

ENTERED
Office of Proceedings

JUL 13 2006

Part of
Public Record

217002

BY HAND AND FAX

JOHN D. HEFFNER, PLLC
1920 N STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20036
(202) 263-4180
FAX (202) 296-3939
j.heffner@verizon.net

ORIGINAL



July 12, 2006

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

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

Dear Mr. Williams:

I am writing on behalf of San Pedro Railroad Operating Company ("SPROC"), in connection with the above-captioned proceeding. For the reasons stated in this letter, SPROC requests that the Board vacate its decision dated May 3, 2006, authorizing sale of the subject rail line to Sonora-Arizona International LLC, the Offeror (hereafter "Sonora"), and authorize SPROC to abandon this line immediately.

On April 13, 2006, the Board served a decision setting terms and conditions for the purchase in this proceeding. Subsequently, by letter dated April 24, 2006, Sonora accepted those terms and conditions and by decision served May 3, 2006, the Board authorized Sonora's acquisition and dismissed SPROC's petition effective the date the sale is consummated. As relevant, the Board's April 13 decision stated that closing must occur on or before 90 days from April 13, 2006. Both SPROC and Sonora have regarded July 12, 2006, as the last possible date for closing.

Immediately upon receipt of the Board's April 13 decision, SPROC took all steps necessary to prepare for closing. It took Sonora and its representatives on a hi-

Honorable Vernon A. Williams
July 12, 2006
Page two

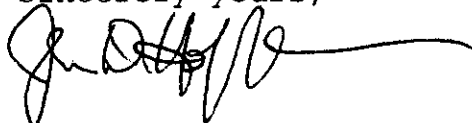
rail inspection of the line, it prepared and sent to Sonora's counsel drafts of a purchase and sale agreement, an assignment agreement, a haulage agreement, and an interchanges agreement, and solicited Sonora's comments and revisions. Sonora did not respond with any comments. On several occasions, SPROC notified Sonora that it was prepared to close on or before July 12, 2006. However, Sonora was nowhere to be found. July 12 came and went without a closing.

Just now, I received a faxed letter from Sonora's counsel Charles Spitulnik, Esq., withdrawing its offer of financial assistance. Its failure to close is now formal.

49 CFR 1152.27(k) of the Board's financial assistance regulations addresses the abandoning railroad's remedies upon default of a financial assistance agreement. The regulation merely states that upon such default any other party to the agreement may promptly inform the Board of that default and that the Board may take appropriate action. Consistent with this provision, SPROC requests that the Board promptly issue a decision vacating the May 3 decision authorizing the sale and authorizing SPROC to abandon this line without further delay.

Please date stamp and return one copy of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John D. Heffner", with a long horizontal flourish extending to the right.

John D. Heffner

cc: David Parkinson
All parties
David Konschnik, Esq. (by fax)



KAPLAN KIRSCH ROCKWELL

July 12, 2006

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

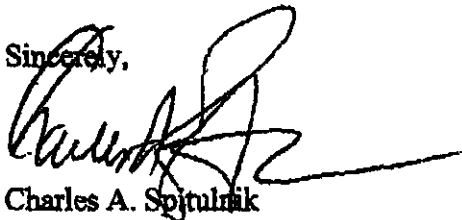
Re: *San Pedro Railroad Operating Company, LLC – Abandonment Exemption – In Cochise County, AZ*; STB Docket No. AB-1081X

Dear Sir:

I am enclosing an original and ten (10) copies of the Notice of Sonora-Arizona International LLC of Withdrawal of Offer of Financial Assistance 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,



Charles A. Spjutnik

Enclosure

**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 WITHDRAWAL OF OFFER OF FINANCIAL ASSISTANCE**

Communications with respect to this
document should be addressed to:

CHARLES A. SPITULNIK
Kaplan Kirsch & Rockwell LLP
1050 Connecticut Avenue, NW
Tenth Floor
Washington, D.C. 20036
(202) 955-5600
email: cspitulnik@kaplankirsch.com

**Counsel for SONORA-ARIZONA
INTERNATIONAL LLC**

Filed: July 12, 2006

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

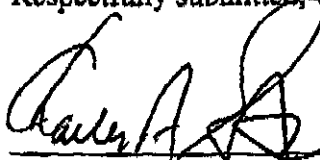
**Docket No. AB-1081X
SAN PEDRO RAILROAD OPERATING COMPANY, LLC-
ABANDONMENT EXEMPTION-IN COCHISE COUNTY, AZ**

**NOTICE OF
SONORA-ARIZONA INTERNATIONAL LLC
OF WITHDRAWAL OF OFFER OF FINANCIAL ASSISTANCE**

Sonora-Arizona International LLC ("SAI"), hereby notifies the Board of its withdrawal of its offer to purchase the property that is the subject of the Petition for Exemption for Abandonment submitted by San Pedro Railroad Operating Company ("SPROC") in this proceeding.

Dated: July 12, 2006

Respectfully submitted,



CHARLES A. SPITULNIK
Kaplan Kirsch & Rockwell LLP
1050 Connecticut Avenue, NW
Tenth Floor
Washington, D.C. 20036
(202) 955-5600
email: cspitulnik@kaplankirsch.com

**Counsel for SONORA-ARIZONA
INTERNATIONAL LLC**

CERTIFICATE OF SERVICE

I hereby certify that I have this 12th day of July 2006 caused to be served a copy of the NOTICE OF SONORA-ARIZONA INTERNATIONAL LLC OF WITHDRAWAL OF OFFER OF FINANCIAL ASSISTANCE to be served by first class mail 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



Charles A. Spitulnik