

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35147

**NORFOLK SOUTHERN RAILWAY COMPANY, PAN AM RAILWAYS, IN.,
ET AL – JOINT CONTROL AND OPERATING/POOLING AGREEMENTS –
PAN AM SOUTHERN LLC**

PETITION BY CAROVAIL FOR CONDITIONS IMPOSED

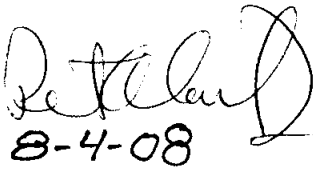
CaroVail, a division of Carolina Eastern, INC., is a bulk provider and applicator of fertilizer products with a wide market presence in upstate New York and western New England. We operate from seven facility locations. We blend or directly distribute approximately 100,000 tons of fertilizer annually. We bring nearly our entire dry product into our primary plants by rail. These products are predominately potash, phosphates, and urea.

Our plants that have direct rail are served by either CSXT directly or by short line railroad connection to CSXT, with one notable exception. Our plant at Salem, NY, our primary rail location plant, is served by the Batten Kill Railroad. Batten Kill Railroad exchanges rail traffic only with Canadian Pacific Railway. This limitation imposes a disproportionately higher cost for transportation of certain products into Salem, NY, relative to our other locations. This is particularly true for commodities that source from points on CSXT or Norfolk Southern. In recent years, due primarily to the rate component of Canadian Pacific as an intervening short haul carrier, we have faced the impediment that our urea traffic, approximately 3000 tons, can be brought into Salem, NY, by truck transload services from CSXT in the Albany, NY, area at lower cost (but heightened inconvenience) than to continue it on rail via Canadian Pacific to the Batten Kill Railroad.

Inasmuch as the intent of the Pan Am Southern Railroad proposal is to enhance competition, CaroVail strongly urges the Board to impose the condition that Pan Am Southern introduce reliable

access to the Batten Kill Railroad at the Eagle Bridge, NY, both as a direct connection for the interchange of traffic between these two railroads, and as a connection point for traffic between Norfolk Southern and the Batten Kill Railroad via Pan Am Southern haulage. This condition is merited in the context of the applicants' commitment to provide this same access to the other connecting railroads in the proposed Patriot Corridor. With these reasonable conditions imposed, CaroVail is supportive of the Pan Am Southern application before the Board.

Respectfully,



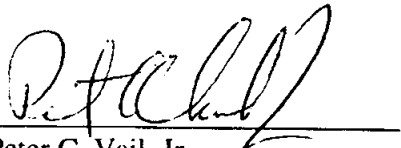
8-4-08

Peter C. Vail, Jr.
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Salem, NY 12865
(518)-85-9446

CERTIFICATE OF SERVICE

I hereby certify that the foregoing notice of intent to participate was served this 9th day of July, 2008 date by first class mail, postage prepaid, on:

1. Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590
2. Attorney General of the United States
c/o Assistant Attorney General, Antitrust division
Room 3109
Department of Justice
Washington, DC 2053
3. Richard A. Allen
Zuckert, Scott & Rasenberger
Suite 700
888 Seventeenth St., NW
Washington, DC 20006



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