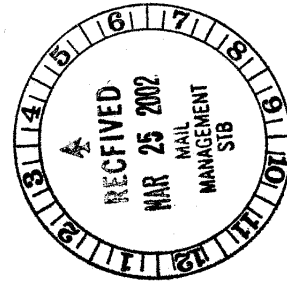


ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD



205040

STB DOCKET NO. AB-573X

TRINIDAD RAILWAY, INC., ABANDONMENT EXEMPTION,
IN LAS ANIMAS COUNTY, CO

STB FINANCE DOCKET NO. 34087

ENTERED
Office of the Secretary

MAR 26 2002

Part of
Public Record

TRINIDAD RAILWAY, INC.,
-- LEASE AND OPERATION EXEMPTION --
KERN VALLEY RAILROAD COMPANY

STB DOCKET NO. 33956

KERN VALLEY RAILROAD COMPANY
-- LEASE AND OPERATION EXEMPTION --
TRINIDAD RAILWAY, INC.

REPLY OF TRINIDAD RAILWAY, INC. TO
REQUEST ON BEHALF OF RAIL VENTURES, INC.
TO ESTABLISH TERMS AND CONDITIONS OF SALE

Respectfully submitted,

John D. Heffner
555 Twelfth Street, N.W.
Suite 950N
Washington, D.C. 20004
(202) 737-4335

Dated: March 25, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-573X

TRINIDAD RAILWAY, INC., ABANDONMENT EXEMPTION,
IN LAS ANIMAS COUNTY, CO

STB FINANCE DOCKET NO. 34087

TRINIDAD RAILWAY, INC.,
-- LEASE AND OPERATION EXEMPTION --
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TO ESTABLISH TERMS AND CONDITIONS OF SALE

INTRODUCTION

Pursuant to orders served February 28, and March 8, 2002, the Board established a procedural schedule in the above-captioned proceeding for Rail Ventures, Inc. ("RVI") to file its Request to Establish Terms and Conditions (hereafter "the Request") and for replies. Trinidad Railway, Inc. ("Trinidad"), and its corporate parent A.P. Maxwell Development Company, L.L.C. ("Maxwell") file this reply¹ for the limited purpose of

¹ The Board initially set March 18 as the due date for requests to set terms and conditions. Inasmuch as replies are normally due five days later, Trinidad's reply would be due Sunday, March 23, 2002. However, the Board extended the reply deadline until March 28, 2002.

correcting a serious misrepresentation contained in RVI's Request.

COMMENT

At page 10 of its filing, RVI's Request contains the following statement:

"By March of this year (less than six months later) however, the operating company's parent filed for Chapter 11 bankruptcy protection (citing to articles in two local newspapers). Despite recent assurances by the operating company to the local press that there will be no impact from the bankruptcy, certain local contractors already remained unpaid for a period of time. The re-opened mining operations cannot be counted to support a going concern value."

Had RVI checked the accuracy of these news reports, it would have learned that they were grossly inaccurate. In fact, Lorencito Coal Company's corporate parent is Maxwell, which is not in bankruptcy. The entity to which RVI and the newspapers refer is AEI Resources Holding, Inc. ("AEI"), which filed for a voluntary "prepackaged" chapter 11 bankruptcy. AEI is neither the parent nor an affiliate of either Lorencito or Maxwell.

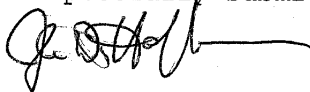
Trinidad has advised RVI's counsel of this misrepresentation and he has agreed to submit a correction for the record.²

While Trinidad and its affiliates take no position in the proceeding to set terms and conditions for RVI's purchase of

² See, letter dated March 20, 2002, from Trinidad corporate counsel Robert Bassett to RVI counsel Stephen Day attached hereto.

the subject rail line, Trinidad reminds RVI that if it succeeds in acquiring the line RVI takes it subject to Trinidad's lease and a common carrier obligation to serve Lorencito Coal Company's mine.

Respectfully submitted,



John D. Heffner
555 Twelfth Street, N.W.
Suite 950N
Washington, D.C. 20004
(202) 737-4335

Dated: March 25, 2002

CERTIFICATE OF SERVICE

I, John D. Heffner, certify that I have this 25th day of March 2002, served a copy of this Reply upon counsel for Rail Ventures, Inc., by first class mail and facsimile, and upon counsel for Kern Valley Railroad Company, by first class mail, postage prepaid.


John D. Heffner

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March 20, 2002

Stephan L. Day, Esq.
Betts, Patterson & Mines, P.S.
One Convention Place, Suite 1400
701 Pike Street
Seattle, WA 98101-3927

Re: Rail Ventures, STB Docket No. AB-573X

Dear Steve:

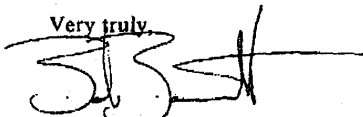
Thanks for taking the time this morning to discuss the Request on Behalf of Rail Ventures, Inc. to Establish Terms and Conditions of Sale which your firm filed in the above case.

On page 10 of that filing, you state that the parent company of our client, Lorencito Coal Company, LLC, filed for Chapter 11 bankruptcy protection. This is not true. Lorencito's parent company is A.P. Maxwell Development Company, LLC, and A.P. Maxwell has not filed for bankruptcy protection.

You cite two newspaper articles that incorrectly state that AEI Resources Holding Inc. is the parent company of Lorencito. These statements by the newspapers are completely incorrect and have caused Lorencito many difficulties in the community. AEI Resources Holding, Inc., is neither the parent nor an affiliate of either Lorencito or AP Maxwell.

The statement in your filing has the potential to perpetuate the mistake made in the newspapers, and thus Lorencito instructed us to demand that you make a further filing correcting this error. Thank you for so graciously agreeing to do so in our call this morning.

Very truly,



Robert A. Bassett
for Holland & Hart LLP

RAB

cc: Bruce Addington
John Heffner