

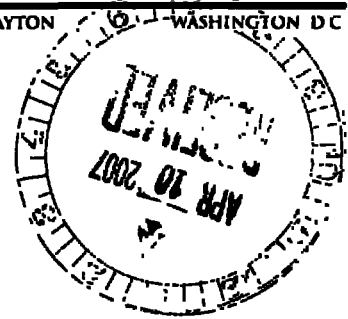
April 10, 2007

Vernon A. Williams, Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

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Office of Proceedings

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RE: Finance Docket No. 34421, *HolRail LLC-Construction and Operation Exemption-in Orangeburg and Dorchester Counties, South Carolina*

Dear Mr. Williams:

On February 12, 2007, the Board served a decision in the above-referenced docket that denied HolRail LLC's request to construct approximately 2.5 miles of common carrier rail line in Orangeburg and Dorchester Counties, South Carolina over HolRail's Preferred Route, which would cross the property of CSX Transportation, Inc. ("CSXT"). The Board declared that this proceeding henceforth would be limited to HolRail's request to construct its Alternate Route, which would not cross CSXT's property, on the assumption that HolRail wishes to pursue that route. The purpose of this letter is to inform the Board that HolRail wishes to pursue the Alternate Route and to request that the Section of Environmental Analysis ("SEA") proceed with its environmental review of that route.

Contemporaneous with this letter, however, HolRail also has filed a Petition for Review of the Board's February 12th decision with the United States Court of Appeals for the District of Columbia Circuit. HolRail seeks to overturn the February 12th decision with the objective of pursuing its Preferred Route, if successful. HolRail nevertheless believes that SEA should proceed with its environmental review of the Alternate Route because, if unsuccessful in its appeal, HolRail still desires to construct that route.

Regardless of the outcome of HolRail's appeal, SEA's environmental review of the Alternate Route will not be wasted. If HolRail's appeal is unsuccessful, the Board will be prepared to complete its review of the Alternate Route promptly. If HolRail's appeal is successful, the Alternate Route still would be part of an environmental review of the Preferred Route. Having completed that analysis already, the Board would be able to complete its review of the Preferred Route much more quickly.

This proceeding has languished far too long before the Board to inject additional delay by halting the environmental review of the Alternate Route while the Preferred Route is the subject of appeal. Although HolRail initially petitioned for authority to construct its new rail line on November 13, 2003, the Board waited nearly a full year, until October 20, 2004, to conclude that it needed more information and to grant HolRail the discovery that it required to provide that information. After conducting extensive engineering and environmental analyses, on September

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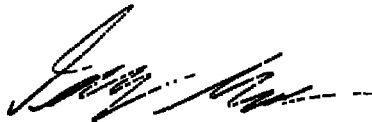
9, 2005, HolRail presented in substantial detail the additional information requested by the Board. CSXT responded to that evidence, after receiving two extensions, on February 24, 2006.

The Board then waited another full year before dismissing HolRail's Preferred Route in the February 12, 2007 decision. Moreover, that decision dismissed the Preferred Route solely on the basis of a statutory construction that could have been rendered over two years earlier, in the October 2004 decision, without putting HolRail to the tremendous time and expense of preparing extensive engineering and environmental analyses, since all of the facts the Board relied upon in the February 2007 decision were in the record at the time of the October 2004 decision.

A significant amount of the work associated with the environmental review process already has been completed. During the 3½ years that HolRail's petition was pending before the Board, the environmental review progressed steadily. SEA conducted a site visit over two years ago, during which SEA inspected both the Preferred and Alternate Routes. On February 22, 2006, SEA issued a Final Scope of Study for the Environmental Impact Statement ("EIS"). In addition, HolRail's third party environmental consultant, which has been assisting the Board in the environmental review process at HolRail's expense pursuant to 49 C.F.R. § 1105.10(d), has all but completed the work required by SEA to prepare a draft EIS. Clearly the vast majority of work already has been performed to complete an environmental review of both the Preferred and Alternate Routes.

In the interest of bringing this proceeding to the most efficient and expedient conclusion, HolRail requests that SEA proceed with its environmental review of the Alternate Route, while HolRail's appeal of the Board's dismissal of the Preferred Route also progresses.

Sincerely,



Jeffrey O. Moreno

cc: The Honorable Charles D. Nottingham, Chairman
The Honorable W. Douglas Buttrey, Vice Chairman
The Honorable Francis P. Mulvey, Board Member
Victoria J. Rutson, Chief, Section of Environmental Analysis
Louis E. Gitomer, Counsel for CSX Transportation, Inc.
Thomas W. Wilcox, Counsel for *Amici Curiae*