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June 28, 2006

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20423-0001



Re: **Finance Docket No. 33407** *216883*
Dakota, Minnesota & Eastern Railroad Corporation --
Construction Into the Powder River Basin

ENTERED
Office of Proceedings

JUN 29 2006

Part of
Public Record

Finance Docket No. 34871 *216884*
Wyoming Dakota Railroad Properties, Inc. -- Acquisition and
Operation Exemption -- Dakota, Minnesota & Eastern Railroad Corp.

Finance Docket No. 34872 *216885*
Dakota, Minnesota & Eastern Railroad Corporation and Cedar
American Rail Holdings, Inc. -- Intra-Corporate Family Transaction
Exemption -- Wyoming Dakota Railroad Properties, Inc.

Dear Secretary Williams:

By decisions in Finance Docket No. 33407 at 3 S.T.B. 847 (1998) and 6 S.T.B. 8 (2002) and served February 15, 2006 (collectively, "PRB Construction"), Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") was granted authority under 49 U.S.C. § 10901 to construct and operate approximately 280 miles of rail line from Wall, South Dakota to the Powder River Basin in northeastern Wyoming and in Minnesota (the "PRB Line"). The Board imposed 147 environmental mitigation conditions and an environmental oversight period on DM&E in connection with the grant of construction authority to DM&E. A number of those conditions related to the rehabilitation of DM&E's existing rail line between Wall and Winona, Minnesota, to be undertaken in conjunction with the PRB Line construction.

By notice of exemption in Finance Docket No. 34871, Wyoming Dakota Railroad Properties, Inc. ("WDRPI"), a new, indirect non-carrier subsidiary, seeks to acquire DM&E's construction and operation authority for the PRB Line. By notice of exemption in Finance Docket No. 34872, DM&E and an intermediate holding company seek to continue in control of WDRPI once the latter becomes a rail carrier.

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Implicit in the acquisition of the PRB Line construction authority by a wholly-owned DM&E subsidiary, over which DM&E simultaneously seeks control, is the understanding that DM&E remains responsible with WDRPI for ensuring that all of the conditions attached to that authority are satisfied. The PRB Line could not be constructed otherwise. The particular conditions relating to DM&E's existing line run with the authority to construct the PRB Line, and must be met regardless of which particular corporate affiliate holds the authority or owns the existing line. Nonetheless, given opposing parties' attempts to create an issue where none exists, DM&E hereby acknowledges and agrees that, upon WDRPI's acquisition of the construction and operation authority for the PRB Line, DM&E will remain responsible for and subject to all environmental mitigation and oversight conditions in Finance Docket No. 33407 to the extent they relate to DM&E's existing rail lines. This includes Condition No. 120 relating to Negotiated Agreements with local communities.

Ten copies of this letter are enclosed for filing at the Board. One extra copy also is enclosed, and I would request that you date-stamp that copy to show receipt of this filing and return it to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,



William C. Sippel
Attorney for Dakota, Minnesota & Eastern
Railroad Corporation

WCS:tjl

Enclosures