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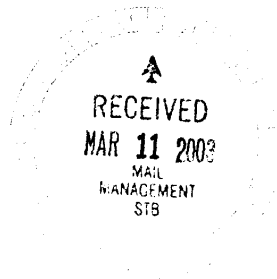
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KARL MORELL

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March 11, 2003

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001



Re: STB Docket No. AB-839 (Sub-No. 1X), Kiowa, Hardtner and Pacific
Railroad Company – Abandonment Exemption -- In Barber County,
Kansas

Dear Secretary Williams:

On December 30, 2002, the Surface Transportation Board approved the request of V and S Railway, Inc. ("VSRI") for issuance of a NITU to allow Kiowa, Hardtner and Pacific Railroad Company ("KHP") to negotiate with VSRI for interim trail use/rail banking for the right-of-way located between milepost 571.85 at Kiowa and milepost 581.78 at Hardtner, a distance of 9.93 miles.

KHP hereby notifies the Board that KHP and VSRI have reached an agreement for interim trail use/rail banking for the 9.93-mile line.

If you have any questions concerning this matter, please call me.

Sincerely,

Karl Morell
Attorney for Kiowa, Hardtner and Pacific Railroad
Company