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BY HAND DELIVERY

Hon. 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: FD No. 35109, Arizona Eastern Railway, Inc. - Acquisition
and Operation Exemption - Union Pacific Railroad Company**

CERTIFICATE OF COMPLIANCE WITH 49 CFR §1150.42(e)

Dear Secretary Williams:

I am writing on behalf of Arizona Eastern Railway, Inc. ("AZER") in connection with the above-captioned transaction. Pursuant to its regulations, the Board requires AZER to certify that it has fully complied with the requirements of 49 CFR 1150.42(e).

On February 1, 2006, AZER plans to purchase and operate 67.7 miles of railroad owned by the Union Pacific Railroad ("UP") and known as the Clifton Subdivision. The line extends between milepost 1150.0 at Lordsburg, NM, and milepost 1217.7 at Clifton, AZ. AZER's annual revenues as a class III carrier exceed \$5 million.

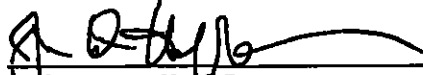
On December 3, 2007, AZER filed a verified notice of exemption with the Board pursuant to 49 CFR 1150.41 for its proposed purchase and operation of the subject trackage. As noted above, AZER does not anticipate consummating the proposed transaction before February 1, 2007, 60 days from the date of posting and serving this notice.

Accordingly, by this instrument, and through the undersigned counsel, AZER hereby certifies that, as of December 3, 2007, it has complied with the advance notice requirements for a rail line transaction as prescribed by 49 §1150.42(e).

Specifically, and as is set forth in the attached documents, notice of the proposed transaction fully conforming to the provisions of 49 §1150.42(e) has been - (1) served upon the national offices of the labor unions with employees on the affected lines, and (2) posted at the workplaces of employees on the affected lines.

Any questions regarding this certification should be addressed to the undersigned, designated counsel or, Mack Shumate, Esq., counsel for UP.

Respectfully submitted,



John D. Heffner

Counsel for Arizona Eastern
Railway, Inc.

Enclosures

cc: Mack Shumate, Esq.
Mr. Ed Ellis

STB Finance Docket No.35109
ARIZONA EASTERN RAILWAY, INC,
NOTICE OF INTENT TO ACQUIRE AND OPERATE

PURSUANT TO 49 U.S.C. 10902 AND
49 CFR 1150.42(e)

Pursuant to Surface Transportation Board regulations at 49 CFR 1150.42(e), Arizona Eastern Railway, Inc. ("AZER"), hereby offers notice to employees of the Union Pacific Railroad Company ("UPRR") that on or about February 1, 2008, AZER proposes to purchase from UPRR and operate the following trackage, including yard and ancillary tracks and structures, as follows:

The subject trackage consists of a line of railroad track known as the Clifton Subdivision extending between MP 1150.0 at Lordsburg, NM, and MP 1217.7 at Clifton, AZ.

The total mileage to be purchased and operated is approximately 67.7 miles.

AZER currently projects that it will continue to use the services of its existing employees who presently operate over the subject line and will offer employment to existing UPRR employees to the extent additional personnel are required. These personnel and their rates of pay are listed below:

1. Engineer(s) at an annual salary of approximately \$45,000-55,000.
2. Trainmen at an annual salary of approximately \$45,000-55,000.
3. Maintenance of way personnel at an annual salary of approximately \$35,000-45,000.

AZER will offer:

- Dental, medical, and disability insurance
- Expense reimbursement
- Family and medical leave
- Jury duty
- Military leave

- 401(k) plan

will select any new employees on the basis of:

- Current certifications held
- Railroad job knowledge
- Skills and ability
- Previous work experience

Any UPRR employee interested in further information concerning positions available should contact AZER through its General Manager Dennis Giacoletti at 928-428-1615.