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THOMAS F. MCFARLAND

June 14, 2006

By e-mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Docket No. AB-914X, *McCloud Railway Company -- Abandonment and Discontinuance of Service Exemption -- in Siskiyou, Shasta and Modoc Counties, CA*

Dear Mr. Williams:

This constitutes a status report in regard to the progress of OFA proceedings in the above docket, as required in a Board decision served May 12, 2006.

The Board is respectfully requested to accept this status report two days out of time due to oversight by counsel for McCloud Railway Company (MRC) (The due date was June 12, 2006).

Within the past week, MCR has received title reports in regard to land in the railroad rights-of-way in Siskiyou and Shasta Counties, CA. MRC has recently completed its preliminary valuation of such land that is held in marketable fee title. MCR has also completed its preliminary valuation of track materials.

MCR estimates that by the end of this week (i.e., by June 16, 2006), it will provide its estimate of net liquidation value (purchase price) of the subject rail line to the three companies that filed notices of intent to file OFAs. That estimate will be sent by overnight mail. A copy of the estimate will be provided by overnight mail to the Board inasmuch as providing that estimate

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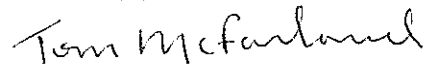
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will trigger the 10-day period for submitting OFAs. See the Board's decision served October 14, 2005.

Very truly yours,

A handwritten signature in cursive script that reads "Tom McFarland".

Thomas F. McFarland
*Attorney for McCloud
Railway Company*

TMcF:kl:wp8.0\1005\efile2

cc: Fritz Kahn, Esq., *by e-mail to xiccgc@worldnet.att.net*
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Mr. Robert W. Larson, *by e-mail to burninbob@yahoo.com*
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