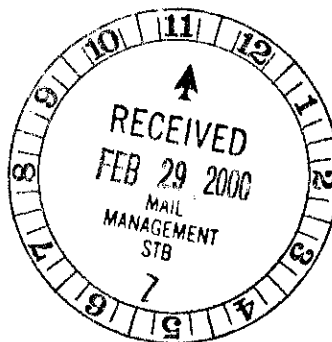


ULTRAMAR DIAMOND SHAMROCK
C O R P O R A T I O N

197126

February 28, 2000

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582
1925 K Street, N. W.
Washington, D. C. 20423-0001



William R. Klesse
Executive Vice President

ENTERED
Office of the Secretary

FEB 29 2000

Part of
Public Record

Dear Mr. Williams:

Ultramar Diamond Shamrock Corp. (NYSE:UDS), with nearly \$14.0 billion in annual revenues, is one of the largest independent petroleum refining and retail merchandise marketing companies in North America. The corporation operates six refineries in the United States and Canada with a total throughput capacity of 640,000 barrels per day and have over 5,000 branded retail gasoline/convenience merchandise stores, the majority of which are branded Diamond Shamrock, Ultramar, Beacon or Total. The corporation also has growing petrochemicals and home heating oil businesses. UDS is headquartered in San Antonio, Texas and is a major user of rail service in the United States and Canada. The purpose of this letter is to comment on the issues to be discussed on March 7th, 2000 in Ex Parte 582.

In deliberating the CN-BNSF combination, UDS encourages the Surface Transportation Board to focus on the effect on shippers. The CN-BNSF combination should be judged on its merits and not the consequences of potential mergers between other rail carriers.

UDS is concerned about the safety and service issues resulting from the CN-BNSF merger. UDS views this merger as an "end to end" combination which should not have the same safety and service problems during the consolidating period as previous mergers. UDS uses the rail services of both the CN and BNSF. In both cases, UDS is very satisfied with the safety and service of the carriers and believe that their individual records will be continued with a combined entity.

The Surface Transportation Board has a comprehensive process to evaluate railroad combinations and protect the public interest. The Surface Transportation Board should use that process to evaluate the effect specifically on shippers and the public in general outside of the political pressure being applied by competing carriers.

Sincerely,

BILL KLESSE