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ORIGINAL



July 24, 2002

VIA HAND DELIVERY - RETURN COPY

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

Dear Secretary Williams:

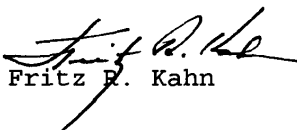
Enclosed for filing in each of STB Docket No. AB-573X, Trinidad Railway, Inc.--Abandonment Exemption--In Las Animas County, CO, and Finance Docket No. 34087, Trinidad Railway, Inc.--Lease and Operation Exemption--Kern Valley Railroad Company, are the original and ten copies of the Reply of Kern Valley Railroad Company.

Additional copies of this letter and of the Reply are enclosed for you to stamp to acknowledge your receipt of them and to return to me via messenger.

By copy of this letter, service is being effected in accordance with the Certificate of Service.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Stephen L. Day, Esq.
Charles H. Montange, Esq.
John D. Heffner, Esq.
Michael J. Van Wagenen, Esq.

ENTERED
Office of Proceedings

JUL 24 2002

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

ORIGINAL

205927
STB Docket No. AB-573X

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

STB Finance Docket No. 34087

205928
TRINIDAD RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
KERN VALLEY RAILROAD COMPANY



REPLY
OF
KERN VALLEY RAILROAD COMPANY,

Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036-1601
Tel.: (202) 263-4152

Attorney for

KERN VALLEY RAILROAD COMPANY

Dated: July 24, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

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--
KERN VALLEY RAILROAD COMPANY

REPLY
OF
KERN VALLEY RAILROAD COMPANY,

Kern Valley Railroad Company ("KVR"), pursuant to 49 C.F.R. 1104.13(a), replies in opposition to the Response off Rail Ventures, Inc. ("RVI"), dated July 13, 2002, as follows:

a. Notwithstanding RVI's disclaimer, RVI's pleading is an impermissible reply to a reply, prohibited by 49 C.F.R. 1104.13(c), and, accordingly, should be ordered stricken in accordance with 49 C.F.R. 1104.10(a).

b. The inability of KVR to convey all of the 28-mile line because Trinidad Railway, Inc., had retained the realty underlying the track between Milepost 15.11 and Milepost 30.0 was not raised for the first time in John D. Heffner's letter, dated July 19, 2002, as RVI alleges. KVR Reply, filed July 16, 2002, stated:

As for the engine house at Picketwire, what KVR

said was that KVR was not in a position to convey it, since the engine house was a part of the realty, between Milepost 15.11 and Milepost 30.0, retained by Trinidad Railway, Inc., and, hence, was not sold to KVR.

In other words, RVI's Response in actuality was a reply to KVR's Reply.

c. Far from being withheld from the Board, as RVI maintains, the alleged "holdback" or "carve-out" of property retained by Trinidad Railway, Inc., was disclosed in the Verified Notice of Exemption which KVR filed November 6, 2000. In footnote 1 on page 1 of the Notice, KVR said:

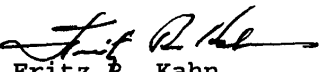
TRI has retained a real estate interest in the right-of-way between Milepost 15.11 in Segundo and the end of the line at Milepost 30.0 at the former New Elk Mine, east of Stonewall, subject to a permanent and irrevocable easement to KVR to fulfill its common carrier obligation, pending abandonment of the line, including access to the line for work on the tracks, ties and other track materials.

There was full disclosure of the transaction consummated between KVR and Trinidad Railway, Inc.

WHEREFORE, Kern Valley Railroad Company urges that the Response of Rail Ventures, Inc., be rejected out of hand.

Respectfully submitted,

KERN VALLEY RAILROAD COMPANY

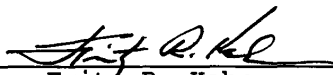

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Tel.: (202) 263-4152

Dated: July 24, 2002

CERTIFICATE OF SERVICE

I certify that I this day have served copies of the foregoing Reply by sending copies to counsel for each of the parties by facsimile transmission.

Dated at Washington, DC, this 24th day July 2002.


Fritz R. Kahn