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TELEPHONE 202 638 3307
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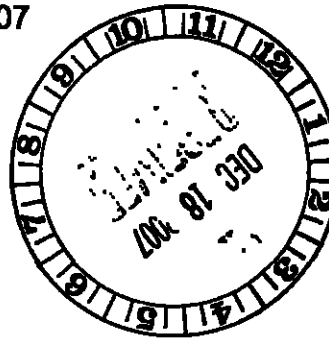
KARL MORELL ENTERED
Office of Proceedings

kmorell@dc.bjllp.com

DEC 18 2007

Part of
Public Record

December 18, 2007



BY HAND DELIVERY

The Honorable Vernon Williams
Surface Transportation Board
395 E Street SW
Washington, DC 20423-001

Re STB Docket No AB-1000 (Sub-No. 1X), Georgia Southwestern
Railroad, Inc. -- Abandonment Exemption -- In Harms and
Merwether Counties, Georgia

Dear Secretary Williams.

Attached for filing are the original and ten copies of the Reply to Petition to
Toll Time for Filing OFA

Please time and date stamp the extra copy of the Reply and return it with
our messenger.

If you have any questions, please call me

Sincerely,

Karl Morell

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-1000 (Sub-No. 1X)

**GEORGIA SOUTHWESTERN RAILROAD, INC.
--ABANDONMENT AND DISCONTINUANCE OF TRACKAGE RIGHTS EXEMPTION—
IN HARRIS AND MERIWETHER COUNTIES, GEORGIA**

REPLY TO PETITION TO TOLL TIME FOR FILING OF A

**Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W
Suite 225
Washington, D C. 20005
(202) 638-3307**

**Attorney for:
Georgia Southwestern Railroad, Inc.**

Dated December 18, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-1000 (Sub-No 1X)

GEORGIA SOUTHWESTERN RAILROAD, INC.
--ABANDONMENT AND DISCONTINUANCE OF TRACKAGE RIGHTS EXEMPTION--
IN HARRIS AND MERIWETHER COUNTIES, GEORGIA

REPLY TO PETITION TO TOLL TIME FOR FILING OFA

Georgia Southwestern Railroad, Inc. ("GSRW") hereby replies in opposition to the Petition To Toll Time For Filing OFA ("Petition") filed with the Surface Transportation Board ("Board") on December 17, 2007, by Kern Valley Railroad Company ("Kern") Kern is a subsidiary of A&K Railroad Materials, Inc ("A&K"), and the Petition is the latest example of a pattern of abusive OFA filings made over the years by various entities, including affiliates and fronts for A&K As such, the Board should summarily deny the request and reject any OFA filing made by Kern or any other front for A&K

On October 22, 2007, Kern filed a Notice of Intent to File Offer of Financial Assistance in this proceeding. Shortly thereafter Mr Terry Small, President of GSRW, called Mr. Michael Van Wageningen, Vice President of A&K, and invited A&K to inspect the rail line being abandoned and to make a bid for the track materials and the underlying real estate outside of the OFA process, as other salvage companies had already done By letter dated October 29, 2007, Mr. Small forwarded to Mr. Van Wageningen track charts, the September track inspection reports, full size valuation maps, evidence of an actual adjacent parcel sale, and evidence of a pending

adjacent parcel sale. A copy of the letter and the attachments, other than the voluminous valuation maps, are attached as Exhibit 1.

On November 8th and 9th, two employees or agents of A&K hi-railed and inspected the entire line. Consequently, at least since mid-November, A&K has had in its possession all of the information it needed to make an appraisal of the line. In fact, by e-mail dated November 20th from Mr. Van Wagenen to Mr. Small, A&K made a bid for the track materials and the real estate. A copy of that bid is attached as Exhibit 2. Unfortunately, A&K's bid was significantly below other bids received by GSWR. Mr. Small subsequently informed Mr. Wagenen that his bid for the track materials was significantly below the highest bid made by Tie Yard of Omaha ("Tie Yard") and his bid for the real estate was only a small fraction of the price being negotiated with various entities along the line that are seeking to acquire the corridor for a trail.¹ Nevertheless, Mr. Small offered to allow A&K to re-bid up until December 20th, when GSWR intends to finalize its sale of the track materials to Tie Yard. Since that time, A&K has repeatedly insisted on seeing the offer made by Tie Yard. GSWR has resisted. In GSWR's view, it would be inappropriate to show one bidder the bid of another.

In a free market economy, the highest bidder, all other things being equal, wins. Under the Board's OFA procedures, salvage companies, or fronts for salvage companies, can game the system and be awarded ownership of rail lines at values significantly below what they would garner outside of the OFA process.

It is quite obvious that A&K is not seeking additional information about the rail line and the real estate. It has been provided the track charts and inspection reports and presumably its

¹ The Petition incorrectly asserts that the Petition for Interim Trail Use filed by Harris County is only for the portion of the line in Harris County. Harris County's filing covers the entire line.

experts can calculate the lengths and weights of the track materials on the line. The valuation maps provided to A&K contain detailed descriptions of the corridor and all parcels owned by GSWR, including the nature of the title. Most importantly, the fact that A&K has already made a bid, *albeit* a totally inferior one, is conclusive evidence that A&K has in its possession all that it needs to make an offer. If A&K needed additional information to make the bid, it could have simply called Mr. Small. The only document GSWR has refused to provide to A&K is the bid by Tie Yard. Having been denied access to that document, A&K now seeks to abuse the Board's OFA procedures to gain access to the bid from Tie Yard. The Board should not allow its OFA procedures to be misused by salvage companies seeking to obtain bids from other salvage companies to gain an advantage in the bidding contest.

The other unsuccessful bidders have graciously left the bidding contest. A&K, however, cannot help being A&K and once again seeks to misuse the Board's OFA procedures for personal gain. In summary, the Board should deny the Petition and summarily reject any OFA filed by Kern or any other front for A&K.

Respectfully submitted,

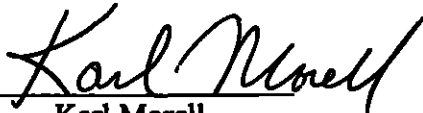
A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Dated: December 18, 2007

CERTIFICATE OF SERVICE

I hereby certify this 18th day of December, 2007, that I have caused the foregoing Reply to be served by first class mail, postage pre-paid and by fax without the exhibits on Fritz R Kahn.


Karl Morell

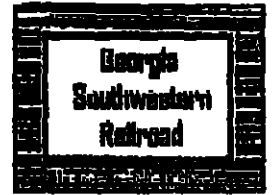


Georgia Southwestern Railroad, Inc.

78 Pulpwood Road

Dawson, Georgia 39842

PHONE: (229) 698-2000 FAX: (229) 698-2030



October 29, 2007

Michael J. Van Wagencn, Vice-President
Kern Valley Railroad Company
1505 South Redwood Road
Salt Lake City, Utah 84104

RE: Confidential Offer to Sell R-Line

Dear Mr. Van Wagenen,

We appreciate your interest in acquiring the 43 mile railroad line segment known as the "R-Line". November 8 will work for us to provide your inspector with a hy-rail inspection of the line, I will provide you with a meeting point tomorrow. I am enclosing the following items that we have discussed to aid you in determining the value of the line segment

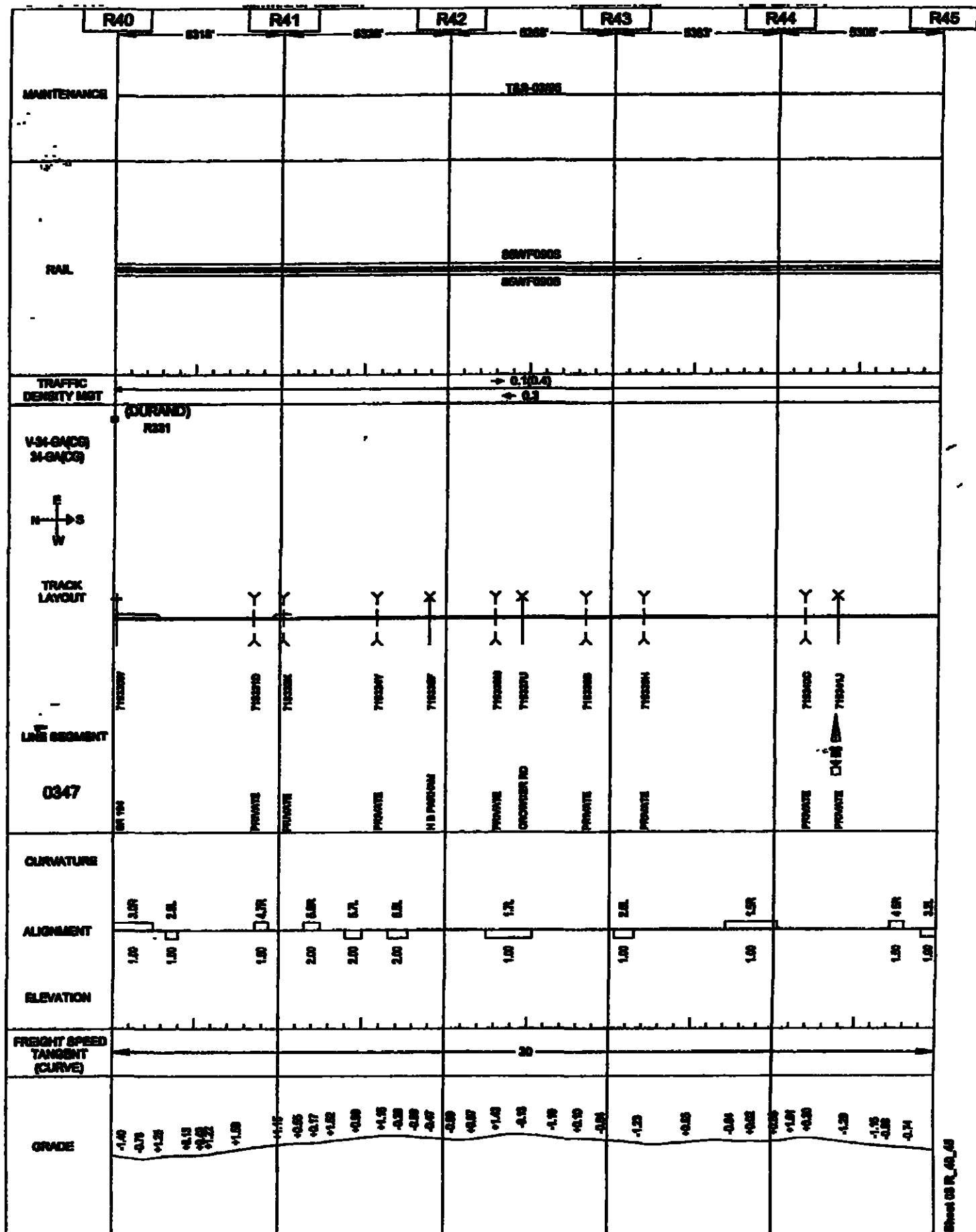
1. Track charts: Mile post R12.0 to R55.0
2. September track inspection reports.
3. Full size valuations maps.
4. Actual adjacent parcel sale information; quit claim deed to Peter Brochu.
5. Pending adjacent parcel sale information, offer sheet to Floise Adams

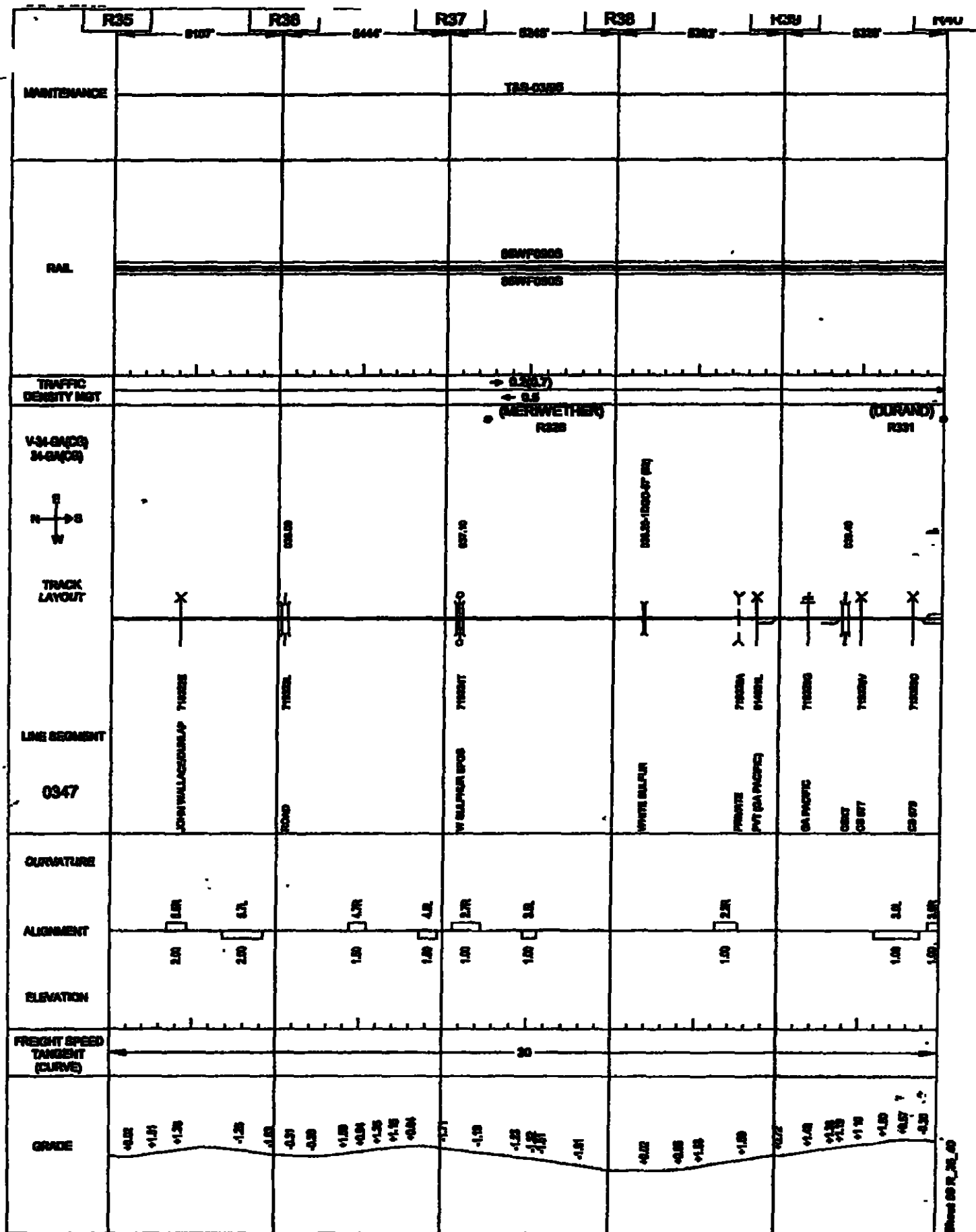
These items along with your inspection will provide you with the line's current condition, steel value and real estate value. We look forward to receiving your offer to purchase the line on or before Friday November 16, 2007; to enable us to review it prior to the holiday.

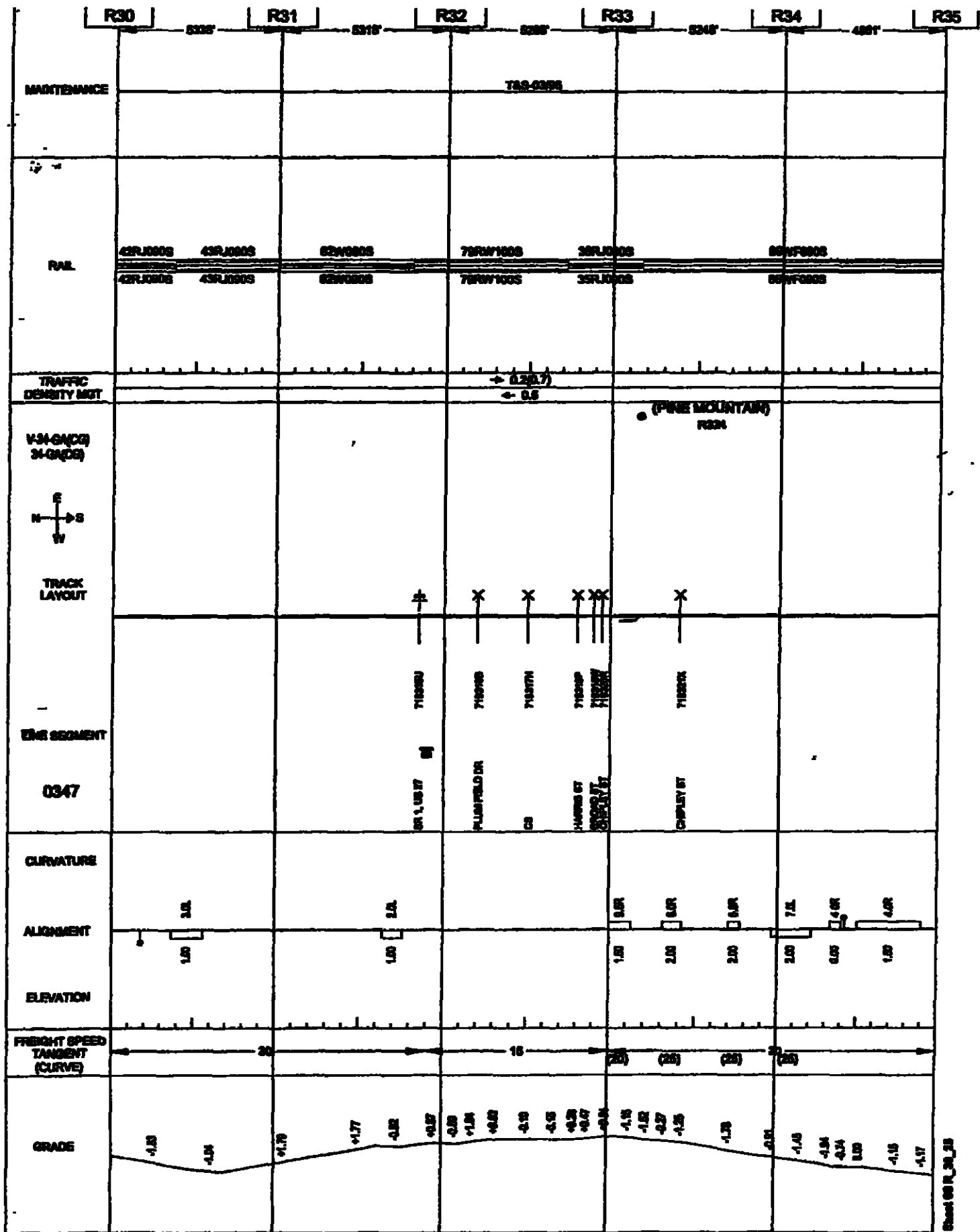
Sincerely,

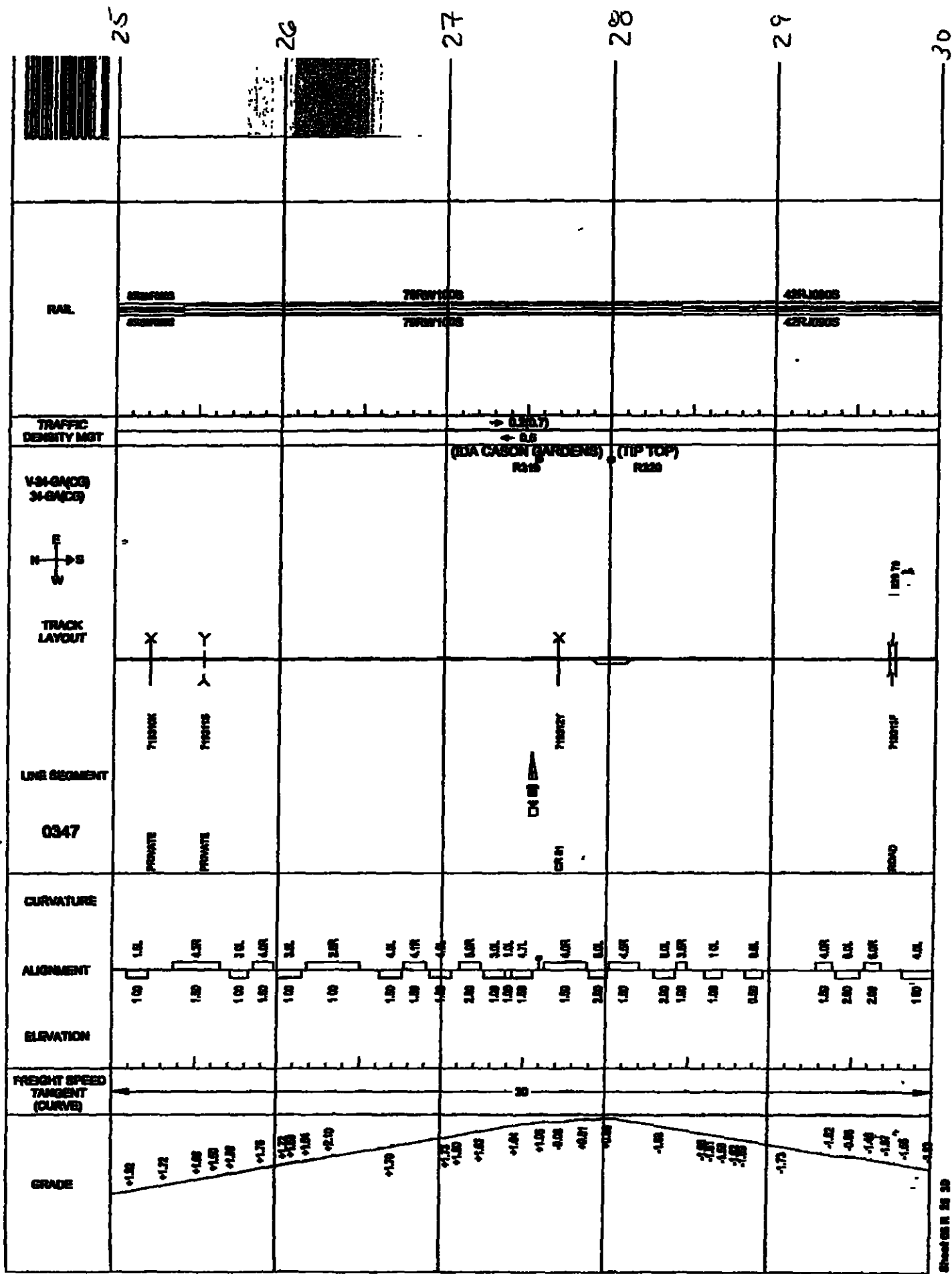

Terry R. Small
President

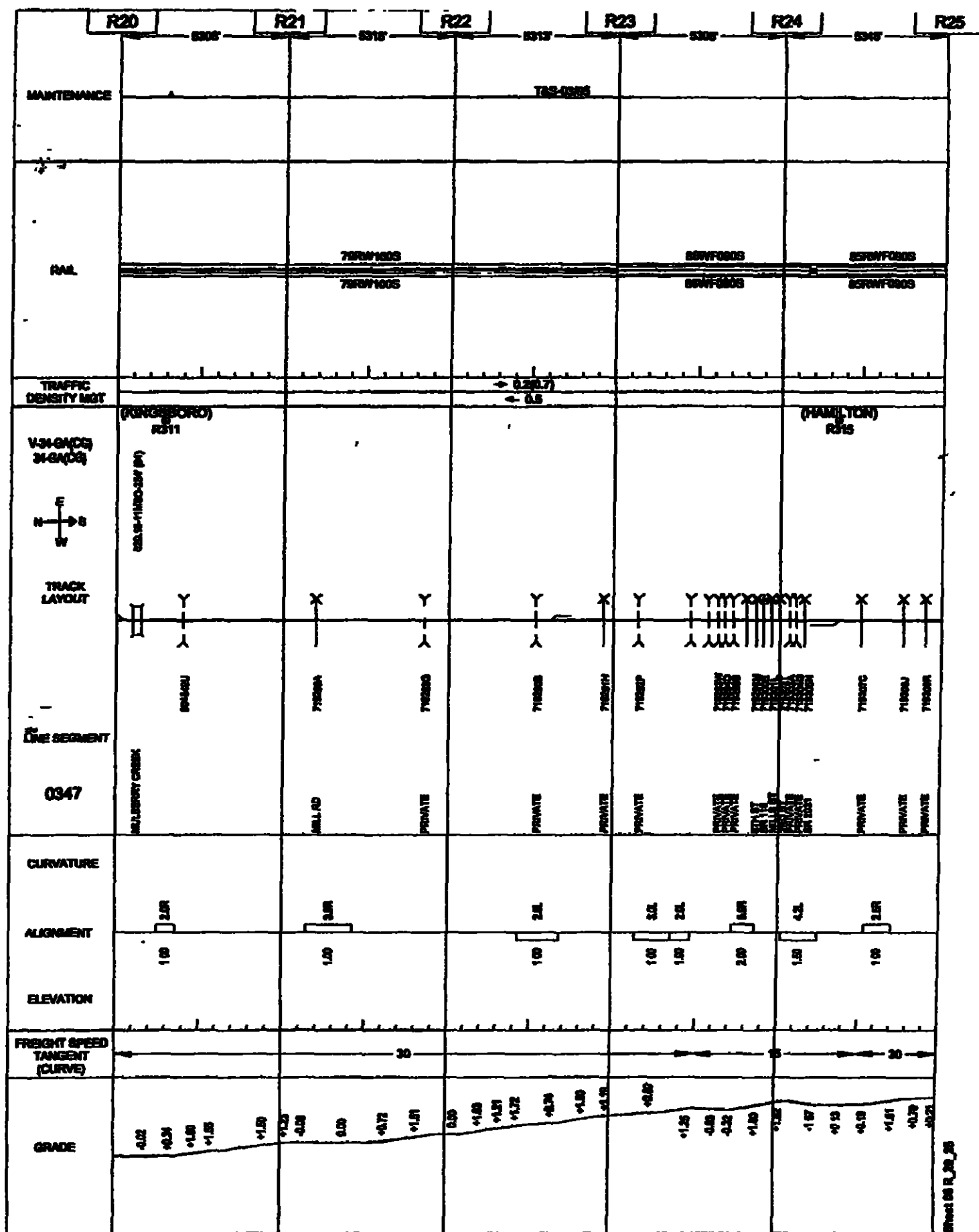
EXHIBIT 1

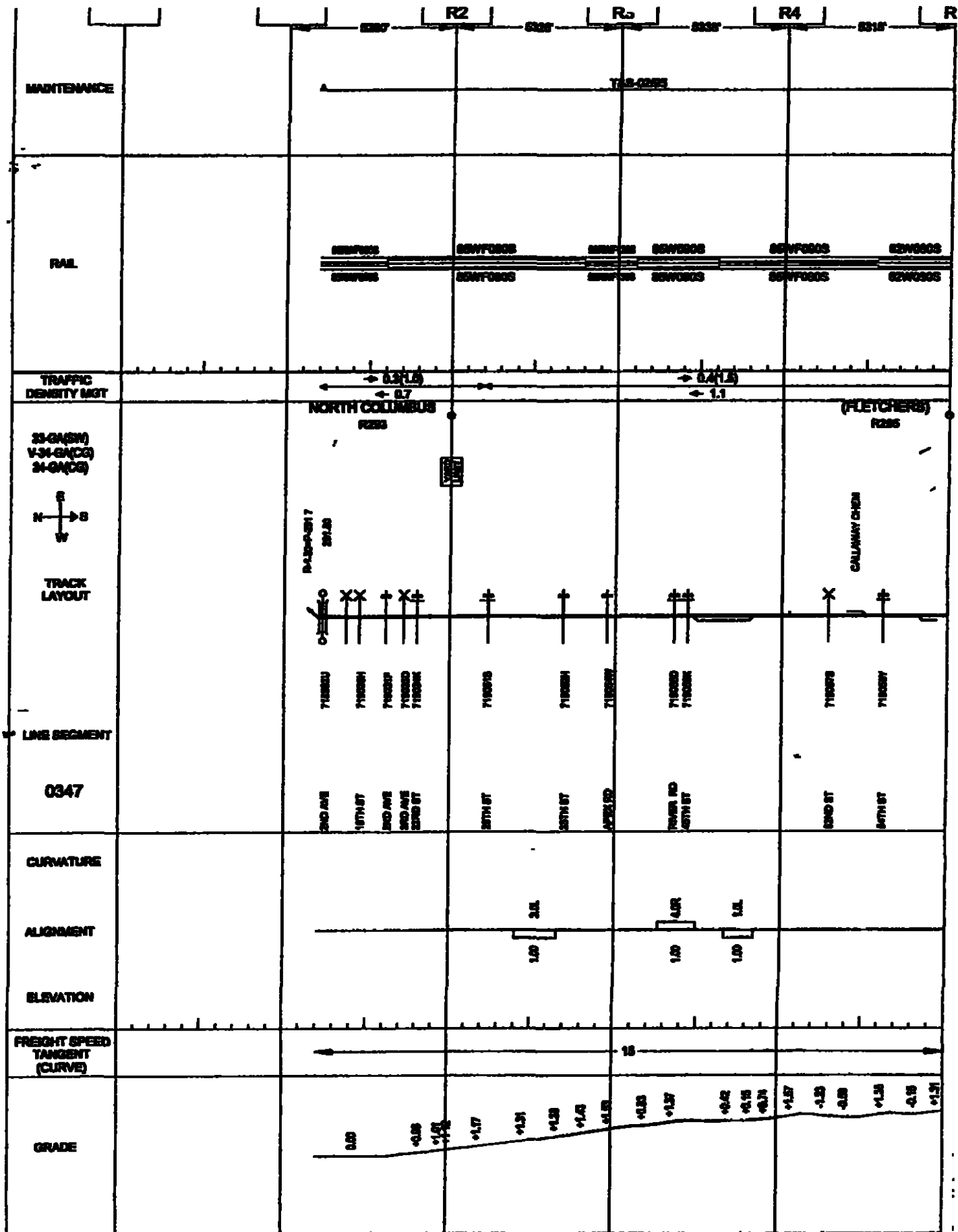












GEORGIA SOUTHWESTERN RAILROAD, INC.

TRACK INSPECTION REPORT

INFORMATION ON THIS REPORT MUST BE PRINTED

DATE: 09/06/07

REGULAR INSPECTIONS

HY-RAIL (WEEKLY) / MAIN LINE SWITCHES
AND SIDINGS

WALKING (MONTHLY) YARD TRACKS
INDUSTRIAL LEADS / SWITCHES /
AND TRACK CROSSINGS

TRACK NAME	FROM	TO	TRACK NAME	FROM	TO
LINE MTDN	S5	12			

SPECIAL INSPECTIONS

TRACK NAME	FROM	TO	REASON

RECORD OF DEFECTS NOTED AND CORRECTIVE ACTION

LOCATION	DEFECT NAME	DEFECT CODE	CORRECTIVE ACTION
50.7	TREE DOWN		CUT & CLEARED

INSPECTION BY: TERRY EGGERS (PRINTED NAME)

SIGNATURE: Terry Eggers TITLE: ROADMASTER

NOTE - PASSENGER CARS ON MAIN @ 41.6, HAD TO GO AROUND

GEORGIA SOUTHWESTERN RAILROAD, INC.

TRACK INSPECTION REPORT

DATE: 09/14/07

INFORMATION ON THIS REPORT MUST BE PRINTED

REGULAR INSPECTIONS

HY-RAIL (WEEKLY) / MAIN LINE SWITCHES
AND SIDINGS

WALKING (MONTHLY) YARD TRACKS
INDUSTRIAL LEADS / SWITCHES /
AND TRACK CROSSINGS

TRACK NAME	FROM	TO		TRACK NAME	FROM	TO
PINE MTN	12	55				

SPECIAL INSPECTIONS

TRACK NAME	FROM	TO	REASON
PINE MTN	12	55	PATROL AHEAD OF SPRAY TRUCK

RECORD OF DEFECTS NOTED AND CORRECTIVE ACTION

LOCATION	DEFECT NAME	DEFECT CODE	CORRECTIVE ACTION

INSPECTION BY: TERRY EGGERS (PRINTED NAME)

SIGNATURE: Terry Eggers TITLE: ROADMASTER

GEORGIA SOUTHWESTERN RAILROAD, INC

DATE: 09/20/07

TRACK INSPECTION REPORT

INFORMATION ON THIS REPORT MUST BE PRINTED

REGULAR INSPECTIONS

WALKING (MONTHLY) YARD TRACKS
INDUSTRIAL LEADS / SWITCHES /
AND TRACK CROSSINGS

HY-RAIL (WEEKLY) / MAIN LINE SWITCHES
AND SIDINGS

TRACK NAME	FROM	TO	TRACK NAME	FROM	TO
PINE MTN	55.0	120			

SPECIAL INSPECTIONS

TRACK NAME	FROM	TO	REASON

RECORD OF DEFECTS NOTED AND CORRECTIVE ACTION

LOCATION	DEFECT NAME	DEFECT CODE	CORRECTIVE ACTION
17.2 16.0	TREE DOWN VEGETATION @ AVT Xing		Cut Back 9/20 Cut Cane Back 9/20

INSPECTION BY: TERRY EGGERS (PRINTED NAME)

SIGNATURE: Terry Eggers TITLE: ROADMASTER

GEORGIA SOUTHWESTERN RAILROAD, INC.

TRACK INSPECTION REPORT

INFORMATION ON THIS REPORT MUST BE PRINTED

DATE: 09/27/02

MT-RAIL (WEEKLY) / MAIN LINE SWITCHES AND SIDINGS

TRACK NAME	FROM	TO
PINE MTN	12.0	55.0

WALKING (MONTHLY) YARD TRACKS INDUSTRIAL LEADS / SWITCHES / AND TRACK CROSSINGS

TRACK NAME	FROM	TO

SPECIAL INSPECTIONS

TRACK NAME	FROM	TO	REASON

RECORD OF DEFECTS NOTED AND CORRECTIVE ACTION

LOCATION	DEFECT NAME	DEFECT CODE	CORRECTIVE ACTION
19.6	BUSH & LIMBS DOWN		CLEARED 9/27

INSPECTION BY: TERRY EGGERS (PRINTED NAME)
 SIGNATURE: Terry Eggers TITLE: ROADMASTER

3K0920190708

Harris County, Georgia
Real Estate Transfer Tax
Paid \$ 2.30
Date 10-5-06
Cassie Bentley Deputy
Stacy K. Haralson, Clerk of Superior Ct

FILED AND RECORDED
OFFICE OF SUPERIOR COURT
HARRIS COUNTY, GEORGIA

2006 OCT -5 AM 8:45

STACY K. HARALSON, CLERK

QUIT CLAIM DEED

GEORGIA, HARRIS COUNTY

THIS INDENTURE, made this 27th day of September, 2006 between **Georgia Southwestern Railroad, Inc., a Delaware corporation**, as Party of the First Part, hereinafter called "Grantor" and **Peter A. Brochu, an individual**, as Party of the Second Part, hereinafter called "Grantee" (the words "Grantor" and "Grantee" to include their respective heirs, personal representative, successors and assigns where the context requires or permits).

WITNESSETH that Grantor, for and in consideration of *One (\$ 1 00) Dollar and other valuable consideration* in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has bargained, sold and does by these presents bargain, sell, remise, release and forever quit-claim a fee simple interest in subject property to the said Grantee, interest which the said Grantor has or may have had in and to

All that tract or parcel of land lying and being in Land Lot 76 of the Third Land District of Harris County, Georgia in the Town of Pine Mountain as more particularly described according to that plat of survey entitled "Survey For Peter A Brochu" prepared by Hugh P Riley, Registered Land Surveyor, dated September 26, 1996, September 7, 2006, as recorded in Plat Book 30 at Page 237 of the Harris County, Georgia deed records Said plat is herewith incorporated by reference and attached hereto and made a part hereof for a more and complete description Said tract is shown to contain 0.23 acres, more or less, and adjoins property currently owned by the Grantee herein

The Premises being a portion of the same property conveyed by Central of Georgia Railroad Company, by Quit Claim Deed dated May 19, 2005, as recorded in Deed Book 814 at Page 599 of the Harris County, Georgia deed records, and is conveyed subject to all matters as set forth in said quit-claim deed

TO HAVE AND TO HOLD the Premises and all the estate, right, title, lien, interest and claim whatsoever of Grantor therein, either in law or equity, unto the proper use, benefit and enjoyment of Grantee, Grantee's successors and assigns, so that neither Grantor nor any person(s) claiming under Grantor shall at any time, by any means or ways, have, claim or demand any right of title to the Premises or appurtenances, or any right thereof

SUBJECT TO those rights or easements, if any, heretofore granted by Grantor, or reserved or granted by its predecessors in title, for any surface, sub-surface or aerial uses antedating this conveyance, including, but not limited to, the construction, maintenance, operation, renewal and/or relocation of pipelines, communications lines, power lines and any and all appurtenances applicable thereto, and/or to any other interests in the Premises heretofore granted by Grantor on, in and to the Premises, to any such interest reserved to other parties in instruments granted to Grantor or its predecessors in title, and to all other rights, easements, obligations, reservations, encumbrances, ways and servitudes, however created, and the terms, conditions or limitations thereof

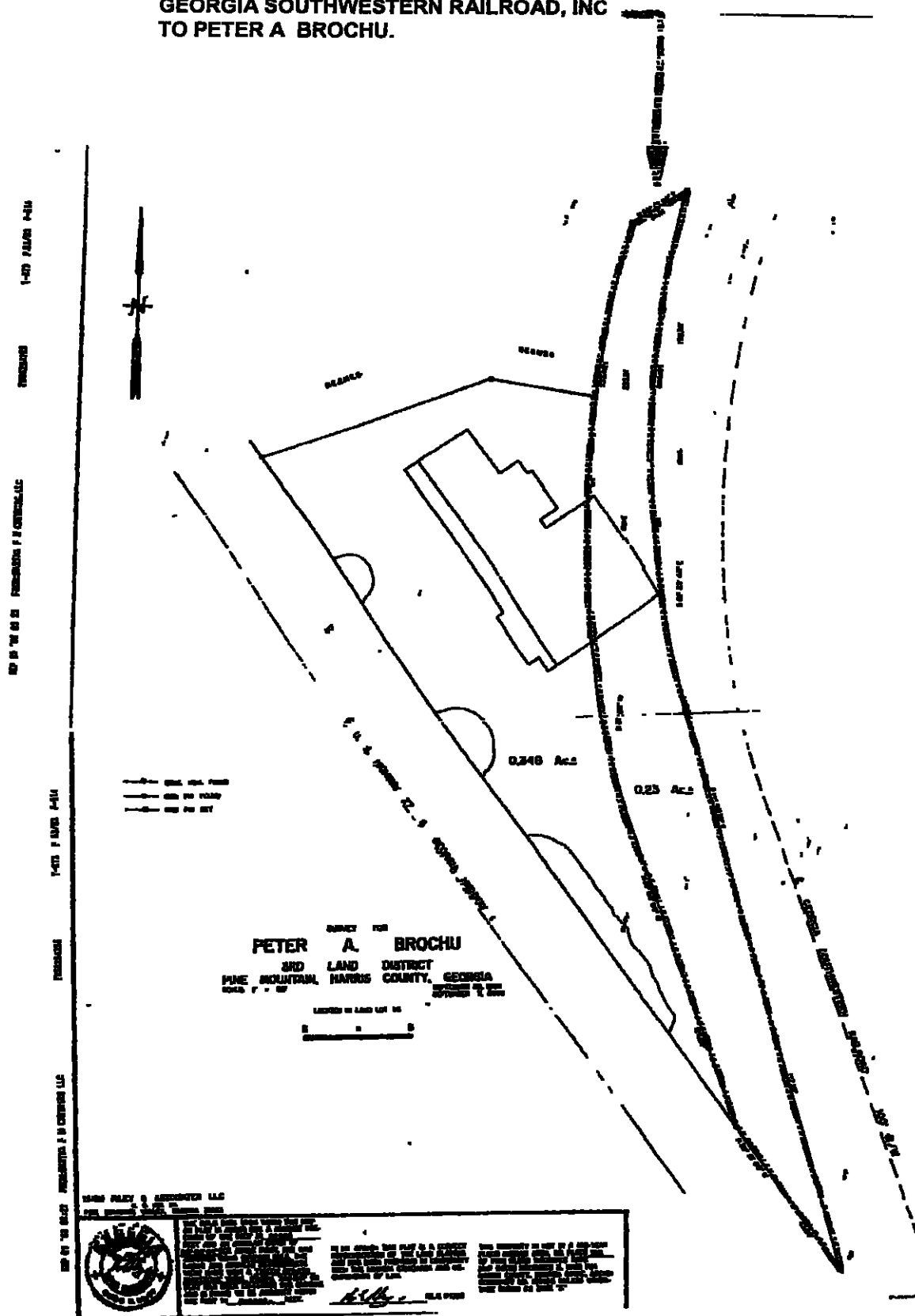
FURTHER SUBJECT TO the rights of the public or any easement holders or licensees in rights-of-way, water or drainage rights, ditches, culverts, sewers, streets, highways, roads, alleys, water courses, streams, rivers, creeks, and waterways passing over, under, along, across or through the Property, and rights, easements or licensees with respect to utility easements or other public service users, whether or not the rights, easements or licenses are recorded and any applicable zoning laws (if any)

FURTHER SUBJECT TO any pipes, wires, poles, cables, conduits, pipelines, signboards, culverts, drainage courses or systems, or other facilities on, along, under, over or crossing the Property, together with the rights of any person, company or entity entitled thereto to construct, install, maintain, repair, renew, replace, improve, operate, use, access, obtain utility or other services for or remove the same

FURTHER SUBJECT TO the reserved rights of the Central of Georgia Railroad Company which include. reserved communication rights and reserved communication facilities, reserved mineral and water rights, reserved electric transmission line and pipeline rights (These are the same rights reserved in the Quit-Claim Deed of record from Central of Georgia Railroad Company to Georgia Southwestern Railroad, Inc , therefore all sales must be subject to the same reserved rights)

THIS QUIT CLAIM DEED IS MADE ON AN "AS IS, WHERE IS" BASIS, WITHOUT ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR NATURE WHATSOEVER, EXPRESS OR IMPLIED, CONCERNING THE TITLE OF OR CONDITION OF SAID PREMISES, AND GRANTEE HEREBY SPECIFICALLY WAIVES ALL LAWS OF REMEDIATION AND THE IMPLIED WARRANTIES PROVIDED FOR AND BY LAW, INCLUDING ANY AND ALL WARRANTIES REGARDING FITNESS FOR ANY PARTICULARLY USE OR PURPOSE WHATSOEVER, AND GRANTEE EXPRESSLY WAIVES ANY CLAIM IT MIGHT HAVE AGAINST GRANTOR FOR (1) PATENT OR LATENT DEFECTS IN THE PROPERTY, (2) THE GENERAL CONDITION, ENVIRONMENTAL CONDITION AND STATE OF REPAIR OF THE

**0 23 ACRES TO BE CONVEYED FROM
GEORGIA SOUTHWESTERN RAILROAD, INC
TO PETER A BROCHU.**



A. Settlement Statement

U.S. Department of Housing and Urban Development

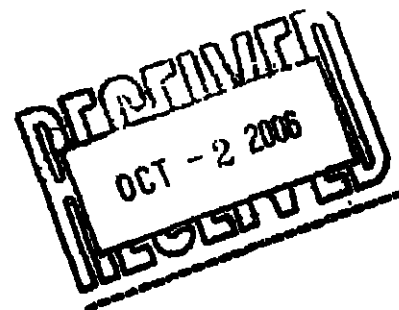
OMB Approval No. 2502-0285 (expires 9/30/2006)

B. Type of Loan

1 ☐ FHA	2 ☐ FinHA	3 ☐ Conv Unins.	6 File Number 06-307	7 Loan Number	8 Mortgage Insurance Case Number
4 ☐ VA C Note: Not valid if recorded in your jurisdiction or local jurisdiction. For more information, see the Uniform Residential Loan Application (URLA) and the Uniform Residential Settlement Statement (URSS) which are part of the closing documents. They are shown here for information purposes and are not included in the loan package. It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction include a fine and imprisonment. For details see Title 18 U.S.C. Section 1001 and Section 1010.					TitleExpress Settlement System Printed 09/21/2006 at 10:46 MC

D NAME OF BORROWER:	Peter A. Brochu
ADDRESS:	P O Box 573, Hamilton, GA 31811
E NAME OF SELLER	Georgia Southern Railroad, Inc
ADDRESS:	78 Pulpwood Rd., Dawson, GA 39842
F NAME OF LENDER:	
ADDRESS:	
G PROPERTY ADDRESS	US Highway 27, Pine Mountain, GA 31822
	23 acre, Land Lot 75, Third District, Harris County, GA
H SETTLEMENT AGENT	Martina F M Chewning, LLC, Telephone: 706-828-4171 Fax: 706-828-4396
PLACE OF SETTLEMENT	Post Office Box 385, 205 Club Lane, Hamilton, GA 31811
I SETTLEMENT DATE:	09/27/2006

J. SUMMARY OF BORROWER'S TRANSACTION:		K. SUMMARY OF SELLER'S TRANSACTION:	
100 GROSS AMOUNT DUE FROM BORROWER		400 GROSS AMOUNT DUE TO SELLER	
101 Contract sales price	2,300.00	401 Contract sales price	2,300.00
102 Personal Property		402 Personal Property	
103 Settlement charges to borrower (line 1400)		403	
104		404	
105		405	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
109		409	
110		410	
111		411	
112		412	
120 GROSS AMOUNT DUE FROM BORROWER	2,300.00	420 GROSS AMOUNT DUE TO SELLER	2,300.00
200 AMOUNTS PAID BY OR ON BEHALF OF BORROWER		500 REDUCTIONS IN AMOUNT DUE TO SELLER	
201 Deposit or earnest money	2,300.00	501 Excess Deposit (see instructions)	2,300.00
202 Principal amount of new loans		502 Settlement charges to seller (line 1400)	
203 Existing loan(s) taken subject to		503 Existing loan(s) taken subject to	
204		504 Payoff of First Mortgage Loan	
205		505	
206		506	
207		507	
208		508	
209		509	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
213		513	
214		514	
215		515	
216		516	
217		517	
218		518	
219		519	
220 TOTAL PAID BY/FOR BORROWER	2,300.00	520 TOTAL REDUCTION AMOUNT DUE SELLER	2,300.00
300 CASH AT SETTLEMENT FROM OR TO BORROWER		600 CASH AT SETTLEMENT TO OR FROM SELLER	
301 Gross amount due from borrower (line 120)	2,300.00	601 Gross amount due to seller (line 420)	2,300.00
302 Less amounts paid by/or borrower (line 220)	2,300.00	602 Less reduction amount due seller (line 520)	2,300.00
303 CASH FROM BORROWER	0.00	603 CASH TO SELLER	0.00



L. SETTLEMENT CHARGES		PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700 TOTAL SALES/BROKER'S COMMISSION based on price \$2,300.00 @ 0.000 =			
Division of commission (line 700) as follows:			
701 \$	to		
702 \$	to		
703 Commission paid at Settlement			
800 ITEMS PAYABLE IN CONNECTION WITH LOAN			
801 Loan Origination Fee	%		
802 Loan Discount	%		
803 Appraisal Fee			
804 Credit Report			
805 Lender's Inspection Fee			
806 Mortgage Application Fee			
807 Assumption Fee			
808			
809			
810			
811			
900 ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE			
901 Interest From	to	\$	May
902 Mortgage Insurance Premium for	to		
903 Hazard Insurance Premium for	to		
904			
905			
1000 RESERVES DEPOSITED WITH LENDER FOR			
1001 Hazard Insurance	mo @ \$	imo	
1002 Mortgage Insurance	mo @ \$	imo	
1003 City Property Tax	mo @ \$	imo	
1004 County Property Tax	mo @ \$	imo	
1005 Annual Assessments	mo @ \$	imo	
1006 Aggregate Analysis Adjustment			
1100 TITLE CHARGES			
1101 Settlement or closing fee			
1102 Abstract or NCo search			
1103 Title examination			
1104 Title Insurance binder			
1105 Document Preparation			
1106 Notary Fees			
1107 Attorney's fees			
(includes above items No			
1108 Title Insurance			
(includes above items No			
1109 Lender's Coverage \$			
1110 Owner's Coverage \$	2,300.00		
1111			
1112			
1113			
1200 GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201 Recording Fees Deed \$12.00	Mortgage \$	Release \$	(P.O.C.) 12.00 Buyer
1202 Transfer Tax	Deed \$2.30	Mortgage \$	(P.O.C.) 2.30 Buyer
1203 Intangible Tax	Deed \$	Mortgage \$	
1204 Recording Fees, Plat	to Clerk, Superior Court		(P.O.C.) \$ 00 Buyer
1205			
1300 ADDITIONAL SETTLEMENT CHARGES			
1301 Survey	to Hugh Riley & Assoc		(P.O.C.) 350.00 Buyer
1302 Plat Approval Fee	to Harris County Board of Commissioners		(P.O.C.) 10.00 Buyer
1400 TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 502, Section K)			

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief it is a true and accurate statement of all receipts and disbursements made on my account in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Page 2 of 2

Georgia Southwestern Railroad, Inc.

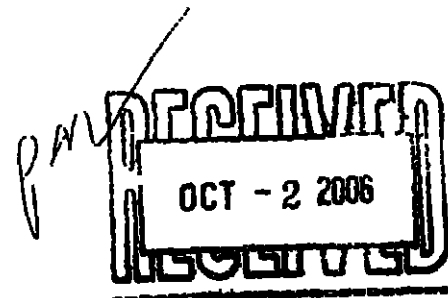
By Terry R. Small, its President

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause funds to be disbursed in accordance with this statement.

DATE: 9/28/06

DATE: 9/28/06

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties under conviction can include a fine and imprisonment. For details see Title 18 U.S.C. Section 1001 and Section 1004.





Georgia Southwestern Railroad, Inc.

78 Pulpwood Road
Dawson, Georgia 39842

PHONE: (229) 698-2000 FAX (229) 698-2030



October 15, 2007

via fax 706-628-4396

Martha F M Chewning, LLC
Attorney at Law
PO Box 354
Hamilton, GA 31811



Re.: Eloise Adams

Dear Ms Chewning

I am writing in reply to your letter of this date on behalf of Eloise Adams

First, it appears that the lease document governing this property did not accurately reflect the property being leased to Ms Adams, this is not an issue at present time but was our source for preparing the initial offer

The Railroad has no issue with selling the entire parcel to Ms Adams, and we are willing to substitute a revision in the initial offer letter to reflect the larger amount of real estate (still subject to a survey, which we estimate to be closer to 1.1 acres Given the larger size of the parcel we will offer the ground based on the same terms as stated in my letter dated October 9th, 2007, at 94 cents per square foot (based on legal description and survey), the minimum price to be paid is established at Forty-five Thousand Dollars (\$ 45,000 00)

If Ms. Adams desires to purchase only the property on the east side of Knowles Road (thereby connecting the house with the road), the price per square foot of property (based on survey) will be \$ 1 00 per square foot

Regardless of which purchase Ms Adams desires to pursue all will be subject to the conditions presented in my letter dated October 9th, 2007

With respect to those specific issues you raise in your letter dated today

- Our preference would be to sell the parcel Ms Adams is currently utilizing and paying the property tax, this would eliminate any issues with the County.
- If Ms Adams decides to purchase only that portion of the real estate that presently holds the house we are agreeable to have easement rights inserted in the closing documentation to preserve driveway and utility access to the property

Martha F M Chewning, LLC
October 15, 2007
Page 2

- Typical right of way easement for rail operations is no less than 25 feet of space in each direction from the nearest track, obviously the railroad operation can survive with less as is the present case. The house in this case was initially constructed for use by the Railroad and explains its close proximity to the track. The GSW Railroad is presently requesting the authority of the U S Surface Transportation Board to abandon the rail operations on this track, in conjunction with this petition to abandon we are working closely with local representatives to sell the right of way for its continued preservation for future rail service to the area should it become necessary (examples would include a large manufacturing facility locating to the area and needing rail, or it might be for passenger-commuter type operations), in the interim the right of way will likely become a trail. If the abandonment application is denied the track continues to be utilized for rail service
 - We cannot guarantee that the house would never have to be moved from the 25 foot easement area, however the need to be moved is probably very minimal
 - The GSW Railroad would be agreeable to language in the closing document making Ms. Adams responsible for any cost, expense, or other liability associated with the rail lines operation should Ms Adams want to build within the 25 foot easement area. Under this language if any activity of the Railroad requires the house to be relocated or if any part of the house is damaged by the Railroad's operations the expense, cost, or liability would remain with Ms Adams (presently under the lease agreement Ms Adams assumes certain similar liabilities)

Please let us know at your earliest convenience the manner in which Ms Adams wishes to progress. Similar to the closing we handled with another of your clients (Peter Brochu) Ms Adams will be responsible to provide us with a land survey and plat, and all closing documents, including a Quit Claim Deed.

Respectfully,
Georgia Southwestern Railroad, Inc
By David L Smoot its Vice President



Terry Small

From: Michael Van Wagenen [mvanwagenen@mail.unitedrailroads.com]
Sent: Monday, October 29, 2007 11:44 AM
To: 'Terry Small'
Subject: RE: Georgia SW Confidentiality Agreement

Terry: Our inspector would like to inspect the line on November 8, if that works for you. If it does, will you advise where to meet, at what time, etc.? Thanks. MJV

-----Original Message-----

From: Terry Small [mailto:terry.small@qswrr.com]
Sent: Monday, October 29, 2007 10:27 AM
To: mvanwagenen@mail.unitedrailroads.com
Subject: RE: Georgia SW Confidentiality Agreement

Michael,

I will send a packet out today and look to hear from you as to when your inspector can make over.

Thanks,
Terry

-----Original Message-----

From: Michael Van Wagener [mailto:mvanwagenen@mail.unitedrailroads.com]
Sent: Monday, October 29, 2007 11:00 AM
To: Terry Small (E-mail)
Subject: Georgia SW Confidentiality Agreement

Terry: I have attached the executed Confidentiality Agreement. I am awaiting word from our inspector to see if November 1 or November 8 would work the best for them. In the meantime, I will appreciate copies of the documents we have discussed. I will be in touch. Thanks. Michael

Michael J. Van Wagenen
Vice President
Kern Valley Railroad Company
1505 South Redwood Road
Salt Lake City, Utah 84104
(801) 977-6346
(801) 478-2868 fax

--- Original Message ---

From "Michael Van Wagenen" <mvanwagenen@mail.unitedrailroads.com>

Date 11/20/07 3:17 pm

To "Terry Small (E-mail)" <terry.small@gswrr.com>

Subj: GSWRR Purchase

Greetings and Happy Thanksgiving Terry

We have appreciated the opportunity of having our consultants evaluate the track materials and the real estate. Unfortunately, their numbers are substantially less than those stated in your filing with the Surface Transportation Board.

Real Estate Although it was stated that there were some 305 acres of fee, a review of the title has shown that the majority of the real estate is held as a railroad easement with a reversionary interest. Much of the fee land was not marketable. The value placed on the real estate is \$400,000.00.

Railroad Track Materials. An appraisal of the track materials placed the value at \$1,900,000.00.

Therefore, the NLV and our offer to you for the railroad line is \$2,300,000.00.

As an alternative, we would be willing to purchase the track materials for \$1,900,000.00 and lease the real estate for \$40,000.00 per year. You would then be able to dispose of the real estate sometime in the future, if the line should ever be abandoned.

I will look forward to your response. Thanks and Best Regards, Michael

Michael J. Van Wagenen
Vice President
V&S Railway, LLC
1505 Redwood Road
Salt Lake City, Utah 84104