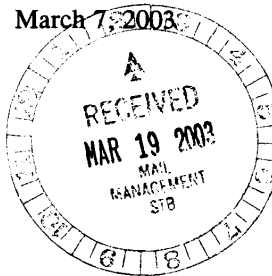


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Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001



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

Dear Mr. Williams:

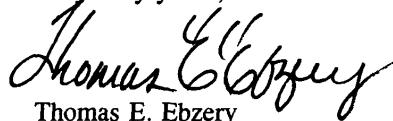
I am submitting, on behalf of the Tongue River Railroad Company, an original and ten copies of our four-month progress report for the latest four-month period, pursuant to the Surface Transportation Board's favorable decision served November 8, 1996 in FD 30186 (Sub-No. 2).

ENTERED
Office of Proceedings

MAR 19 2003

Part of
Public Record

Very truly yours,



Thomas E. Ebzery
Attorney for the
Tongue River Railroad Company

TEE/lms

Enc.

cc: Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of March, 2003, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record:

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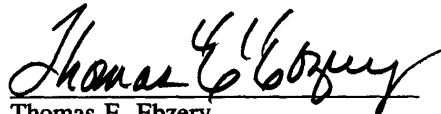
Hon. Judy Martz, Governor
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TONGUE RIVER RAILROAD COMPANY

Four-Month Report to the Surface Transportation Board

March 10, 2003

1. Surface Transportation Board - Regulatory Proceedings

The Tongue River Railroad Company has before the Surface Transportation Board an application seeking authority to construct and operate the "Western Alignment" in Rosebud and Big Horn counties. The Western Alignment is proposed as an alternative routing for the southernmost 17.3-mile portion of the 41-mile Ashland to Decker rail line approved by the Surface Transportation Board ("Board") in 1996 ("Tongue River II"). In addition, the TRRC application includes proposals to modify certain portions of the rail line running between Ashland and Miles City, Montana approved by the Interstate Commerce Commission in 1986 ("Tongue River I"). 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 is to be prepared by the Board's Section of Environmental Analysis pursuant to the filed application incorporating a focused review of the EIS documents prepared in the previous approvals of Tongue River I and Tongue River II. The Draft Supplement will incorporate the Environmental Impact Statements prepared for Tongue River I and Tongue River II and information independently obtained through a third party environmental contractor. The Draft Supplement 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.

The TRRC submitted a letter to the Board on December 19, 2002 in order to request the Section of Environmental Analysis to resume the environmental work on the project, which had been on hold for some time. Further, on January 17, 2003, the TRRC filed a Petition for Leave to File Supplemental Evidence with the Board. The petition requested the Board's authorization for TRRC to file Supplemental Evidence in order to provide a limited update of the record

concerning the transportation aspects of the case. TRRC also requested the Board to establish a schedule for the filing of responses to the Supplemental Evidence and, if necessary, a reply by TRRC. The purpose of the request is to ensure that the Board has before it the most current evidence available at the time it issues its decision.

Comments supporting TRRC's Petition were filed by the Governor of Montana, Judy Martz, and by Congressman Dennis Rehberg. Comments opposing TRRC's Petition were filed by Northern Plains Resource Council Inc. ("NPRC"), United Transportation Union, General Committee of Adjustment on the Burlington Northern and Santa Fe Railway Company, and Montana State Legislative Board ("UTU") and Native Action, Inc. On February 13, 2003, TRRC filed with the Board a Motion for Leave to Submit Response to Oppositions to Petition for Leave to File Supplemental Evidence and a response to those Oppositions, to which UTU responded. TRRC is awaiting a decision by the Board on the Petition to file supplemental evidence.

2. Secondary Approvals

The Draft Supplement will be developed in consultation with three agencies that have been granted cooperating agency status. 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 and the Montana Department of Environmental Quality. The cooperating agencies are responsible for granting approvals and easements secondary to the Board's approval in Tongue River III.

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.

3. Relationship with Burlington Northern Santa Fe

The Burlington Northern Santa Fe Railroad continues to support 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.