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November 22, 2005

VIA HAND DELIVERY

Ms. Victoria Rutson
Chief
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

**Re: STB Finance Docket No. 34284, Southwest Gulf Railroad Company –
Construction and Operation Exemption – Medina County, TX**

Dear Ms. Rutson:

In an October 5, 2005 letter, the Medina County Environmental Action Association (“MCEAA”), through its attorneys, makes certain claims and arguments that require response in order to ensure an accurate record in this proceeding. Southwest Gulf Railroad (“SGR”) will hereby reply to these points. Further, should SEA desire a further response from SGR on any other points raised in the MCEAA letter (many of which have already been addressed in prior submissions), SGR will be pleased to provide such further response.¹

First, we note that MCEAA criticizes SGR for not supplying data on various proposed alternatives. That charge is grossly unsupported; SGR has supplied volumes of data required by SEA and its contractors for environmental analysis. SEA is obviously the best judge of the sufficiency of data and clearly it determined that it had sufficient data when it issued its Draft EIS.

MCEAA interprets the fact that SEA has asked for more data as a sign that initial submissions by SGR were inadequate, but again this is wrong. It is not at all unusual for an agency to ask for

¹ SGR will of course cooperate fully with SEA in connection with any further environmental analysis it may choose to undertake on any issue in this proceeding, just as SGR has fully cooperated with SEA to date.

supplemental data in response to comments the agency has received. This is the way the process is supposed to work. On the other hand, while critical of SGR's data on the eastern routes it has developed, MCEAA offers few details about its own alignment proposals and impacts that might flow from those alignments.

Second, on the fifth page of the MCEAA letter, MCEAA takes issue with SGR's statement that the original cut and fill data provided by SGR (which was subsequently amended by SGR in its September 7 letter) was based on a slope calculation of 0.5:1. MCEAA claims that the original slope assumption used by SGR was actually 1:1, citing the report of TRAX Consultants, a firm that Vulcan had retained to do initial feasibility studies on rail alignments.

However, MCEAA's assertion is factually incorrect. While the TRAX Report cited the 1:1 slope ratio, this was an obvious typographical error in the TRAX Report since that Report makes clear that it assumed 10 foot wide benches and 20 foot high intervals – which is a obviously ratio of 0.5:1. SGR's September 7 letter thus correctly noted that the original SGR cut/fill calculations were based on the TRAX Report's 0.5:1 ratio, and not a 1:1 ratio. In other words, the original cut/fill calculations performed by SGR were based on the "bench cut" template, with a 10 ft wide benches and a 20 ft height intervals, a 0.5:1 ratio.

As explained in its September 7 letter, SGR decided to reevaluate the slope assumptions made in the original TRAX report. Based on the assessments of knowledgeable engineers, site visits, inspection of road cuts in the area, and after reviewing the same data TRAX apparently relied on from the University of Texas-Austin maps, SGR determined that the TRAX slope ratio of 0.5:1 throughout the length of the line warranted further scrutiny and that it would be more appropriate to rely on a more conservative side slope assumption of 1.5:1 in calculating cut/fill data. The sole reason for these revised calculations was to offer SEA cut/fill data based on a more appropriate and conservative slope ratio than was used initially. In any event, the fact remains that the eastern alignments under review will (under any set of slope assumptions SEA may find appropriate) require relatively more cut and fill than the alignments previously considered.

Third, MCEAA takes issue with the SGR design criteria that the SGR line have a ruling grade not in excess of 1%. SGR believes that this grade criterion is a reasonable and attainable assumption to use for purposes of preliminary design engineering. This is the grade assumption that was used in the development of the alternatives previously considered by SEA, and for consistency SGR believes that the same grade criteria should be used in comparing those alternatives to any eastern alternatives.

Fourth, MCEAA claims that inadequate data has been presented on cumulative flooding and groundwater impacts. MCEAA overlooks the extensive mitigation that SGR has committed to provide on this point – see pages 5-2 though 5-3 of the Draft EIS. SGR will undertake extensive floodplain modeling prior to construction and will incorporate that modeling into the design of the rail line and bridges so as to mitigate impacts on ground water and address any threat of flooding. SGR will also be required by the proposed mitigation to coordinate as appropriate with the US. Army Corps of Engineers and the Medina County Flood Administrator. Since this modeling and consultation is alignment-

specific, this is work that can be undertaken only once a final alignment is chosen. MCEAA's suggestion that hydrological mitigation has been left entirely in SGR's hands "to do whatever it wants" is grossly wrong – SGR will be obligated to adhere to the numerous ground water and related mitigation measures proposed by SEA, which will presumably be adopted as binding conditions/obligations by the STB upon issuance of a final decision in this proceeding. Failure to adhere to these conditions would jeopardize SGR's right and operate to construct its line.

Moreover, SGR will require permits from the Corps of Engineers to the extent that its rail construction will impact waters of the United States. It will need a permit from the Medina County Flood Administrator for structures built in the 100 year floodplain. SGR is legally obligated to seek any required permits, and likely also will be required to do so by mitigation measures it expects will be adopted in this proceeding. The Corps and Flood Administrator thus will have an opportunity to apply their expertise to assess any potential flooding impacts from the line to be constructed and further ensure that the concerns raised by MCEAA are addressed. SGR would also be obligated by mitigation conditions proposed by SEA to consult with FEMA and adhere to its reasonable requirements regarding construction of the rail line in the 100 year floodplain.

Further, SGR remains subject to requirements that it prepare and file a Stormwater Pollution Prevention Plan and a Water Pollution Abatement Plan (WPAP), both of which are also required to be prepared by SGR under the mitigation proposed by SEA in its Draft EIS. The mitigation would also require SGR to use Best Engineering Practices in the design of rail stream crossings.

Contrary to MCEAA's contentions that the WPAP for the Vulcan quarry will not address the implications of any downstream runoff from the quarry on the areas traversed by the rail line, the fact is that Vulcan is in the process of preparing a WPAP based on its on-going study of drainage in the area of the quarry. Vulcan's consultants working on the WPAP for the quarry are in the process of determining water flows and developing best management practices (BMPs) based on 1 foot contours (as opposed to the 10 foot contours more frequently used.) Thus, the WPAP process will allow Vulcan to design BMPs to limit and control water flows outside the quarry area. In that regard, Vulcan does not intend to route flood waters from the quarry area into streams, as MCEAA wrongly assumes. Indeed, most streams in the quarry area will not be affected by the quarry and thus current flow patterns will not be disrupted. Moreover, as the quarry pit grows, rainwater that would otherwise find its way into these streams will instead end up in the pit, reducing flooding potential.

Also contrary to MCEAA's assumption, Vulcan also plans to have at least two detention/retention ponds in the quarry area to handle rainfall from the plant area. Vulcan is in the process of conducting studies to help determine the size and location of these ponds. Vulcan will also have settling ponds on the quarry site, which will be used to collect and recycle rain water. Stormwater will be directed to these settling ponds as part of Vulcan's BMPs.

Once Vulcan's WPAP application is submitted to TCEQ, that agency will evaluate the application and the underlying data/assumptions used to prepare it. TCEQ will only approve the

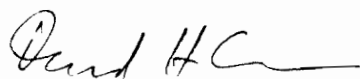
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application if it satisfies regulatory requirements, including Edwards Aquifer rules for water quality protection.

In addition, as it has previously stated, Vulcan will consult with the Medina County Floodplain Administrator relative to the quarry in the event that its plans change and construction in the 100 year floodplain were to be undertaken. Vulcan also plans to consult with the Administrator once the WPAP for the quarry is completed.

We would be pleased to respond to any questions that you might have concerning the above.

Respectfully,

A handwritten signature in black ink, appearing to read "David H. Coburn", with a long horizontal flourish extending to the right.

David H. Coburn
Attorney for Southwest Gulf Railroad Company

cc: Ms. Rini Ghosh
Ms. Jaya Zyman-Ponebshek