

LAW OFFICE

MCLEOD, WATKINSON & MILLER

MICHAEL R. MCLEOD
WAYNE R. WATKINSON
MARC E. MILLER
RICHARD T. ROSSIER
CHARLES A. SPITULNIK
RICHARD PASCO
ALEX MENENDEZ
AMY B. JONES
CHRISTOPHER J. SALISBURY*
(*Admitted in Maryland only)

ONE MASSACHUSETTS AVENUE, N.W.
SUITE 800
WASHINGTON, DC 20001-1401
(202) 842-2345
TELECOPY (202) 408-7763

BILL HAWKS
SENIOR POLICY ADVISOR

ROBERT RANDALL GREEN
LAURA L. PHELPS
DAVID R. GRAVES
GOVERNMENT RELATIONS

KATHRYN A. KLEIMAN**
OF COUNSEL
(**Admitted in Virginia only)

April 24, 2006

216335



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

Re: *San Pedro Railroad Operating Company, LLC – Abandonment
Exemption – In Cochise County, AZ; STB Docket No. AB-1081X*

Dear Sir:

I am enclosing an original and ten (10) copies of the Notice of Sonora-Arizona International LLC of Acceptance of Terms and Conditions in the above referenced proceeding. An extra copy is enclosed for date stamp and return to our messenger. Please note that a 3.5 inch diskette is enclosed with this document.

Thank you for your assistance.

Sincerely,

Alex Menendez

Enclosure

ND: 4829-4860-2368, Ver 1

ENTERED
Office of Proceedings

APR 24 2006

Part of
Public Record

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

216 335

**Docket No. AB-1081X
SAN PEDRO RAILROAD OPERATING COMPANY, LLC-
ABANDONMENT EXEMPTION-IN COCHISE COUNTY, AZ**

**NOTICE OF
SONORA-ARIZONA INTERNATIONAL LLC
OF ACCEPTANCE OF TERMS AND CONDITIONS**

Communications with respect to this
document should be addressed to:

CHARLES A. SPITULNIK
ALEX MENENDEZ
McLeod, Watkinson & Miller
One Massachusetts Avenue, N.W.
Suite 800
Washington, DC 20001
(202) 842-2345

Counsel for SONORA-ARIZONA
INTERNATIONAL LLC

Filed: April 24, 2006

**ENTERED
Office of Proceedings**

APR 24 2006

**Part of
Public Record**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**Docket No. AB-1081X
SAN PEDRO RAILROAD OPERATING COMPANY, LLC-
ABANDONMENT EXEMPTION-IN COCHISE COUNTY, AZ**

**NOTICE OF
SONORA-ARIZONA INTERNATIONAL LLC
OF ACCEPTANCE OF TERMS AND CONDITIONS**

Pursuant to the Decision of the Board in this proceeding that was served on April 13, 2006, (the "*April 13 Decision*") Sonora-Arizona International LLC ("SAI"), hereby notifies the Board that it accepts the terms and conditions for purchase of the property and assets that are subject to the Petition for Exemption for Abandonment submitted by San Pedro Railroad Operating Company ("SPROC") in this proceeding.

That is, SAI will purchase the following property from SPROC:

- (1) A segment of railroad designated as the Bisbee Branch, which extends between milepost 1085.0 at Bisbee Junction, AZ, and milepost 1090.6 at Bisbee, AZ, a distance of 5.6 miles;
- (2) A segment of railroad extending between milepost 1097.3 near Paul Spur, AZ, and milepost 1106.5 near Douglas, AZ, a distance of 9.2 miles;
- (3) A segment of railroad extending between milepost 1055.8 near Charleston, AZ, and milepost 1097.3 near Paul Spur, AZ, a distance of 41.5 miles; and
- (4) A segment of railroad extending between milepost 1040.15 near Curtiss, AZ, and milepost 1055.8 near Charleston, AZ, a distance of 19.9 miles.

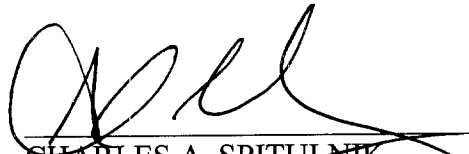
With respect to the purchase price, the *April 13 Decision* required SPROC to submit a statement of its intent with respect to indemnification of SAI for title defects on the 1,265 acres of land held in fee. *April 13 Decision* at 5. SPROC submitted a letter on

April 21, 2006¹ stating that "SPROC is agreeable to providing such indemnification on the fee parcels" and that "[a]ppropriate documentation will be included in the draft purchase and sale agreement that SPROC will provide SAI". See Letter dated April 21, 2006, from John D. Heffner, Esq. to Hon. Vernon A. Williams, at para.2.

Accordingly, SAI hereby confirms that it will pay SPROC \$5,632,644 for the line, and that it accepts all of the other terms and conditions set forth in the *April 13 Decision*. Closing on this transaction will take place on or before July 12, 2006.

Dated: April 24, 2006

Respectfully submitted,



CHARLES A. SPITULNIK
ALEX MENENDEZ
McLeod, Watkinson & Miller
One Massachusetts Avenue, N.W.
Suite 800
Washington, DC 20001
(202) 842-2345

Counsel for SONORA-ARIZONA
INTERNATIONAL LLC

¹ The *April 13 Decision* required SPROC to submit its statement with respect to this matter by April 18, 2006. SPROC filed its letter on April 21, 2006 and provided undersigned counsel with a copy on that day. Because SAI had not yet as of that date taken any action in reliance on the lower purchase price that would have resulted if SPROC had not agreed to provide indemnification for title defects, SAI does not object to the Board's acceptance of the late filing.

CERTIFICATE OF SERVICE

I hereby certify that I have this 24th day of April 2006 caused to be served a copy of the NOTICE OF SONORA-ARIZONA INTERNATIONAL LLC OF ACCEPTANCE OF TERMS AND CONDITIONS to be served by first class mail (or by hand delivery for those counsel in Washington, D.C.) upon the following:

John D. Heffner
1920 N Street, N.W.
Suite 800
Washington, DC 20036

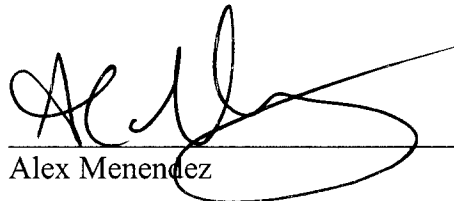
Rusty A. Brewer
Baker Botts LLP
1299 Pennsylvania Avenue, N.W.
Washington, DC 20004

Mark P. Juszli
Chemical Lime Company
P. O. Box 985004
Fort Worth, TX 76185

Tily Shue
The Trust for Public Land
116 New Montgomery Street, 3rd Floor
San Francisco, CA 94105

William Childress, Manager
San Pedro Riparian NCA
U.S. Department of the Interior
Bureau of Land Management
12661 East Broadway
Tucson, AZ 85748

Michelle T. Harrington
Rivers Program Director
Center for Biological Diversity
P. O. Box 39629
Phoenix, AZ 85069



Alex Menendez