. Mr. Deverman will be the principal contact at HNTB, which will sign a disclosure statement in accordance with SEA procedures. HNTB will keep a log of its communications with MMA personnel and will provide a copy of the log to SEA at your request.

You have agreed to waive the requirement of the environmental report and historic report that would normally be required pursuant to 49 CFR 1105.7 and 1105.8. In lieu of such reports, MMA will prepare, through and under the direction of SEA and HNTB and on the schedule outlined below, a preliminary draft Environmental Assessment. Based on the preliminary environmental review by HNTB, as described above, you have determined that an Environmental Assessment is the appropriate level of environmental documentation for the abandonment, rather than an Environmental Impact Statement.

The schedule that we have agreed upon is as follows:

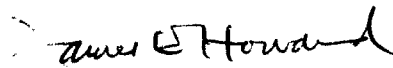
1. At least 30 days prior to the filing of an abandonment application, MMA, through HNTB, will submit to SEA a preliminary draft Environmental Assessment. The format and content of the preliminary draft Environmental Assessment will be generally as set forth in the outline that is enclosed herewith. We understand that HNTB will consult regularly with you during the course of preparing the preliminary draft Environmental Assessment to discuss the form, content and level of detail of the document to ensure that it meets with your approval.
2. At least 20 days prior to the filing of an abandonment application, MMA, through HNTB, will file and serve on interested parties, in accordance with 49 CFR 1105.7(b), a draft Environmental Assessment, taking into account any review comments provided by SEA prior to such filing and service.

3. SEA will thereafter, in conjunction with HNTB, review and verify the information in the draft Environmental Assessment, discuss any questions or issues with MMA, HNTB and other interested parties and make any changes that are appropriate or necessary.

4. SEA will, drawing upon HNTB as necessary, produce a final Environmental Assessment and make it available for public comment on a schedule required or permitted by applicable regulations.

Thank you very much for the responsiveness and cooperation of your office in connection with this matter. We look forward to working together on this abandonment project. Please let me know promptly if the foregoing does not accurately state the understanding between the parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "James E. Howard", written over a faint circular stamp.

James E. Howard

Enclosure

cc: Ron Deverman

Draft Outline for Environmental Assessment

Montreal, Maine and Atlantic Railway Ltd.

Rail Abandonment in Penobscot and Aroostook Counties, Maine

- 1.0 Introduction and Background**
 - 1.1 Proposed Action**
 - 1.2 Description of Line**
 - 1.3 History of Rail Operations**
 - 1.4 NEPA and Implementing Regulations**

- 2.0 Alternatives to Abandonment**
 - 2.1 No-Action – Continued Operations**
 - 2.2 Continued Service by New Operator**

- 3.0 Existing Conditions and Environmental Impacts of Abandonment**
 - 3.1 Land Use**
 - 3.2 Transportation**
 - Rail to truck conversions**
 - Other potential impacts**
 - 3.3 Energy**
 - 3.4 Air Quality and Noise**
 - 3.5 Safety**
 - 3.6 Biological Resources (as applicable)**
 - 3.7 Water**
 - 3.8 Historic and Cultural Resources**
 - 3.9 Social and Economic**

- 4.0 Conclusion
- 5.0 SEA Recommended Mitigation and Conditions (if applicable)
- 6.0 Public Use
- 7.0 Trails Use (if applicable)
- 8.0 Public Assistance
- 9.0 Coordination and Comments
 - (resource/regulatory agencies, interested parties,
Native American tribes)
 - (contact information for comments on Draft EA)