

Farmrail

Farmrail System, Inc., Post Office Box 1750, Clinton, OK 73601 580-323-1234

May 22, 2008

Chairman Charles D. Nottingham
Vice Chairman Francis P. Mulvey
Commissioner W. Douglas Buttrey
Surface Transportation Board
United States Department of Transportation
395 E Street, S.W.
Washington, D. C. 20423-0001



Gentlemen:

I offer these comments on the pending Canadian National-Elgin, Joliet & Eastern acquisition transaction not as a party at interest, but from the perspective of a progressive short-line operator. The Board's recent ruling in this case appears to have provided for an open-ended time period in which to render a final decision.

Historically, the growing short-line sector of the railroad industry has relied upon a regulatory framework that is both predictable and timely to facilitate a long-term restructuring effort driven by economics. I fear that the ruling sets an undesirable precedent that could have the unintended consequence of jeopardizing further formation of short lines.

In my judgment, about 30,000 more route-miles should be transferred from Class I carriers to smaller operators in order to complete the industry's rationalization into sustainable "wholesale" and "retail" components. We cannot allow 27 more years to elapse before the rail renaissance begun under the 1980 Staggers Act finally evolves into the efficient network required to accommodate projected 21st Century service demands.

Against the backdrop of calls for reregulation, I have been pleased to see the STB engage in more aggressive industry oversight. Many of your recent actions have helped to demonstrate that an active Board can contribute to a stronger and more competitive national railway system without undoing the positive benefits of Staggers. Nonetheless, the oversight process itself should not be used as an artifice to forestall a transaction.

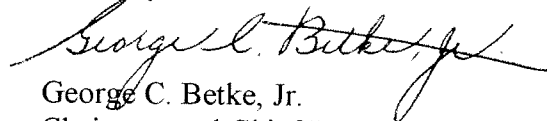
Establishment of a new Class II or Class III railroad typically requires substantial financing for purchase and rehabilitation and meaningful commitments by the dependent rail users. A regulatory process that drags on indefinitely makes it impossible to extend financing commitments and keep uncertain customers from defecting to alternative transportation.

Railroad issues understandably serve as "magnets" for individuals and communities asking to be heard. Their legitimate concerns should be addressed, but no railroad transaction can survive a process that continues indefinitely without resolution.

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Farmrail was founded in 1981 and has been an ardent supporter of preserving an efficient and competitive railroad network. Nearly all of its 347 route-miles would have been subject to abandonment by the previous Class I owners had an entrepreneurial entity not been formed to collaborate with state and local interests to maintain regional access to the national rail network. The resurgence of Oklahoma's agricultural economy and energy production in recent years has demonstrated the validity of that collective preservation decision. None of the transactions in Farmrail's history of expansion and diversification could have survived an overly extended regulatory review, and I urge the Board to avoid undue delay in this case.

Sincerely,

A handwritten signature in cursive script, reading "George C. Betke, Jr.", written in black ink.

George C. Betke, Jr.
Chairman and Chief Executive Officer