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May 25, 2006

VIA ELECTRONIC FILING

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, D.C. 20006

Re: **Finance Docket No. 34844**
PYCO Industries, Inc. -- Feeder Line Application --
South Plains Switching, Ltd. Co.

Finance Docket No. 34802
PYCO Industries, Inc. -- Alternative Rail Service --
South Plains Switching, Ltd. Co.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceedings is the Verified Statement of John K. Howell, President of US Rail Partners, Ltd. ("USRP"). USRP is the entity that is seeking to purchase the lines of South Plains Switching, Ltd. Co. ("SAW") through an arms length, private negotiated transaction.

USRP takes no position with respect to the legal issues before the Board in these proceedings and is not here seeking any delay in any part of these proceedings. Nor does USRP seek to become embroiled in the litigation between SAW and PYCO, Industries, Inc. ("PYCO"). Rather, USRP feels that it is important for the Board to hear firsthand from USRP regarding USRP's interest in and efforts to purchase and operate SAW's lines.

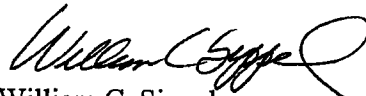
USRP's intervention in these proceedings will not unduly disrupt the schedule or broaden the issues raised in these proceedings. To the extent necessary, USRP respectfully requests leave to file the attached verified statement in these proceedings.

FLETCHER & SIPPEL LLC

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I hereby certify that a copy of this filing has been served upon known parties of record in these proceedings.

Respectfully submitted,



William C. Sippel
Attorney for US Rail Partners, Ltd.

WCS/pj
Enclosures

cc: Charles H. Montange, Esq.
Thomas F. McFarland, Esq.
John D. Heffner, Esq.

**VERIFIED STATEMENT
OF
JOHN K. HOWELL**

My name is John K. Howell. I am President of US Rail Partners, Ltd. ("USRP"). USRP is the entity that is seeking to purchase the lines of South Plains Switching, Ltd. Co. ("SAW") through a private, arms length transaction. USRP firmly believes such a transaction can and would meet the needs of all interests in this complex regulatory proceeding, and we are working diligently with SAW and Pyco Industries, Inc. ("PYCO") to complete a sale transaction in as timely a manner as possible. USRP takes no position with respect to the legal issues before the Board in this proceeding. The purpose of this statement is simply to advise the Board directly as to the facts regarding USRP's interest in and efforts to purchase SAW's lines.

USRP is an Illinois corporation and the parent of three subsidiary transportation companies, one of which is the Blackwell Northern Gateway Railroad ("BNG"), a Class III rail carrier that operates a rail line in Oklahoma and Kansas. The other subsidiaries are US Rail Partners Switching Services, Ltd., a rail contract switching company, and Transload Partners USA, Ltd., a transload operator. USRP is not affiliated with SAW and has no common officers, directors or employees or any other personal or commercial relationship with SAW or its owners.

USRP first became aware of SAW on March 20, 2006. On that day, I received a call from an outside attorney who had previously assisted USRP with the STB filings for BNG. That attorney, Thomas McFarland, said he was calling on behalf of Delilah Wisener, the owner of a shortline railroad located in Lubbock, Texas known as South Plains Switching, Ltd. Co. (i.e., "SAW"), to inquire whether USRP would have an interest in acquiring it. Based on his general description of the property, I indicated that USRP would be interested in taking a look and would

be willing to sign a confidentiality agreement with SAW so that the due diligence process could begin at once. I was told that a Mr. Dennis Olmstadt, a consultant working with SAW, would call me and provide further details. I also was informed that SAW was in a service dispute with PYCO, a major customer on the line, and that another shortline, the West Texas and Lubbock Railway ("WTLR"), was using SAW's line to provide interim rail service to PYCO in lieu of SAW under an order from the STB. Prior to Mr. McFarland's call, I had never heard of PYCO, SAW, Delilah Wisener, her husband Larry Wisener, or any dispute between SAW and PYCO.

On March 20, 2006, Mr. Olmstadt called me and provided further details regarding the line that would be the subject of the sale transaction. He indicated that he would send me a proposed confidentiality agreement and, following its execution, would send me documents describing SAW's traffic levels, revenue divisions, etc. That evening, the Board of Directors of USRP authorized me to sign the confidentiality agreement and examine SAW's data. The confidentiality agreement was received from SAW on March 22, 2006 and executed by me and returned to SAW on March 23, 2006.

On April 4, 2006, we received from SAW via overnight courier a 22-page "Sales Proposal" dated March 31, 2006 describing in some detail the property offered for sale.

A day later, on April 5, 2006, I drove to Lubbock, Texas, from Blackwell, Oklahoma, along with Scott Nauer, the Director of Operations for BNG, USRP Director David Phillips, and BNG employee Ben Teeter, and on April 6, 2006, met with Mr. and Mrs. Wisener. We reviewed with them in detail the current switching operations, the history of SAW's operations, and some of the issues involving PYCO. We also toured the area of SAW's operations. We were told that historically, they did not maintain financial data for SAW separate from the South Plains Lamesa Railroad, an affiliated rail operation. Nevertheless, sufficient

information was obtained for us to prepare a first cut pro forma income/expense statement. We requested the last two years of tax returns for SAW/Lamesa and asked that taxes and insurance costs be separated out to the extent possible.

On April 7, 2006, I sent a letter to Delilah Wisener advising her that, based on our meeting, I would be recommending to USRP's Board of Directors that USRP proceed with development of a formal offer to purchase SAW's lines (and, separately, four locomotives) based on the terms and conditions to be outlined in the forthcoming offer letter.

On April 10, USRP's Board of Directors authorized me to proceed with development of a formal purchase offer to SAW.

On April 13, 2006, USRP Director David Phillips and I met with a representative of a major US bank and our primary lending facility to discuss financing for the transaction.

On April 25 and May 2, 2006, Mr. Phillips and I again met with representatives of the bank to review preliminary versions of our pro forma income/expense statement and to discuss our preliminary assessment of USRP's operation of the former SAW lines. Included in our analysis were evaluations of SAW based upon current rate divisions including the full amounts of a surcharge we understood was available to SAW and available to a new purchaser. The bank's representatives provided USRP with financial guidelines under which they would support a purchase offer for SAW by USRP. On May 2, 2006, USRP's board formally authorized submission of an offer to purchase SAW's lines.

USRP's formal offer was finalized on May 5, 2006 and was sent by overnight USPS Express Mail to Delilah Wisener. During this process, I and the other officers and directors of USRP were unaware that PYCO was preparing to file a Feeder Line Application ("FLA") with the STB to purchase some or all of SAW's lines. We have since been informed

that PYCO filed its FLA with the STB on May 5, 2006, although we did not become aware of it until several days later. SAW has subsequently advised us that it would not continue the negotiations with USRP until after the Board ruled on SAW's petition for a determination that its negotiations with USRP may proceed notwithstanding the filing of the FLA.

Assuming that the negotiations with SAW can go forward, USRP expects to be able to move quickly once a purchase contract is executed to close on the transaction and commence service. We understand that PYCO's peak shipping season occurs in the fall. We are also aware of the statutory time limitations on the current provision of alternative rail service to PYCO. And we have been informed that we may run up against the dates for filing competing feeder line applications, which we would hope to avoid. Our target for closing on the transaction and commencing rail service is mid-summer or earlier if possible.

USRP has had preliminary discussions with BNSF Railway Company ("BNSF") regarding USRP's plan to acquire and operate SAW's lines. BNSF has advised us that based on their experience with BNG (which is an exclusive BNSF shortline partner), BNSF has no concerns with a USRP purchase and operation of SAW's lines. BNG recently executed an Interchange Agreement and Handling Carrier Agreement with BNSF that would serve as the model for similar agreements with BNSF here.

As discussed above, we have also had several meetings with our prospective lender who has reviewed USRP's offer and has advised us that it meets the bank's lending guidelines for such a transaction. We expect no difficulty in obtaining financing for the transaction. Nor do we foresee any problems in obtaining locomotives, cars and employees with which to provide service on the former SAW lines.

Given the time pressures and the service and operating issues that have been raised before the Board, we are engaged in a concerted effort to sit down with PYCO and confirm our understanding of their transportation needs and review our plan to provide service. Given the current state of affairs, we strongly believe that constructive dialogue with PYCO, the largest shipper on SAW, is important to proper planning and to ensure a smooth transition. In that regard, on May 12, 2006, I called PYCO's CEO and General Manager Gail Kring to schedule a date for a meeting with PYCO's representatives. I was not able to reach him so I left a detailed message as to the purpose of my call. Not having heard anything back, on May 16, 2006, I asked our counsel Mr. Sippel to contact PYCO's counsel to try to arrange such a meeting. Mr. Sippel subsequently advised me that he had been told by PYCO's counsel that a key member of PYCO's team had recently had eye surgery and was not able to commit to a meeting date. As of today, May 25, 2006, we have not heard anything back. We remain hopeful that PYCO will be able to meet with us in the near future, and are absolutely committed to pursuing those discussions to PYCO's satisfaction. We also plan to meet with the other shippers on SAW's lines (which continue to be served by SAW) in the very near future.

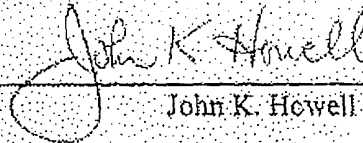
As I've stated above, we are aware of the various and sometimes competing time pressures that are at play here. We are continuing to work very hard to reach a voluntary arrangement that would satisfy the interests of all of the relevant parties and provide a commercial alternative to this litigation.

VERIFICATION

State of Illinois)
) SS:
County of Kane)

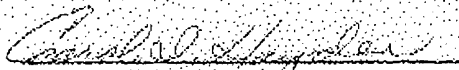
John K. Howell, being duly sworn, deposes and says that he is President of US Rail Partners, Ltd., that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.





John K. Howell

SUBSCRIBED AND SWORN TO
before me this 25th day
of May, 2006.



Notary Public

My Commission expires: 6/19/2008