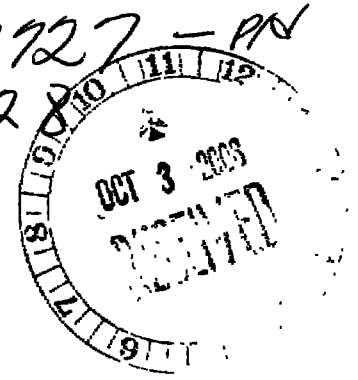


217727 - PV
217728
CHARLES H. MONTANGE
ATTORNEY AT LAW
426 NW 162ND STREET
SEATTLE, WASHINGTON 98177
(206) 546-1936
FAX (206) 546-3739



2 October 2006
by express

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

Re: PYCO Industries -- Feeder Line Application --
South Plains Switching, Ltd., F.D. 34890
and related proceeding F.D. 34922

REQUEST FOR CLARIFICATION; ASSOCIATED WITH
PENDING MOTION TO COMPEL; ACTION REQUESTED
BY OCTOBER 4, 2006

Dear Mr. Williams:

On behalf of PYCO Industries, enclosed please find an original and ten copies of a Request for Clarification, made necessary by a letter PYCO's counsel received from Pioneer/KJRY counsel this afternoon. Because of the expedited nature of this proceeding, PYCO requests the clarification by October 4, 2006. PYCO notes that in the email attached to our Request as Exhibit B, Pioneer/KJRY appears to demand the clarification as a condition to providing any meaningful discovery.

Thank you for your assistance.

Very truly,

A handwritten signature in black ink, appearing to be "C. H. Montange".

Charles H. Montange
for PYCO Industries, Inc.

Encls.

cc. counsel per certificate of service (w/encl.)
Mr. McLaren

RECEIVED
Office of the
OCT 5 2006
Public Hearing

BEFORE THE
SURFACE TRANSPORTATION BOARD

PYCO INDUSTRIES, INC. --)
FEEDER LINE DEVELOPMENT --) F.D. 34890
SOUTH PLAINS SWITCHING LTD.) (and related F.D. 34892)

REQUEST FOR IMMEDIATE CLARIFICATION
OF APPLICABILITY OF PROTECTIVE ORDER
on behalf of PYCO Industries, Inc.

Immediate distribution requested
Order requested by October 4, 2006

Because Pioneer Rail Corp. (Pioneer) and its subsidiary Keokuk Junction Railway (KJRY) declined to provide timely discovery responses, PYCO Industries was forced to file a motion to compel/request for sub poena on September 25. On September 28, this Board issued an order requiring Pioneer/KJRY to respond by October 2. At this time, PYCO does not know what response Pioneer/KJRY has made, if any. However, counsel for PYCO received the letter attached as Exhibit A at about 4:30 PM, Washington, D.C. time. In the letter, counsel for Pioneer/KJRY indicates that Pioneer/KJRY may decline to make a meaningful discovery response in the (alleged) absence of a protective order in Finance Docket 34892.¹ By raising this matter with the Board now, PYCO hopes that the issue can be clarified in the Board's response to PYCO's pending motion to compel.

¹ Pioneer/KJRY's position is a flip-flop. Pioneer/KJRY previously (although belatedly after the Director had already accepted Pioneer's "Alternative Two" application) supplied Pioneer's consolidated financial statements to PYCO pursuant to the F.D. 34890 protective order. PYCO has already furnished Pioneer/KJRY's counsel with signed undertakings by PYCO's counsel and outside experts pursuant to the protective order.

This Board issued a protective order in F.D. 34890 in a decision served July 6, 2006. That protective order specifically defines "proceedings" to include proceedings in F.D. 34890 (PYCO's feeder line application) and "any proceedings before the Board related to" PYCO's feeder line application. See decision served July 6, 2006, p.3, Appendix at 1(f). Clearly F.D. 34892 is "related" to F.D. 34890: F.D. 34892 is Pioneer Rail Corp's (per KJRY's) competing feeder line application which is piggy-backing on PYCO's filing. Thus there is already an applicable protective order.

PYCO's counsel attempted to call Pioneer/KJRY counsel as soon as Exhibit A arrived, but Pioneer/KJRY counsel declined to return the call, sending an email, attached as Exhibit B, contending that "related proceedings" only applies to subdockets. Pioneer/KJRY indicates in the email it will not respond absent clarification from the Board.

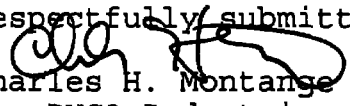
In order to ensure that Pioneer and KJRY stop asserting spurious roadblocks to meaningful discovery, PYCO is thus left with no choice but to bring the matter to the Board by this Request for Clarification immediately.

The procedural schedule issued by this Board requires PYCO to file comments on Pioneer's competing application by October 12. In order to incorporate Pioneer's discovery responses into our comments, PYCO must be able to provide the discovery information to its experts by Friday afternoon, October 5. We cannot wait for more rounds of fussing with Pioneer/KJRY next

week. PYCO accordingly is forced to make this request for an order of the Board by October 4 clarifying to Pioneer/KJRY that the protective order issued in F.D. 34890 in fact already applies to F.D. 34892.²

If a full and complete response from Pioneer and KJRY is not in the hands of PYCO's counsel such that it can be distributed to PYCO's experts before close of business Friday, then PYCO will have been deprived of an opportunity for meaningful discovery by Pioneer/KJRY's purposeful, spurious and prejudicial evasion. PYCO in that event reserves the right to move to strike all Pioneer/KJRY evidence of financial responsibility already filed or to be filed, and to move to dismiss the competing feeder line application for lack of a showing of financial responsibility.

This is an expedited proceeding. We believe parties should cooperate on discovery rather than play Catch 22.

Respectfully submitted,

Charles H. Montange
for PYCO Industries, Inc.
426 NW 162d St.
Seattle, WA 98177
(206) 546-1936
fax: -3739

Of counsel:

Gary McLaren, Esq.
Phillips & McLaren
3305 66th St., Suite 1A
Lubbock, TX 79413
(806) 788-0609
for PYCO Industries, Inc.

² This is in accordance with Pioneer/KJRY's treatment of the matter in the past. See note 1.

Certificate of Service

By my signature below, I certify service upon the following counsel of record by express (next business day) by timely deposit with an express service provider on 2 October 2006:

Thomas McFarland
208 South LaSalle St., Suite 1890
Chicago, IL 60604-1112 (SAW)

William A. Mullins
Baker & Mullins
2401 Pennsylvania Ave. NW #300
Washington, D.C. 20037 (KJRY)

William Sippel
Fletcher & Sippel
29 North Wacker Drive, Suite 920
Chicago, IL 60606-2875 (USRP)

John Heffner
1920 N Street, NW #800
Washington, DC 20036 (WTL) (by fax)

Adrian Steel
Mayer Brown Rowe & Maw
1909 K Street, NW
Washington, D.C. 20006-1101 (BNSF)

Andrew Goldstein
McCarthy, Sweeney & Harkaway
Suite 600
2175 K Street, N.W.
Washington, D.C. 20037 (SCO)

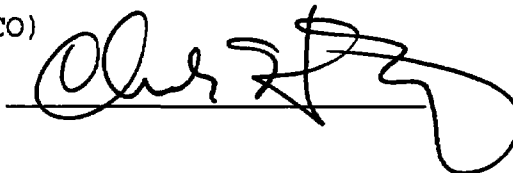
A handwritten signature in black ink, appearing to read "Andrew Goldstein", written over a horizontal line.

Exhibit A

BAKER &
MILLER

FAX

To: Charles H. Montange (206) 546-3739

Of:

Fax Number:

From: William A. Mullins
Tel: (202) 663-7823 (Direct Dial)
Fax: (202) 663-7849

Date

10/2/06

Page(s):

2, including cover sheet.

(If you did not receive all the pages, please call (202) 663-7820.)

The information contained in this facsimile is intended for personal and confidential use of the persons named above. This facsimile may be an attorney-client communication and as such is privileged and confidential. If you have received this document in error, please notify us immediately by telephone and return the original to us by mail. Thank you.

BAKER & MILLER PLLC

2401 PENNSYLVANIA AVENUE, NW

SUITE 300

WASHINGTON, DC 20037

(202) 663-7820

FAX:

(202) 663-7849

BAKER & MILLER PLLC

ATTORNEYS and COUNSELLORS

2401 PENNSYLVANIA AVENUE, NW
SUITE 300
WASHINGTON, DC 20037TELEPHONE: (202) 663-7820
FACSIMILE: (202) 663-7849

William A. Mullins

Direct Dial: (202) 663-7823
E-Mail: wmullins@bakerandmiller.com

October 2, 2006

VIA FAX AND OVERNIGHT DELIVERYCharles H. Montange, Esq.
426 NW 162nd Street
Seattle, WA 98177Re: STB Finance Docket No. 34922
*Keokuk Junction Railway Co. – Feeder Line Application – South
Plains Switching, Ltd. Co.*

Dear Mr. Montange:

As you know, by my letter of September 22, Keokuk Junction Railway ("KJRY") has agreed to deem the discovery requests directed at Pioneer Railcorp ("Pioneer") as being served against KJRY. KJRY will be providing Pyco Industries, Inc. ("PYCO") with responses and documents on October 5, subject to any applicable objections. KJRY's responses may include documents that are confidential or highly confidential in nature. Our research, however, reveals that no protective order is in place governing Finance Docket No. 34922, which is the docket under which KJRY's feeder line application is being processed and to which PYCO's discovery is directed. KJRY cannot provide PYCO with any responsive confidential or highly confidential documents unless and until there is an appropriate protective order in place for this proceeding. Accordingly, if PYCO desires to review any such responsive documents, it will need to obtain a protective order for this proceeding.

Sincerely,


William A. Mullinscc: J. Michael Carr
Daniel A. LaKemper, Esq.

Exhibit B

c.montange

From: <WMullins@bakerandmiller.com>
To: <c.montange@verizon.net>
Cc: <lakemper@mtco.com>; <RWimbish@bakerandmiller.com>
Sent: Monday, October 02, 2006 3:22 PM
Subject: Your Phone Message

I received your phone message. Perhaps you are unaware of standard Board practice, but the term "related proceedings" in standard protective orders is normally understood to mean any "sub-dockets" opened up in the file, not separate finance dockets. The Board has given our competing FLA a completely separate docket number. Thus, either a new protective order needs to be issued or the Board needs to clarify that the existing protective order covers FD No. 34892. We will not give you confidential information until one of those two events occurs. When we provided you with the previous confidential information, it was filed and provided under Docket No. 34890, which was and is covered by the existing protective order. Please note also that we had every legal right to wait until October 5 to point this out to you, when our responses were due, but we did not do so.

William ("Bill") A. Mullins
Attorney At Law
Baker and Miller PLLC
Suite 300
2401 Pennsylvania Ave, N.W.
Washington, D.C. 20037
(202) 663-7823 (Direct)
(202) 663-7849 (Fax)

The above message may be privileged, confidential and protected from disclosure by attorney/client, work product or other privileges. If you believe that it has been sent to you in error, do not read it. Please reply to the sender that you have received the message in error. Then delete it. Thank you.

10/2/2006