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April 16, 2007

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

Mr. F. Lawrence Oaks
Executive Director
Texas Historical Commission
P.O. Box 12276
Austin, TX 78711-2276

Ms. Charlene Dwin-Vaughn
Ms. Katry Harris
Advisory Council on Historic Preservation
1100 Pennsylvania Ave.
Washington, DC 20004

**Re: STB Finance Docket 34284, Southwest Gulf Railroad Company Construction and
Operation Exemption – Medina County, TX**

Dear Ms. Rutson, Mr. Oaks, Ms. Dwin-Vaughn and Ms. Harris:

We are in receipt of an April 5 letter from MCEAA's counsel concerning the construction of power lines along the rail right of way for the SGR line. The letter claims that Vulcan has not been forthcoming in connection with plans to construct power lines in that right of way in order to provide power that the quarry will need to operate. This is not true.

As SGR recently advised SEA's contractor in connection with its work in preparing the Final EIS in this proceeding, Vulcan has had discussions with the Medina Electric Co-Operative ("MECO") relative to providing power to the quarry. The most recent substantive discussions took place in December 2006. All of the discussions have been preliminary. No agreement has been reached as to

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how the quarry would receive power were MECO to be the supplier of such power. Specifically, there is no agreement to allow any SGR rail right of way to be used by MECO in the event that a rail option is chosen for the quarry's transportation needs. There is also no agreement as to whether electric power would be brought to the site from the south or from the east, which is another possibility. More specifically, there has been no decision made to run any power lines through the Quihi Rural Historic District, either along any SGR right of way, along roads or otherwise. Nor has any final decision been made concerning the location of any MECO substation.

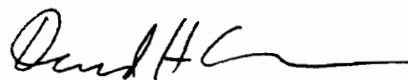
In fact, no agreement has been reached on any of these issues in large measure because the level of power needed at the quarry has not yet been determined. Only once that is done can a decision be made as to (a) whether power lines will approach the quarry from the south or from the east and (b) whether existing power poles would be used for the lines serving the quarry or whether new poles would be needed. Under no circumstances, however, would large transmission lines be required.

As stated, there is no agreement between SGR and MECO, or any other type of understanding, that would allow MECO an easement to use the rail right of way in the Quihi Rural Historic District. Should the Proposed Line be approved, should MECO determine that it needs to bring power in from the south and should MECO seek SGR's permission to use the rail right of way as opposed to existing lines in that Historic District -- all of which possibilities are speculative at this point -- SGR would be prepared to review alternatives to avoid the power lines following the rail right of way within that District, including working with MECO to use existing power rights of way in or near the District.

In short, MCEAA's contention that SGR intends to run power lines over the rail right of way through the Quihi Rural Historic District, and that SGR has hidden the ball on this point, is false. It has been and remains the case that (as SGR stated at the March 26 meeting) the SGR rail line proposal is no more and no less a proposal to build and operate a railroad. It is not a proposal to build power lines or allow power lines to use the rail right of way. Where power lines needed for the quarry may or may not be located remains to be determined by MECO, but SGR can commit -- as it has at every stage -- that it will work to minimize visual and other impacts should its Proposed Route be approved.

Please let me know if you have any questions on this matter.

Sincerely,



David H. Coburn
Attorney for Southwest Gulf Railroad

cc: Ms. Diana Wood, SEA
Ms. Jaya Zyman Ponebshek, URS