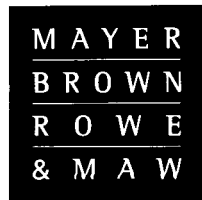


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October 25, 2005

BY HAND-DELIVERY

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

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Re: Finance Docket No. 34667, BNSF Railway Company –
Acquisition and Operation – State of South Dakota

Dear Secretary Williams:

This is to advise the Board that BNSF Railway Company (“BNSF”) and the State of South Dakota (“State”), parties in the above-referenced proceeding, are in the final stages of negotiations regarding the implementation of the Settlement Agreement reached by the parties. Specifically, the Settlement Agreement contemplates approximately 17 implementing agreements and various quitclaim deeds to be executed by a variety of railroads, regional railroad authorities, and the parties to this proceeding. BNSF and the State, and the other signatory parties, have all been working diligently to negotiate these agreements and resolve outstanding issues. At this point, not all of those issues, some of which are significant, have been resolved. Nevertheless, substantial progress has been made over the course of the last several months, and BNSF and the State remain cautiously optimistic that all remaining issues can be resolved in the next couple of weeks.

In the event that these outstanding issues are resolved, BNSF anticipates filing a notice of exemption with the Board in the near future with respect to BNSF’s acquisition of the Core Lines from the State and the continued operation of those lines. BNSF will shortly thereafter withdraw its application in this proceeding and seek dismissal of the proceeding. The filing of the notice of exemption is contingent upon completion of the implementing agreements that are being negotiated pursuant to the Settlement Agreement. The parties do not request that the matter continue to be formally held in abeyance at this time. However, we anticipate advising the Board within the next two weeks as to whether the ongoing negotiations have been successfully completed.

Berlin Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles New York Palo Alto Paris Washington, D.C.
Independent Mexico City Correspondent: Jauregui, Navarrete y Nader S.C.

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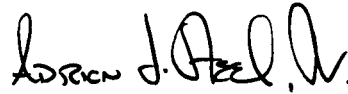
Honorable Vernon A. Williams

October 25, 2005

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Please contact the undersigned if you have any questions. I would appreciate it if you would please date-stamp the enclosed extra copy and return it to the messenger for our files. Thank you for your assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Adrian L. Steel, Jr.", with a stylized, cursive script.

Adrian L. Steel, Jr.

Enclosure

cc: Mr. David M. Konschnik
Myles L. Tobin, Esq.
Sarah W. Bailiff, Esq.
Parties of Record