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November 11, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

206672



RE: Finance Docket 30186 (Sub No. 2), Tongue River
Railroad Co.--Rail Construction and Operation--
Ashland to Decker, Montana

Dear Mr. Williams:

I am submitting, on behalf of the Tongue River Railroad Company, an original and ten copies of our four-month progress report for the latest four-month period, pursuant to the Surface Transportation Board's favorable decision served November 8, 1996 in FD 30186 (Sub-No. 2).

Very truly yours,

Thomas E. Ebzery

Thomas E. Ebzery
Attorney for the
Tongue River Railroad Company

TEE/lms
Enc.
cc: Parties of Record

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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of November, 2002, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record:

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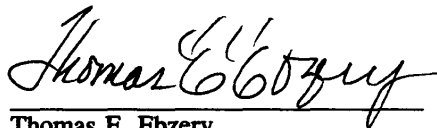
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Fe Railway Company
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A handwritten signature in cursive script, reading "Thomas E. Ebzery". The signature is written in dark ink and is positioned above a horizontal line.

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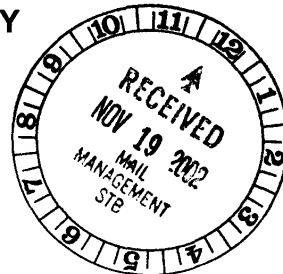
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TONGUE RIVER RAILROAD COMPANY

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Four-Month Report to the Surface Transportation Board

November 8, 2002



1. Surface Transportation Board - Regulatory Proceedings

The regulatory process associated with Tongue River Railroad Company's application seeking authority to construct and operate the "Western Alignment" in Rosebud and Big Horn counties remains pending. The TRRC application seeks authority for the construction and operation of the "Western Alignment", an alternative routing for the southernmost 17.3-mile portion of the 41-mile Ashland to Decker rail line. In addition, the TRRC application includes proposals to modify limited portions of the previously approved rail line running between Ashland and Miles City Montana. The Tongue River Railroad Company alignment will serve the three surface coal mines located near Decker, Montana, as well as new mine production originating from the Ashland, Montana area and the Otter Creek area of southeastern Montana.

A Draft Supplemental EIS to be issued by the Surface Transportation Board's Section of Environmental Analysis will include a focused review of the EIS documents prepared in the previous approvals of Tongue River I and Tongue River II. The Draft Supplemental EIS will utilize the Environmental Impact Statements prepared for Tongue River I and Tongue River II and information independently obtained through a third party contractor. The Draft Supplemental EIS will examine the analyses completed in Tongue River I and Tongue River II to determine whether circumstances have changed to warrant an update of the earlier environmental impact analyses in Tongue River I and Tongue River II.

2. Secondary Approvals

Three State and federal agencies have been granted cooperating agency status to the Surface Transportation Board's proceedings in Tongue River III. These agencies are responsible for granting approvals and easements secondary to the Board's approval of the construction and

operation of the Tongue River Railroad. The three cooperating agencies are the Montana Department of Natural Resources and Conservation, the U.S. Department of Interior, Bureau of Land Management, and the U.S. Army Corps of Engineers. The Montana Department of Natural Resources and Conservation is acting as the lead agency for a number of state agencies, including the Montana Department of Fish, Wildlife & Parks, the Montana Department of Environmental Quality, and the Montana Department of Transportation.

The Draft Supplemental EIS will include an environmental review of issues raised by the cooperating agencies in order for those agencies to fulfill their regulatory responsibilities and obligations, and to avoid duplicative environmental analysis and review. The Draft Supplemental EIS will be released to the public before the cooperating agencies can act on secondary approval and easement applications filed by the Tongue River Railroad Company.

3. Relationship with Burlington Northern Santa Fe

The Burlington Northern Santa Fe Railroad continues to support of the development and operation of the Tongue River Railroad. The Burlington Northern Santa Fe and the Tongue River Railroad Company have maintained communications concerning the project during the reporting period. In addition, the parties have continued discussions relative to upper Midwest utility market demand, the regulatory process, and an agreement between the parties.

4. Engineering and Design

Final engineering and design efforts remain on hold pending completion of the Draft Supplemental Environmental Impact Statement and secondary approvals.

5. TRRC Ownership Structure

As reported previously, Tongue River Railroad Company, Inc. is a Delaware corporation, whose sole shareholder is Tongue River Railroad Company, a Montana limited partnership. Transportation Properties LLP, a limited liability partnership, is the general partner in Tongue River Railroad Company, while Tongue River Holdings Inc., a Montana corporation, is the

limited partner. WesRail, Inc., a Sub-S corporation and wholly owned subsidiary of Wesco Resources, Inc., retains full ownership of Transportation Properties. WesRail continues its conversations with potential investors in the Tongue River Railroad project.