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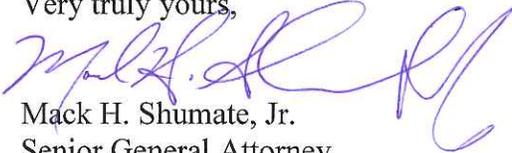
E-FILE

The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E. Street, S.W., Room #100
Washington, DC 20423-0001

RE: STB Finance Docket No. 35666; Verified Notice of Class Exemption Under 49 C.F.R. § 1180.2(d)(1) and 49 C.F.R. § 11802(d)(7) for a Transaction Proposed Under 49 U.S.C. 11323 Involving More than One Common Carrier; Union Pacific Railroad Company Class Exemption for Acquisition of and Operating Authority Over and Overhead Trackage Rights Over Various Portions of the Curtiss Branch Line of the San Pedro Railroad Operating Company, LLC All Being Located in Cochise County, Arizona

Dear Ms. Brown:

As required by 49 C.F.R. § 1180.6(a)(7)(ii) enclosed for filing in the above proceeding within 10 days of the date of execution, are fully executed copies of the Trackage Rights Agreement and Purchase and Sale Agreement which are marked **Exhibit A** and **Exhibit B**, respectively, and hereby made a part hereof. Draft copies of said Trackage Rights Agreement and Purchase and Sale Agreement were filed with Union Pacific Railroad Company's Verified Notice of Exemption pursuant to the Class Exemption for Acquisition of and Operating Authority Over Portions of the Curtiss Branch Line 49 C.F.R. § 1180.2(d)(1) and Class Exemption for Overhead Trackage Rights over Portions of the Curtiss Branch Line 49 C.F.R. § 1180.2(d)(7).

Very truly yours,

Mack H. Shumate, Jr.
Senior General Attorney

MHS:mml
Encl.

2012_09_04_brown-supp. ltr-STB NOE-35666

**TRACKAGE RIGHTS AGREEMENT
BETWEEN BENSON, ARIZONA AND CURTISS, ARIZONA**

THIS AGREEMENT, made and entered into this 1st day of September, 2012 (the "Execution Date"), by and between **SAN PEDRO RAILROAD OPERATING COMPANY, LLC**, an Arizona corporation (hereinafter referred to as "SPROC" or "Owner"), and **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation (hereinafter referred to as "UP" or "User").

WITNESSETH:

WHEREAS, SPROC is the leasee and operator of a certain line of railroad between MP 1033.01 at Benson, Arizona and MP 1040.15 near Curtiss, Arizona, which shall be referred to herein as the "Joint Trackage", and as depicted by the green line on Exhibit A attached hereto; and

WHEREAS, the Joint Trackage was subject of a January 31, 1995 lease wherein the San Pedro and Southwestern Railway (predecessor to the SPROC) leased the Joint Trackage from the Southern Pacific Railroad (predecessor to the UP); and

WHEREAS, the UP now desires use the Joint Trackage for the purpose of preserving access to a line of railroad owned by UP south of Curtiss and extending southerly to Naco, Arizona; and

WHEREAS, Owner is willing to grant User trackage rights upon Owner's railroad lines subject to the terms and conditions set forth herein.

NOW, THEREFORE, it is mutually agreed by and between the parties.

Section 1. General Conditions; Conflicts Between Provisions:

The General Conditions set forth in Exhibit B attached hereto are hereby made a part of this Agreement. Each capitalized term used and not otherwise defined in this Agreement shall have the meaning ascribed to it in the General Conditions. If any conflict between the General Conditions and this Agreement shall arise, the provisions of this Agreement shall prevail.

All amendments, supplements, modifications to and waivers of the terms of this Agreement shall be in writing and signed by the parties hereto.

Section 2. User's Rights:

(a) Subject to the terms and conditions contained herein, Owner grants to User the nonexclusive right to use the Joint Trackage for the limited operation of Equipment in User's

account over the Joint Trackage in common with Owner and such other railroad company or companies as Owner has heretofore admitted or may hereafter at any time in the future admit to the joint use of all or part of the Joint Trackage (provided that such future admittance shall not materially hinder or obstruct the fair and reasonable exercise of the rights granted in this Agreement), such other railroad company or companies to hereinafter be considered Owner for the purposes of this Agreement, it being understood and agreed that User shall not have the right to:

- (i) Switch industries upon the Joint Trackage, except as hereinafter provided;
- (ii) Set out, pick up or store Equipment upon the Joint Trackage, or any part thereof, except as otherwise provided in this Section 2 and in Sections 2.12, 2.13 and 2.14 of Exhibit B;
- (iii) Serve any industry, team or house track, intermodal or auto facility now existing or hereafter located along the Joint Trackage, except as otherwise provided in this Section 2;
- (iv) Permit or admit any third party to the use of all or any portion of the Joint Trackage, nor, under the guise of doing its own business, contract or make any agreement to handle as its own Equipment over or upon the Joint Trackage, or any portion thereof, the Equipment of any such third party which in the normal course of business would not be considered the Equipment of User; provided, however, that the foregoing shall not prevent User, pursuant to a runthrough agreement with any railroad, from using the locomotives and cabooses of another railroad as its own under this Agreement; or
- (v) Connect with or interchange with any other railroad or perform haulage for any other railroad along the Joint Trackage.

(b) The rights granted in Section 2 (a), above, shall be for rail freight traffic, carload and intermodal, of all commodities.

(c) User agrees that when entering, exiting, setting out or picking up from its existing lines of railroad or trackage rights lines, it shall do so without unreasonable interference or impairment of the Joint Trackage.

(d) Owner will make best efforts, consistent with reasonable operating practices, to maintain clear route access over the Joint Trackage.

Section 3. Liability

Any liability for loss, damage, injury or death which arises from operations under this Agreement shall be assumed, settled and paid as provided by Exhibit "B".

Section 4. Compensation:

(a) In addition to other payments to be made under this Agreement, User shall pay to [REDACTED] (the "Usage Fee"). The Usage Fee shall be deemed to include primary and programmed maintenance of the Joint Trackage, Changes in and/or Additions to the Joint Trackage (to the extent required by the first sentence of Section 2.2 of the General Conditions), operating expenses, interest rental, depreciation and taxes.

(b) The Usage Fee set forth in Section 3 (a) of this Agreement shall be subject to adjustment annually, commencing as of July 1, 2013, during the term of this Agreement to reflect seventy-five percent (75%) of increases or decreases in the Rail Cost Adjustment Factor ("RCAF-U" or "Index") published by the Surface Transportation Board ("STB") or successor agency or other organization. The RCAF-U will not be adjusted for changes in productivity. In the event the RCAF-U is no longer maintained, the parties shall select a substantially similar index and, failing to agree on such an index, the matter shall be referred to binding arbitration.

Section 5. Additions

SPROC may make any Changes In and/or Additions to the Joint Trackage which SPROC deems necessary or desirable at its sole discretion and cost provided such Changes In and/or Additions to the Joint Trackage shall not materially hinder or obstruct the fair and reasonable exercise of the rights granted in this Agreement. UP may request Changes In and/or Additions to the Joint Trackage which UP shall deem necessary or desirable, and SPROC shall, if it concurs, construct the same upon such terms and conditions as may be agreed upon by the parties.

Section 6. Effective Date, Term and Termination:

Subject to and conditioned upon approval of the U.S. Department of Transportation Surface Transportation Board ("STB"), this Agreement shall be effective as of the date STB approval is effective ("Effective Date"), and shall remain in effect for ninety-nine (99) years and then year to year thereafter until terminated by either UP or SPROC upon one (1) year written notice to the other party. Termination shall be subject to the conditions stated in Exhibit "B". Liabilities created under this Agreement shall survive any such termination.

Section 7. Notices:

All notices, demands, requests, submissions and other communications which are required or permitted to be given pursuant to this Agreement shall be given by either party to the other in writing and shall be deemed properly served if delivered by hand, or mailed by overnight courier or by registered or certified mail, return receipt requested, with postage prepaid, to such other party at the address listed below:

If intended for UP:

General Manager Joint Facilities
Union Pacific Railroad
Mail Stop 1180
1400 Douglas Street
Omaha, Nebraska 68179

If intended for SPROC:

General Manager
San Pedro and Southwestern Railroad
P.O. Box 1420
Benson, Arizona 85602

Notice of address change may be given any time pursuant to the provisions of this Section 6.

Section 8. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

UNION PACIFIC RAILROAD COMPANY

SAN PEDRO RAILROAD OPERATING COMPANY

By: 

By: 

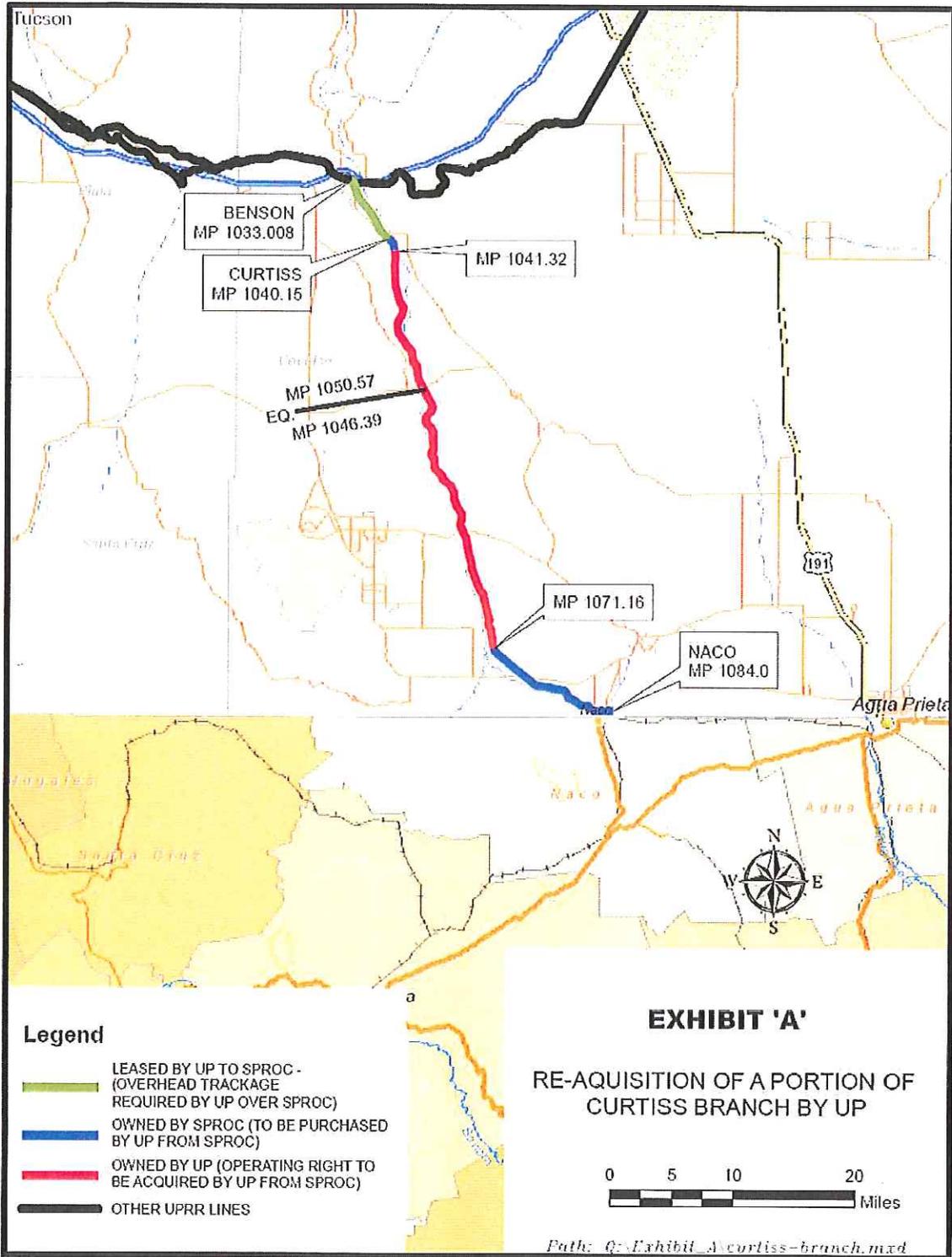
Printed: George M. Sturm

Printed: Scott L. Parkinson

Its: Gen. Mgr. Joint Facilities

Its: managing member

EXHIBIT A



**GENERAL CONDITIONS
EXHIBIT "B"**

Section 1. DEFINITIONS

1.1 "Agreement" shall mean that certain agreement dated September 1, 2012, to which this Exhibit "B" is appended.

1.2 "Annual" shall mean a calendar year.

1.3 "Car" shall mean one (1) rail car; provided, however, that each platform in an articulated rail car of two (2) or more platforms shall be counted as one (1) rail car, subject to modification by mutual agreement of the parties based upon changes in railroad technology.

1.4 "Changes in and/or Additions to" shall mean work projects and retirements, the cost of which is chargeable in whole or in part to Property Accounts during the term of this Agreement.

1.5 "Equipment" shall mean trains, locomotives, rail cars (loaded or empty), intermodal units (loaded or empty), cabooses, vehicles, and machinery which are capable of being operated on railroad tracks or on right-of-way for purpose of the maintenance or repair of such railroad tracks.

1.6 "Joint Trackage" shall mean the track structure of Owner as described in the Agreement including necessary right-of-way and all appurtenances, signals, communications, and facilities of Owner and all Changes in and/or Additions to said track structure now or in the future located as are required or desirable for the operation of the Equipment of the parties hereto.

1.7 "Owner" shall have the meaning given to it in the Agreement.

1.8 "Property Accounts" shall mean accounts so designated under the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission, or any replacement of such system prescribed by the applicable federal regulatory agency, if any, and used by the parties hereto.

1.9 "STB" shall mean the Surface Transportation Board of the United States Department of Transportation or any successor agency.

1.10 "User" shall have the meaning given to it in the Agreement.

Section 2. MAINTENANCE, ADDITIONS, OPERATION, AND CONTROL

2.1 Owner shall have sole charge of the maintenance and repair of the Joint Trackage with its own supervisors, labor, materials and equipment. Owner, from time to time, may make

such Changes in and/or Additions to the Joint Trackage as shall be required by any law, rule, regulation or ordinance promulgated by any government body having jurisdiction, or as Owner, in its sole discretion, shall deem necessary. Such Changes in and/or Additions to the Joint Trackage shall become a part of the Joint Trackage or in the case of retirements shall be excluded from the Joint Trackage.

2.2 Owner shall employ all persons necessary to construct, operate, maintain, repair and renew the Joint Trackage. Owner shall be bound to use reasonable and customary care, skill and diligence in the construction, operation, maintenance, repair and renewal of the Joint Trackage and in managing of the same.

2.3 The trackage rights granted hereunder shall give User access to and joint use of the Joint Trackage equal to that of Owner. The management, operation (including dispatching) and maintenance of the Joint Trackage shall, at all times, be under the exclusive direction and control of Owner, the movement of Equipment over and along the Joint Trackage shall at all times be subject to the exclusive direction and control of Owner's authorized representatives and in accordance with such reasonable operating rules as Owner shall from time to time institute, but in the management, operation (including dispatching) and maintenance of the Joint Trackage, Owner and User shall be treated equally. User shall, at User's sole cost and expense, obtain, install and maintain necessary communication equipment to allow User's Equipment to communicate with Owner's dispatching and signaling facilities the same as Owner's trains so utilize.

2.4 If the use of the Joint Trackage shall at any time be interrupted or traffic thereon or thereover be delayed for any cause, neither party shall have or make any claim against the other for loss, damage or expense caused by or resulting solely from such interruption or delay.

2.5 Owner may from time to time provide any track or tracks on the Joint Trackage other than those delineated in Exhibit A to the Agreement for use by User provided there shall at all times be afforded User a continuous route of equal utility for the operations of its Equipment between the termini of the Joint Trackage. When such tracks which are not part of the Joint Trackage are used as provided herein, the Agreement shall govern for purposes of direction and control and liability as if all movement had been made over the Joint Trackage.

2.6 Each party shall be responsible for furnishing, at its sole cost and expense, all labor, fuel, train supplies and other supplies necessary for the operation of its own Equipment over the Joint Trackage. In the event a party does furnish such labor, fuel or train and other supplies to another party, the party receiving the same shall promptly, upon receipt of billing therefor, reimburse the party furnishing the same for its reasonable costs thereof, including customary additives.

2.7 User shall be responsible for the reporting and payment of any mileage, per diem, use or rental charges accruing on Equipment in User's account on the Joint Trackage. Except as may be specifically provided for in this Agreement, nothing herein contained is intended to

change practices with respect to interchange of traffic between the parties or with other carriers on or along the Joint Trackage.

2.8 Except as otherwise may be provided in the Agreement, User shall operate its Equipment over the Joint Trackage with its own employees, but before said employees are assigned or permitted to operate Equipment over the Joint Trackage as herein provided, and from time to time thereafter as and when reasonably requested by Owner, they shall be required to pass the applicable rules examinations required by Owner of its own employees. Owner shall delegate to specified User's officers the conduct of such examinations in the event User chooses to conduct such examinations. If an Owner officer conducts such examinations of employees of User, User shall pay Owner a reasonable fee for each employee so examined, such fee to be mutually agreed upon by the parties from time to time in a separate agreement. Notwithstanding any such examination, User shall be responsible for ensuring that its employees are qualified and have taken all such rules examinations. Upon request of User, Owner shall qualify one or more of User's supervisory officers as pilots and such supervisory officer or officers so qualified shall qualify employees of User engaged in or connected with User's operations on or along the Joint Trackage. At User's request, Owner shall furnish a pilot or pilots, at the expense of User, to assist in operating trains of User over the Joint Trackage.

2.9 (a) If any employee of User shall neglect, refuse or fail to abide by Owner's rules, instructions and restrictions governing the operation on or along the Joint Trackage, such employee shall, upon written request of Owner, be prohibited by User from working on the Joint Trackage. If either party shall deem it necessary to hold a formal investigation to establish such neglect, refusal or failure on the part of any employee of User, then upon such notice presented in writing, Owner and User shall promptly hold a joint investigation in which the parties concerned shall participate and bear the expense for their respective officers, counsel, witnesses and employees. Notice of such investigations to User's employees shall be given by User's officers, and such investigation shall be conducted in accordance with the terms and conditions of schedule agreements between User and its employees. If, in the judgment of Owner, the result of such investigation warrants, such employee shall, upon written request by Owner, be withdrawn by User from service on the Joint Trackage, and User shall release and indemnify Owner from and against any and all claims and expenses arising from such withdrawal.

(b) If the disciplinary action is appealed by an employee of User to the National Railroad Adjustment Board or other tribunal lawfully created to adjudicate such cases, and if the decision of such board or tribunal sustains the employee's position, such employee shall not thereafter be barred from service on the Joint Trackage by reason of such disciplinary action.

2.10 If any Equipment of User is bad ordered enroute on the Joint Trackage and (i) it is necessary that it be set out, and (ii) only light repairs to the Equipment are required, such bad ordered Equipment shall be promptly repaired, and, thereafter, be promptly removed from the Joint Trackage by User. Owner may, upon request of User and at User's sole cost and expense, furnish the required labor and material and perform light repairs to make such bad ordered Equipment safe for movement. The employees and Equipment of Owner while in any manner so engaged or while enroute to or returning to Owner's terminal from such an assignment shall be

considered Sole Employees (as hereinafter defined) of User and Sole Property (as hereinafter defined) of User. However, should Owner's employees after repairing such bad ordered Equipment for User move directly to perform service for Owner's benefit rather than return to Owner's terminal, then User's exclusive time and liability will end when Owner's employees depart for work to be performed for Owner's benefit. In the case of such repairs by Owner to freight cars in User's account, billing therefor shall be in accordance with the Field and Office Manuals of the Interchange Rules, adopted by the Association of American Railroads ("AAR"), hereinafter called "Interchange Rules", in effect on the date of performance of the repairs. Owner shall then prepare and submit billing directly to and collect from the car owner for car owner responsibility items as determined under said Interchange Rules, and Owner shall prepare and submit billing directly to and collect from User for handling line responsibility items as determined under said Interchange Rules. Owner also shall submit billing to and collect from User any charges for repair to freight cars that are User's car owner responsibility items as determined under said Interchange Rules, should said car owner refuse or otherwise fail to make payment therefor. Repairs to locomotives shall be billed as provided for in Section 3 of these General Conditions.

2.11 If Equipment of User shall become derailed, wrecked, or otherwise disabled while upon the Joint Trackage, it shall be re-railed or cleared by Owner, except that employees of User may re-rail User's derailed Equipment on the Joint Trackage whenever use of motorized on or off track equipment is not required; however, in any such case, employees of User shall consult with and be governed by the directions of Owner. Owner reserves the right to re-rail Equipment of User when, in the judgment of Owner, Owner deems it advisable to do so to minimize delays and interruptions to train movement. The reasonable costs and expenses of rerailing or clearing derailed, wrecked or disabled Equipment shall be borne by the parties in accordance with Section 5 of these General Conditions. Services provided under this section shall be billed in accordance with Section 3 of these General Conditions.

2.12 In the event Equipment of User shall be forced to stop on the Joint Trackage, and such stoppage is due to insufficient hours of service remaining among User's employees, or due to mechanical failure of User's Equipment (other than bad ordered Equipment subject to light repairs pursuant to Section 2.10), or to any other cause not resulting from an accident or derailment (including the failure of User to promptly repair and clear bad ordered Equipment pursuant to Section 2.10), and such Equipment is unable to proceed, or if a train of User fails to maintain the speed required by Owner on the Joint Trackage, or if, in emergencies, disabled Equipment is set out of User's trains on the Joint Trackage, Owner shall have the option to furnish motive power or such other assistance (including but not limited to the right to re-crew User's train) as may be necessary to haul, help or push such Equipment, or to properly move the disabled Equipment off the Joint Trackage. The reasonable costs and expenses of rendering such assistance shall be borne by User. Services provided under this section shall be billed in accordance with Section 3 of these General Conditions.

2.13 User shall pay to Owner reasonable expenses incurred by Owner in the issuance of timetables made necessary solely by changes in the running time of the trains of User over the Joint Trackage. If changes in running time of trains of Owner or third parties, as well as those of

User, require the issuance of timetables, then User shall pay to Owner that proportion of the expenses incurred that one bears to the total number of parties changing the running time of their trains. If changes in running time of trains of Owner or third parties, but not those of User, require the issuance of timetables, then User shall not be required to pay a proportion of the expenses incurred in connection therewith.

2.14 User, at Owner's request, shall be responsible for reporting to Owner the statistical data called for in the Agreement, which may include, but is not limited to, the number and type of Equipment and GTMs operated on the Joint Trackage.

Section 3. BILLING

3.1 Billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties. Such billing forms shall contain sufficient detail to permit computation of payments to be made hereunder. Billing shall be prepared according to the rules, additives, and equipment rental rates as published by the Owner. User shall pay to Owner at the Office of the Treasurer of Owner, or at such other location as Owner may from time to time designate in writing, all the compensation and charges of every name and nature which in and by the Agreement User is required to pay in lawful money of the United States within sixty (60) days after the rendition of bills therefor. Bills shall contain a statement of the amount due on account of the expenses incurred, properties and facilities provided and services rendered during the billing period.

3.2 Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, but shall be paid subject to subsequent adjustment; provided, no exception to any bill shall be honored, recognized or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense covered thereby is incurred, or (ii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability is established. This provision shall not limit the retroactive adjustment of billing made pursuant to exception taken to original accounting by or under authority of the STB or retroactive adjustment of wage rates and settlement of wage claims.

3.3 So much of the books, accounts and records of each party hereto as are related to the subject matter of this Agreement shall at all reasonable times be open to inspection by the authorized representatives and agents of the parties hereto. All books, accounts, and records shall be maintained to furnish readily full information for each item in accordance with any applicable laws or regulations.

3.4 Should any payment become payable by Owner to User under the Agreement, the provisions of Sections 3.1 and 3.2 of these General Conditions shall apply with User as the billing party and Owner as the paying party.

3.5 Either party hereto may assign any receivables due it under this Agreement; provided, however, that such assignments shall not relieve the assignor of any rights or obligations under the Agreement.

Section 4. COMPLIANCE WITH LAWS

4.1 Each of the Parties undertakes and agrees, in respect to its use of the Joint Trackage and the operation of Equipment thereon and thereover, to comply with all applicable laws, rules, regulations, and orders (collectively, "Laws") promulgated by any municipality, board or commission for the protection of persons or otherwise. Any action which may be brought against a Party on account of the failure of the other Party to comply with any Law shall, upon notice thereof being given to such other Party, be defended by such other Party free of cost, charge, or expense (including attorneys' fees) to the Party against which the action is brought. If any failure on the part of a Party to comply with any Law shall result in any fine, penalty, cost or charge being imposed on or assessed against the other Party, such fine, penalty, cost or charge shall be the responsibility (through direct payment or reimbursement) of the Party who failed to so comply.

4.2 Neither Party shall treat, store or dispose of petroleum products or hazardous waste or hazardous substances, as defined in (i) the Resource Conservation and Recovery Act, as amended, or (ii) the Comprehensive Environmental Response Compensation and Liability Act, as amended, or (iii) subsequent legislation regulating discharges into the environment, on the Joint Trackage.

4.3 Responsibility for Environmental Claims (as defined below) as between the parties shall be borne as follows:

a. Each Party shall be responsible for Environmental Claims to the extent they result from (i) its use of, or the presence of it or its contractors or invitees upon, the Joint Trackage, or (ii) the negligence or willful misconduct of its employees, contractors, invitees or customers in operations on or over the Joint Trackage.

b. Each Party shall release the other Party to the extent it is responsible for an Environmental Claim, and, to the extent of such responsibility, shall defend, indemnify, protect and save harmless such other Party from and against such Environmental Claim and costs associated therewith, including, but not limited to, environmental consultant fees, attorneys' fees and third party claims.

4.4 In the event of any incident, accident, derailment, or vehicle striking or being struck by Equipment (hereinafter "Derailment") operated by a Party hereto carrying (i) hazardous materials, substances or wastes, as defined pursuant to Federal or State Law, or (ii) pollutants (hereinafter collectively referred to as "Hazardous Materials") shall occur on the Joint Trackage, any report required by Federal, State or local authorities shall be the responsibility of the operating Party at its sole cost and expense. Each Party shall advise the other Party immediately

of the occurrence of a Derailment involving Hazardous Materials and Equipment operated by that Party.

4.5 Unless otherwise agreed by the parties, Owner shall undertake, or cause to be undertaken, any Response Action (as defined below) in accordance with all Federal, State, or local regulatory requirements necessitated by a release of Hazardous Materials on Owner's right-of-way underlying the Joint Trackage from Equipment operated by either Party hereto upon the occurrence of a Derailment. The Party in whose account the Equipment is moving shall have data or a representative available at the scene of any Derailment involving Equipment operated by it to provide information concerning the characteristics of Hazardous Materials released.

4.6 If, following a Derailment upon the Joint Trackage, Hazardous Materials must be transferred to undamaged cars or other vehicles, unless otherwise agreed by the Parties, the Party whose Equipment was involved in such Derailment shall perform the transfer; provided, however, that if the Hazardous Materials are in damaged cars that are blocking the Joint Trackage, the Owner shall transfer, or caused to be transferred, the Hazardous Materials; provided further that transfers of Hazardous Materials by the User shall only be conducted after being authorized by the Owner.

4.7 In the event any cleanup, response, removal or remediation of any environmental condition on the Joint Trackage is necessary (collectively referred to herein as "Response Action"), neither Party shall be entitled to any damages, actual, punitive, exemplary or consequential, by reason of the Response Action's interference with the other Party's use of the Joint Trackage. The User and its contractors shall have full, unrestricted and unconditional access to the Joint Trackage for the purpose of completing or engaging in a Response Action. The User shall provide the Owner with all information requested by Owner regarding any Environmental Claims for which the User is responsible.

4.8 The term "Environmental Claim" means the direct costs of any cleanup, response, removal, remediation, natural resource damage, closure and/or post-closure required by any environmental conditions affecting the air, soil, surface waters, ground waters, streams, sediments and similar environmental conditions caused by, resulting from, arising out of, or occurring in connection with the Agreement.

4.9 The total cost of clearing a Derailment, performing any Response Action, transferring any Hazardous Materials, and/or repairing the Joint Trackage or any other property damaged thereby shall be borne by the Party or Parties liable therefor pursuant to the allocation of liability in Sections 4 and 5 of this Exhibit A.

Section 5. LIABILITY

(a) "Loss or Damage" shall mean all damage to any property and injury to or death of any person and all liability therefor, and shall embrace all payments made on account thereof, including, without limitation, expense of rerailing Equipment and clearing wrecks, Environmental Claims, fines or penalties, amounts paid or payable under all applicable laws and

shall also embrace all cost and expense incident to any such injury, death, loss or damage arising in connection with operations under the Agreement. Loss or Damage shall also include attorneys' fees and costs in defending against all such claims or alleged claims or in enforcing any indemnity rights hereunder.

(b) (i) It is understood and agreed that the Owner shall maintain the Joint Trackage in a state of reasonable repair which is reasonably suited for the combined requirements of the Parties hereof, but the User shall accept such trackage as it finds it and shall not, by reason of any failure, deficiency or defect therein or failure or neglect in the maintenance or dispatching of the Joint Track, have or make against the Owner any claim or demand for any Loss or Damage whatsoever, nor shall Loss or Damage be allocated to the Owner under Section 5(c) arising from or incident to such deficiency, defect, failure or neglect.

(ii) It is understood and agreed that a number of vehicular and pedestrian crossings ("Crossings") of the Joint Trackage to be used for operations hereunder presently exist or may in the future be constructed. The User agrees to accept all Crossings in whatever condition they may be during the term of the Agreement and shall not assert any claim, demand, or cause of action against the Owner and shall hold the Owner harmless from any claim, demand, or cause of action arising out of any Crossing accident on the Joint Trackage involving the User.

(c) Except as provided in Section 5(b), liability for Loss or Damage shall be fixed between the Parties as follows:

(i) When caused by the acts or omissions of the employees of only one Party or the defective property of only one Party (other than Joint Trackage), whether or not in conjunction with the acts or omissions or defective property of a third party, such Loss or Damage, including Loss or Damage to the Joint Trackage, shall be borne solely by such Party.

(ii) When caused by the acts or omissions of the employees of one Party or defective property (other than Joint Trackage) of one Party in combination with the acts or omissions of the employees of the other Party or the defective property (other than Joint Trackage) of the other Party, then, whether or not in conjunction with the acts or omissions or defective property of a third party, such Loss or Damage shall be borne solely by each Party as to its own employees, contractors, agents, invitees, and property, other than real property owned by it, and property of third parties in its possession, care, custody or control. Loss or Damage to real property of the Owning Party underlying or surrounding the Joint Trackage, Loss or Damage to the Joint Trackage, as well as Loss or

Damage to third parties and their property shall be borne equally between the Parties.

(iii) Environmental Claims shall be borne in accordance with Section 4 hereof.

(iv) Loss or Damage due to any other cause shall be borne solely by each party as to its own employees, invitees and Equipment (including lading) in its custody, and equally as to damage to trackage and damage suffered by the third parties and their property.

(d) It is the express intention of the Parties hereto, that where an indemnity provided for in this Agreement is applicable as provided herein, that such indemnity includes the negligence of the indemnified Party whether that negligence is active or passive, or is a sole or concurring cause of the Loss or Damage; provided that said indemnity shall not protect the indemnified Party from liability for Loss or Damage arising solely from the criminal actions of the indemnified Party, its officers, agents or employees.

(e) The foregoing notwithstanding, if such Loss or Damage involves the Equipment of only one Party, or in the possession or custody of only one Party, that Party shall bear all Loss or Damage.

(f) The foregoing notwithstanding, neither Party shall have any claim against the other Party for its acts or omissions giving rise to Loss or Damage caused by or resulting from interruption of or delay to such Party's business or for special, indirect or consequential damages or for loss of profit or income.

(g) Each Party hereto covenants and agrees that it shall forever release, defend, indemnify and save harmless the other Party, its successors and assigns, from and against any and all liability or claims for damages, costs and expenses herein assumed by it, whether or not such liability or claims arise during the time that the Agreement is in effect or thereafter or are occasioned by or incident to or the result of any acts or omissions of the other Party, its successors and assigns, and regardless of the acts or omissions or alleged acts or omissions of the other Party; provided, however, that the Party liable, in whole or in part, as to any claim or suit filed against the other Party, shall be given prompt written notice thereof and an opportunity to join in or take over, as may be appropriate, the defense and settlement of such claim or suit.

(h) Each Party hereto may make settlement of any claim for Loss or Damage for which it and the other Party may be jointly liable hereunder, but no payment in excess of Twenty-five Thousand Dollars (\$25,000) shall be voluntarily made by any Party in settlement of any such claim without first having obtained in writing consent of the other Party, which consent shall not be unreasonably withheld, and giving of such consent shall not be deemed an admission that such claim involves joint liability. The Party against which a claim in excess of Twenty-five Thousand Dollars (\$25,000) is made for which the other Party hereto may be jointly liable hereunder shall give written notice thereof to such other Party.

(i) All releases taken pursuant to the settlement of claims or suits involving joint liability shall include both Parties hereto involved, and copies thereof shall be furnished each of them.

Section 6. ARBITRATION

6.1 If at any time a question or controversy shall arise between the parties hereto in connection with the Agreement upon which the parties cannot agree, such question or controversy shall be submitted to and settled by arbitration. Unless other procedures are agreed to by the parties, arbitration between the parties pursuant to this Section 6 shall be governed by the rules and procedures set forth in this Section 6.

6.2 If the parties to the dispute are able to agree upon a single competent and disinterested arbitrator within twenty (20) days after written notice by one party of its desire for arbitration to the other party, then the question or controversy shall be submitted to and settled by that single arbitrator. Otherwise, any party (the notifying party) may notify the other party (the noticed party) in writing of its request for arbitration and nominating one arbitrator. Within twenty (20) days after receipt of said notice, the noticed party shall appoint an arbitrator and notify the notifying party in writing of such appointment. Should the noticed party fail within twenty (20) days after receipt of such notice to name its arbitrator, said arbitrator may be appointed by the Chief Judge (or acting Chief Judge) of the United States District Court for Arizona upon application by either party after ten (10) days' written notice to the other party. The two arbitrators so chosen shall select one additional arbitrator to complete the board. If the arbitrators so chosen fail to agree upon an additional arbitrator, the same shall, upon application of a party, be appointed by said judge in the manner heretofore stated.

6.3 Upon selection of the arbitrator(s), said arbitrator(s) shall, with reasonable diligence, determine the questions as disclosed in said notice of arbitration, shall give both parties reasonable notice of the time and place (of which the arbitrator(s) shall be the judge) of hearing evidence and argument, may take such evidence as the arbitrator(s) shall deem reasonable or as either party may submit with witnesses required to be sworn, and hear arguments of counsel or others. If an arbitrator declines or fails to act, the party (or parties in the case of a single arbitrator) by whom the arbitrator was chosen or said judge shall appoint another to act in the arbitrator's place.

6.4 After considering all evidence, testimony and arguments, said single arbitrator or the majority of said board of arbitrators shall promptly state such decision or award and the reasoning for such decision or award in writing which shall be final, binding, and conclusive on all parties to the arbitration when delivered to them. The award rendered by the arbitrator(s) may be entered as a judgment in any court having jurisdiction thereof and enforced as between the parties without further evidentiary proceeding, the same as entered by the court at the conclusion of a judicial proceeding in which no appeal was taken. Until the arbitrator(s) shall issue the first decision or award upon any question submitted for arbitration, performance under the Agreement shall continue in the manner and form existing prior to the rise of such question. After delivery

of said first decision or award, each party shall forthwith comply with said first decision or award immediately after receiving it.

6.5 Each party to the arbitration shall pay all compensation, costs, and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits, and counsel. The compensation, cost, and expenses of the single arbitrator or the additional arbitrator in the board of arbitrators shall be paid in equal shares by all parties to the arbitration.

6.6 The parties may obtain discovery and offer evidence in accordance with the Federal Rules of Civil Procedure Rules 26 - 37, and Federal Rules of Evidence, as each may be amended from time to time.

6.7 Interest computed annually, at a rate equal to the Prime Rate plus two (2) percentage points, shall be applied to any and all arbitrator's awards requiring the payment of money and shall be calculated from thirty (30) days following the date of the applicable arbitration decision. The term "Prime Rate" shall mean the minimum commercial lending rate charged by banks to their most credit-worthy customers for short-term loans, as published daily in the Wall Street Journal.

Section 7. GOVERNMENTAL APPROVAL and ABANDONMENT

7.1 Owner and User shall, at their respective cost and expense, initiate by appropriate application or petition and thereafter diligently prosecute proceedings for the procurement of all necessary consent, approval or authority from any governmental agency for the sanction of the Agreement and the operations to be carried on or conducted by User thereunder. User and Owner agree to cooperate fully to procure all such necessary consent, approval or authority.

7.2 In the event Owner shall be involuntarily dispossessed, including by threat of condemnation by competent public authority, of the right to operate upon and maintain any portion of its Joint Trackage and Owner fails or declines to replace said Joint Trackage, Owner shall have no obligation hereunder to provide tracks in replacement of such Joint Trackage for User's use, and User shall have and shall make no claim of any kind, legal or otherwise, against Owner for failure to provide such Joint Trackage for User's use.

7.3 (a) To the extent that Owner may lawfully do so, Owner reserves to itself the exclusive right, exercisable at any time during the life of the Agreement without concurrence of User, to elect to abandon all or any part of the Joint Trackage by giving six (6) months' prior written notice to User of its intention so to do ("Notice of Abandonment").

(b) Owner shall, concurrent with its Notice of Abandonment, if legally able to do so, give to User the option to purchase the part or parts of the Joint Trackage thereof to be abandoned, at the Net Liquidation Value thereof, on the date of said notice. "Net Liquidation Value" shall mean fair market value of land and salvage value of track components less the estimated cost of removal. User shall have three (3) months from the date of receipt of Owners notice to exercise its option and shall evidence the exercise of its option by giving owner written notice thereof. Thereafter

User shall immediately make appropriate application to secure all necessary governmental authority for such transaction. Within thirty (30) days following the effective date of all requisite governmental approval of the transaction, User shall pay to owner the amount of money required to purchase said Joint Trackage to be abandoned at the aforesaid Net Liquidation Value. Upon the receipt of payment of such sum the Agreement shall terminate as to the part of the Joint Trackage so purchased by User. Contemporaneously with such payment, by instrument or instrument, Owner shall convey and assign by good and sufficient quit claim deed or deeds, bills of sale or other instruments, all of Owner's right, title, interest, and equity, in and to the Joint Trackage so purchased. Owner agrees that it shall promptly take all necessary action to obtain from the trustees of its mortgages all releases or satisfactions covering the same and shall deliver to User such instruments.

(c) If User fails to exercise the option herein granted within the time and in the manner above specified, Owner may forthwith proceed free of all obligation to User to, make appropriate application to secure all necessary governmental authority for such abandonment. User agrees that at such time it will concurrently make application for all necessary governmental authority for abandonment of its right to operate over the Joint Trackage. The Agreement shall terminate as to the section of Joint Trackage so abandoned upon the effective date of such approval by governmental authority.

7.4 Owner and User each shall be responsible for and shall bear labor claims, and employee protection payable to, its own respective employees (and employees of its respective affiliated companies) including any amounts that either Owner or User may be required to pay to its own respective employees pursuant to labor protective conditions imposed by the STB.

Section 8. TERMINATION

Upon termination of the Agreement, or any partial termination, as the applicable case may be, however the same may occur, User shall be released from any and all manner of obligations and shall be deemed to have forever relinquished, abandoned, surrendered and renounced any and all right possessed by User to operate over that part of the Joint Trackage to which such termination applied, and as to such part, User shall forever release and discharge Owner of and from any and all manner of obligations, claims, demands, causes of action, or suits which User might have, or which might subsequently accrue to User growing out of or in any manner connected with, directly or indirectly, the contractual obligations of Owner under the Agreement, in all events provided, however, the aforesaid relinquishment, abandonment, surrender, renunciation, release and discharge by User shall not in any case affect any of the rights and obligations of either Owner or User which may have accrued, or liabilities accrued or otherwise, which may have arisen prior to such termination or partial termination. Upon any termination, Owner shall remove from Owner's right of way any connecting track, and any exclusive facility of User, at User's expense with salvage to be delivered to and retained by User. Upon any partial termination of the Agreement, however the same may occur, the terms and conditions hereof shall continue and remain in full force and effect for the balance of the Joint Trackage.

Section 9. ASSIGNMENT

This Agreement is exclusively for the benefit of the Parties hereto and not for the benefit of any third party. This Agreement shall inure to the benefit of and shall be binding upon the parties, their successors and assigns subject to the limitations set forth herein. Except as provided in Section 3.5 the Agreement and any rights granted hereunder may not be assigned in whole or in part by Owner or User without the prior written consent of the other, except no such consent shall be required for an assignment that is (i) the result of a merger, corporate reorganization, consolidation, change in control or sale of substantially all of a parties assets, or (ii) to an affiliate of the assigning party where the term "affiliate" means a corporation, partnership or other entity controlled, controlling or under common control with the assigning party.

Section 10. DEFAULT

10.1 Notwithstanding the provisions of Section 3 of these General Conditions, either party hereto claiming default of any of the provisions of the Agreement (including these General Conditions) shall furnish notice and written demand to the other party for performance or compliance with the covenant or condition of the Agreement claimed to be in default, which notice shall specify wherein and in what respect such default is claimed to exist and shall specify the particular Section or Sections of the Agreement under which such claim of default is made.

10.2 If the default shall continue for an additional period of thirty (30) days after receipt of such written notice and demand, and such default has not been remedied within said thirty (30) day period, or reasonable steps have not been nor continue to be taken to remedy a failure or default which cannot reasonably be remedied within said thirty (30) day period, and such default relates to the provisions and terms of the Agreement, either party shall resort to binding arbitration provided that the arbitrator shall not have the authority to amend, modify or terminate the Agreement.

10.3 Failure of a party to claim a default shall not constitute a waiver of such default. Either party hereto entitled to claim default may waive any such default, but no action by such party in waiving such default shall extend to or be taken to effect any subsequent defaults or impair the rights of either party hereto resulting therefrom.

Section 11. OTHER CONSIDERATIONS

11.1 The Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right in any third person to recover by way of damages or otherwise against any of the parties hereto.

11.2 If any covenant or provision of the Agreement not material to the right of User to use the Joint Trackage shall be adjudged void, such adjudication shall not affect the validity, obligation or performance of any other covenant or provision which is in itself valid. No

controversy concerning any covenant or provision shall delay the performance of any other covenant or provision. Should any covenant or provision of the Agreement be adjudged void, the parties shall make such other arrangements as will effect the purposes and intent of the Agreement.

11.3 In the event there shall be any conflict between the provisions of these General Conditions and the Agreement, the provisions of the Agreement shall prevail, except that the definition of Joint Trackage set forth in Section 1.7 of these General Conditions shall prevail.

11.4 All section headings are inserted for convenience only and shall not affect any construction or interpretation of the Agreement.

11.5 Reference to any agency or other organization shall include any successor agency or organization, and reference to any index or methodology (e.g., RCAF-U, URCS, etc.), if such index or methodology ceases to exist or is no longer available, shall include any substantially similar index or methodology selected by the parties or, if the parties fail to agree on such, one determined by binding arbitration under Section 6 of these General Conditions.

End of Exhibit "B".

PURCHASE AND SALE AGREEMENT

Between

**SAN PEDRO RAILROAD OPERATING COMPANY, LLC,
an Arizona limited liability company**

SELLER

And

**UNION PACIFIC RAILROAD COMPANY,
a Delaware corporation**

BUYER

Curtiss Branch Line

PURCHASE AND SALE AGREEMENT

Curtiss Branch Line

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of the 1st day of September, 2012, by and between SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company ("Seller"), and UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Buyer").

RECITALS:

A. On or about January 31, 1995, Southern Pacific Transportation Company, a Delaware corporation, sold to SWKR Operating Co., Inc., an Arizona corporation ("SWKR"), a railroad line located between Benson, Arizona and Naco, Arizona (the "Curtiss Branch Line"), which conveyance was made by quitclaim deed and included all of Buyer's interest in the real property, improvements and fixtures associated with the Curtiss Branch Line.

B. On or about October 31, 2003, Seller acquired from SWKR the Curtiss Branch Line and certain other real and personal property. This acquisition was made by quitclaim deed and included an assumption of certain lease rights over additional rail line located between Benson, Arizona and Naco, Arizona owned by Buyer.

C. Seller remains in possession of, and continues to operate on, the Curtiss Branch Line and desires to sell its right, title and interest therein to Buyer.

D. The parties hereto desire to enter into this Agreement for the purpose of setting forth the terms and conditions of said purchase and sale.

AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I PROPERTY

1.1 The Property. Seller agrees to sell to Buyer by quit claim deed, and Buyer agrees to so purchase from Seller, that certain real property and improvements thereon (the "Property") located in Cochise County, Arizona, as generally shown on the print attached hereto as **Exhibit A**, and more particularly described in **Exhibit B**, subject to the terms and conditions set forth herein. The Property consists of Seller's fee ownership interest between Milepost 1040.15 and Milepost 1041.32, and Milepost 1071.16 and Milepost 1084.0, and all of Seller's right title and interest located between Milepost 1041.32 and Milepost 1071.16 (each as more particularly depicted on **Exhibit B** attached hereto).

1.2 Included Property. Without limiting the generality of Section 1.1, the Property specifically includes (1) all ancillary property owned by Seller adjacent thereto which has not

been previously sold by Seller, and (2) all personal property located on the Property as of the Execution Date and any and all other railroad operating and nonoperating appurtenances.

ARTICLE II PURCHASE PRICE

2.1 Purchase Price. The Purchase Price shall be the amount of the Purchase Price (the "Purchase Price").

2.2 Payment of Purchase Price. The Purchase Price shall be payable at Closing (defined below) in immediately available United States Funds.

ARTICLE III "AS IS" SALE; INSPECTION; SURVEY

3.1 As Is Sale.

3.1.1 "As Is" Sale. Buyer acknowledges and agrees that the Property is to be sold and conveyed to and accepted by Buyer in an "as is" condition with all faults, and that the Property has been used as a rail corridor and for various commercial and industrial purposes. Except as otherwise expressly set forth herein on in the Deed (defined below), Seller does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to the Property or any of such related matters; in particular, but without limitation, the use, condition, title, occupation or management of the Property, compliance with applicable statutes, laws, codes, ordinances, regulations or requirements relating to leasing, zoning, subdivision, planning, building, fire, safety, health or environmental matters, compliance with covenants, conditions and restrictions, other local, municipal, regional, state or federal requirements, or other statutes, laws, codes, ordinances, regulations or requirements.

3.2 Inspection.

3.2.1 Buyer may, at Buyer's sole discretion and expense, examine any and all matters in connection with the Property, including, without limitation, the physical and environmental condition of the Property, land use regulations affecting the Property, and the economic and financial feasibility of developing the Property. Buyer is granted the privilege, for a period commencing with the Execution Date and extending to and including Closing Date (the "Inspection Period"), of entering upon the Property for the purpose of performing surveys, soil and environmental tests and related engineering and feasibility studies. Seller shall furnish to Buyer, for review and copying, any reports, studies or governmental documentation, and Leases in Seller's possession or control (excluding items which are of public record on the Execution Date) and relating to the Property (the "Property Information"), and shall use commercially reasonable business efforts to assist Buyer in securing information not in Seller's possession as Buyer deems necessary and desirable, provided Seller shall not be required to incur any out-of-pocket expense in providing such cooperation. If the results of Buyer's examinations, tests or studies are unsatisfactory to Buyer, as determined at Buyer's sole and absolute discretion, then Buyer may elect to terminate this Agreement by giving Seller notice of termination before the

end of the Inspection Period. In the event of such termination by Buyer, this Agreement shall terminate and be without any force and effect and without further obligation of either party to the other except for those matters that expressly survive the termination hereof.

3.2.2 The above notwithstanding, the Property Information shall be limited to engineering, soil, environmental, feasibility or similar studies which relate to the Property and which Seller has in its possession or control. THIS DOES NOT CREATE AN OBLIGATION ON THE PART OF SELLER TO CAUSE ANY SUCH TESTS OR STUDIES TO BE UNDERTAKEN, BUT ONLY CREATES AN OBLIGATION ON THE PART OF THE SELLER TO DELIVER COPIES OF ANY SUCH DOCUMENTS OR MATERIALS TO BUYER IF THEY RELATE TO THE PROPERTY AND SELLER IN FACT HAS SUCH DOCUMENTS OR MATERIALS IN ITS POSSESSION OR CONTROL (EXCLUDING ITEMS WHICH ARE OF PUBLIC RECORD ON THE EXECUTION DATE).

3.2.3 All other provisions of this Agreement notwithstanding, Buyer shall not permit any liens to attach to the Property by reason of the exercise of its right to access, test or inspect the Property. Buyer hereby indemnifies and holds Seller harmless from and against any and all liens created by Buyer or contractors, subcontractors, materialmen, laborers or other persons accessing or performing work, tests, or inspections for or on behalf of Buyer, as well as any claims asserted by third parties for injuries or damages to said third parties or their property resulting from their access to the Property or the work or tests by or for Buyer. IT IS THE EXPRESS INTENTION OF THE SELLER AND THE BUYER THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS AN INDEMNITY BY BUYER TO INDEMNIFY AND PROTECT THE SELLER FROM THE CONSEQUENCE OF THE ACTS OF BUYER, OR BUYER'S CONTRACTORS, SUBCONTRACTORS, MATERIALMEN, LABORERS OR OTHER PERSONS ACTING BY OR FOR BUYER, IN ACCESSING THE PROPERTY OR PERFORMING WORK, TESTS OR INSPECTION OF THE PROPERTY ON BEHALF OF BUYER, INCLUDING ACTS OF NEGLIGENCE OR ALLEGED NEGLIGENCE, AND INCLUDING WHERE SAME IS A CONTRIBUTING CAUSE OF THE CLAIM. In addition, in the event this transaction should fail to Close for any reason, Buyer agrees to (A) repair any damage done to the Property by or on behalf of Buyer, its agents, employees or invitees, and (B) in connection with such repairs, restore the Property to as near its original condition as reasonably possible.

3.2.4 The provisions of this Section 3.2 shall survive the expiration or termination of this Agreement or the Closing.

3.3 Survey. Buyer may elect, at its sole cost and expense, to obtain a survey of the Property.

ARTICLE IV TITLE TO PROPERTY

4.1 Deeds. At Closing, Seller shall execute, acknowledge and deliver to Buyer a quit claim deed, in the form attached hereto as **Exhibit C** ("Deed") together with (1) a counterpart of the affidavit of real property value required by Arizona law ("Affidavit of Value"); and (2)

Certificate of Non Foreign Status, in the form attached hereto as Exhibit F ("Certificate of Non-Foreign Status").

4.2 Bill of Sale. At Closing, Seller shall execute and deliver to Buyer a Bill of Sale in the form attached hereto as **Exhibit D** ("Bill of Sale").

4.3 Leases and Licenses. At Closing, the leases, licenses, other agreements, and supplements thereto, in effect for, or applicable to, the Property as of the date of this Agreement (which leases, licenses and other agreements are identified on **Attachment 2 to Exhibit E**) (collectively, the "Leases and Licenses") shall be assigned by Seller to, and assumed by, Buyer by a duly executed Assignment and Assumption Agreement (the "Assignment") in the form attached hereto as **Exhibit E**. If additional Leases and Licenses are discovered post-Closing that should have been assigned to Buyer but are not included on **Attachment 2 to Exhibit E**, Seller agrees to assign same upon request of Buyer.

4.4 STB Operating and Abandonment Authority. At Closing, all of Seller's (a) operating authority with respect to the Property as authorized by the Surface Transportation Board ("STB"), (b) abandonment authority with respect to the Property before the STB, and (c) all existing extensions of time to consummate the pending abandonment application before STB, shall be assigned by Seller to, and assumed by, Buyer by a duly executed Assignment and Assumption of Operating and Abandonment Authority Agreement (the "STB Assignment") in the form attached hereto as **Exhibit G**. Consummation of each of the assignments contemplated by this Section 4.4 shall be subject to the approval of the STB.

4.5 Interim Trail Use. At Closing, Seller shall cause its affiliate Cochise Trails, LLC, an Arizona limited liability company ("Cochise Trails"), to assign to, and Buyer shall assume, all of Cochise Trail's right title and interest to and under that certain Amended and Restated Interim Trail Use Agreement dated as of August 26, 1996, by and between Cochise Trails, as successor by assignment to San Pedro Trails, Inc., an Arizona corporation, and SWKR with respect only to the Property, by a duly executed Partial Assignment and Assumption of Amended and Restated Interim Trail Use Agreement ("Trail Use Assignment") in the form attached hereto as **Exhibit H**. Consummation of the assignment contemplated by this Section 4.4 shall be subject to the approval of the STB.

4.6 In order to maintain uninterrupted continuity of STB interstate common carrier by railroad operating authority and approval with respect to the Property and the railroad operations thereon, Closing under this Agreement is subject to and contingent on Buyer receiving a decision from the STB that the Buyer and this transaction qualify for an exemption under 49 C.F.R. § 1180.2(d)(1) and 49 C.F.R. § 1180.2(d)(7). Buyer and Seller shall use their best efforts and cooperate with each other to seek all necessary authority and approval necessary and required under all applicable law and regulation including but not limited to that required under the Interstate Commerce Commission Termination Act, and the regulations promulgated thereunder by the STB.

**ARTICLE V
BUYER'S CONDITIONS TO CLOSING**

The following are conditions precedent to Buyer's obligation to purchase the Property:

5.1 Approval of Title.

5.1.1 Buyer has ordered, but has not yet received, a preliminary title report (the "Title Report") on the Property from First American Title Insurance Company (the "Title Company"). On or before the end of the Feasibility Review Period ("Title Contingency Date"), Buyer shall deliver written notice to Seller ("Buyer's Title Notice") of all matters of title to the Property disapproved by Buyer ("Disapproved Items"). Buyer's failure to deliver Buyer's Title Notice by the Title Contingency Date shall be deemed to be Buyer's approval of all existing title matters. If Buyer timely notifies Seller of Disapproved Items and all or some of the Disapproved Items (except for those Disapproved Items, if any, which will be removed upon Closing in accordance with the terms of this Agreement) are not cured or deleted as exceptions to title prior to the Closing Date, Buyer shall have the option of either waiving its disapproval of such Disapproved Items and proceeding to Closing or terminating this Agreement. Notwithstanding the foregoing, Seller agrees to remove all mortgages, deeds of trust and other monetary liens of any kind or nature, prior to Closing. In the event Buyer elects to terminate this Agreement pursuant to this Section 5.1, Buyer shall notify Seller of its election by written notice no later than the Closing Date. Buyer's failure to timely deliver written notice to Seller of its election to terminate shall be deemed to be Buyer's election to proceed to Closing and to waive its disapproval of such Disapproved Items.

5.2 Compliance by Seller. Seller shall have complied with each and every condition and material covenant of this Agreement to be kept or complied with by Seller, and all representations and warranties made by Seller under this Agreement shall be true and correct as of the Closing Date.

5.3 No Litigation. No court or agency shall have issued an order restraining the consummation of the transactions contemplated by this Agreement and, except as set forth on Schedule 5.3 attached hereto, no litigation affecting the Property shall have been commenced.

**ARTICLE VI
SELLER'S CONDITION TO CLOSING**

The following are conditions precedent to Seller's obligation to sell the Property:

6.1 Compliance by Buyer. It is a condition precedent to Seller's obligation to sell the Property that Buyer shall have complied with each and every condition and material covenant of this Agreement to be kept or complied with by Buyer.

ARTICLE VII CLOSING

7.1 Closing.

7.1.1 Closing Date. The consummation of the transaction contemplated by this Agreement (the "Closing") shall occur and delivery of all items to be made at the Closing under the terms of this Agreement shall be made on or before September 26, 2012 (the "Closing Date") at or through First American Title Insurance Company, 2425 E. Camelback Road, S-300, Phoenix, Arizona 85016 (the "Escrow Agent").

7.2 Deliveries by Seller. On or before 11:00 a.m. on the Closing Date, Seller shall deliver to the Escrow Agent the following items (all duly executed and acknowledged by Seller, as appropriate): (1) the Deed in the form of **Exhibit C**, together with a counterpart of the Affidavit of Value; (2) the Bill of Sale in the form of **Exhibit D**; (3) the Assignment in the form of **Exhibit E**; (4) a Non-Foreign Status Certificate in the form of **Exhibit F**; (5) a rent roll for all Leases updated to within ten (10) days prior to Closing; (6) evidence that Seller has filed with the STB a response in support of Buyer's acquisition of Seller's interest in the Property to intent to take an assignment of Seller's operating authority with respect to the Property; (7) the STB Assignment, in the form of **Exhibit G**; (8) the Trail Assignment in the form of **Exhibit H**; and (9) any other documents, instruments, data, records, correspondence or agreements called for hereunder that have not previously been delivered. In the event that the STB fails to provide its consent to the STB Assignment or the Trail Assignment by the Closing Date, Buyer may either (a) request a reasonable adjournment of the Closing to allow it to obtain all necessary STB consent to the consummation of the STB Assignment and/or the Trail Assignment, or (b) proceed to close the transaction without such STB consent, provided, in such event, Seller shall be required to deliver executed counterparts of each of the STB Assignment and the Trail Assignment and further agrees to cooperate with Buyer, and execute such additional documents as reasonably requested by Buyer, as may be necessary for Buyer to obtain STB's consent to each of the STB Assignment and the Trail Assignment. Seller's obligation with respect to the immediately preceding sentence shall, if applicable, survive the Closing and the recordation of the Deed.

7.2.1. Original Leases and Licenses. Within thirty (30) days following the Closing, Seller shall deliver to Buyer the original Leases and Licenses and files pertaining thereto.

7.3 Deliveries by Buyer. On or before the Closing Date, Buyer shall deliver to the Title Company the following items (all duly executed and acknowledged by Buyer, as appropriate): (1) the Purchase Price plus or minus prorations in accordance with Section 7.5 hereof; (2) a counterpart of the Affidavit of Value, (3) the Assignment in the form of **Exhibit E**; (4) a counterpart of the STB Assignment, in the form of **Exhibit G**; (5) a counterpart of the Trail Assignment in the form of **Exhibit H**; and (6) any other documents, instruments, data, records, correspondence or agreements called for hereunder that have not previously been delivered.

7.4 Other Instruments. Seller and Buyer shall each deliver to the Escrow Agent such other instruments and take such other actions as are reasonably required to close and consummate the purchase of the Property in accordance with the terms hereof.

7.5 Prorations.

7.5.1 All expenses of the Property, including, without limitation, real property taxes, special taxes, assessments and utility fees and/or deposits shall be prorated and apportioned between Buyer and Seller as of the Closing Date. Seller and Buyer hereby agree that any of the aforesaid prorations, which cannot be calculated accurately as of the Closing Date, shall be prorated based upon the most recent invoices or bills therefore, or if none, on the basis of the parties' reasonable estimates.

7.5.2 All rents and fees paid by a tenant or licensee of the Property (including rents and fees paid in advance for time periods subsequent to the Closing Date), and other income from the Property attributable to periods prior to the Closing, shall be retained by Seller. Buyer shall have no obligation to collect any rents or other charges due but uncollected prior to such Closing. All tenant security deposits, if any, shall be transferred to Buyer upon the Closing, and Buyer shall execute a document acknowledging receipt of such deposits and agreeing to hold them in accordance with the terms in the applicable Leases and Licenses.

7.6 Special Taxes, Bonds or Assessments. If, at the time of Closing, any portion of the Property is affected by an assessment or other charge, whether for taxes or bonds, or interest thereon, which is or may become payable in installments, and an installment payment of such assessment is then a lien, then such installment shall be prorated as of the Closing Date. All installments not then yet due whether or not the same have been prepaid shall not be prorated and Buyer shall assume such bonds or assessments. Any prepaid assessments made in advance of its due date shall be credited to Seller.

7.7 Costs and Expenses. Buyer shall pay all Closing costs, including but not limited to, recording fees, title examination charges, title policy costs, and other customary closing charges.

7.8 Delivery of Documents. Upon Closing Title Company shall record the Deed together with the Affidavit of Value in the official records of the Cochise County Recorder, issue the Title Policy to Buyer, disburse funds representing the Purchase Price to Seller, and deliver to the party entitled thereto the documents generated pursuant to this Agreement.

**ARTICLE VIII
REPRESENTATIONS, WARRANTIES AND COVENANTS**

8.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as of the date of this Agreement, as follows:

8.1.1 Organization. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Arizona.

8.1.2 Authority. Seller has full statutory power and authority to enter into this Agreement and to carry out the obligations of Seller under this Agreement.

8.1.3 Enforceability. This Agreement has been duly authorized, executed and delivered by Seller and is the legal, valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered a proceeding in equity or at law). Neither the execution and delivery of this Agreement by Seller, the consummation by Seller of the transaction contemplated thereby, nor compliance or performance by Seller with any of the provisions thereof, does or will violate any judgment, order, law or regulation applicable to Seller or result in any material breach of, or constitute a material default under, or result in the creation of, any material liens, charge, security interest or other encumbrance upon the Property (other than created by this transaction) pursuant to any note, bond, indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Seller is a party or by which any of the Property is bound.

8.1.4 Condemnation or Violations of Law. Except as set forth on Schedule 5.3 attached hereto, Seller has not received any notice of any existing or threatened condemnation or material violation of law.

8.1.5 Litigation; Judgments. Except as set forth on Schedule 5.3 attached hereto or otherwise disclosed to Buyer in writing, Seller has no knowledge of any pending litigation, administrative action, governmental investigation, examination, claim or demand whatsoever, nor any judgments, orders or decrees entered in any lawsuits or proceedings, affecting the Property.

8.1.6 Senior Rights. Seller has no knowledge that any tenant or other third party has any agreement or right granted by Seller to purchase all or any part of the Property that is senior to Buyer's rights hereunder.

8.1.7 Seller's Pre-Closing Deliveries. Seller represents that, to the best of its knowledge, it has delivered to Buyer true and correct copies of any and all valuation maps, Leases and Licenses, and environmental studies and reports in effect for, or applicable to, the Property as of the date of this Agreement. In the event Seller discovers any additional Leases or Licenses, valuation maps or environmental studies or reports, Seller shall promptly deliver the same to Buyer. Except as otherwise previously disclosed to Buyer by Seller, Seller has no current actual knowledge of (i) any tenancy or other agreements that materially affect Seller's current use of the Property, other than the Leases and Licenses; or (ii) any material defaults under any of the Leases and Licenses by any party thereunder. Seller has no unfulfilled financial obligations to tenants or other parties under any of the Leases or Licenses, or any other agreements.

8.1.8 Cooperation. Seller shall cooperate with Buyer's efforts to remove any encroachments after the Closing, which cooperation shall consist of making Seller's records

reasonably available for Buyer's inspection and making Seller's representatives reasonably available, at Buyer's sole cost and expense, to testify.

8.1.9 Material Change; Survival. On the day of Closing, the representations and warranties of Seller set forth in Section 8.1 shall be true, except for changes in any such representation or warranty disclosed to Buyer by Seller in writing prior to Closing. If any such representation or warranty materially changes, Buyer may elect to terminate this Agreement by giving Seller notice of termination before the date which is five (5) days following the date Buyer is given notice of such change by Seller. In the event of such termination by Buyer, this Agreement shall terminate and be without any force and effect and without further obligation of either party to the other. The foregoing representations and warranties of Seller shall survive the Closing and the delivery of the Deed.

8.2 Representations, Warranties and Covenants of Buyer. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement and as of the Closing Date, as follows:

8.2.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

8.2.2 Enforceability. This Agreement has been duly authorized, executed and delivered by Buyer and is the legal, valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered a proceeding in equity or at law). Neither the execution and delivery of this Agreement by Buyer, the consummation by Buyer of the transaction contemplated thereby, nor compliance or performance by Buyer with any of the provisions thereof does or will violate any judgment, order, law or regulation applicable to Buyer.

8.2.3 Authority. Buyer has full statutory power and authority to enter into this Agreement and to carry out the obligations of Buyer under this Agreement.

ARTICLE IX CONDEMNATION AND RISK OF LOSS

9.1 Condemnation. If, prior to the Closing, any governmental agency, other entity or person commences or imminently threatens in writing to commence any eminent domain proceedings to take any material portion of the Property, Buyer shall have the unilateral right, exercisable by giving notice of such decision to Seller within ten (10) days after receiving written notice of such actual or threatened condemnation proceedings, to terminate this Agreement, and neither party shall have any further rights or obligations under this Agreement (other than the those obligations that expressly survive the termination of this Agreement). If Buyer does not elect to terminate pursuant to this Section 9.1, the net proceeds of condemnation awards payable to Seller by reason of such condemnation shall be paid or assigned to Buyer upon the Closing.

9.2 Casualty. If, prior to Closing, the Seller's improvements on the Property are destroyed or materially damaged, Buyer shall have the unilateral right, exercisable by giving notice of such decision to Seller within ten (10) days after receiving written notice of such destruction or damage, to terminate this Agreement, and neither party shall have any further rights or obligations under this Agreement (other than the those obligations that expressly survive the termination of this Agreement). If Buyer does not elect to terminate pursuant to this Section 9.2, the net insurance proceeds, if any, payable to Seller by reason of such destruction or damage shall be paid or assigned to Buyer upon Closing.

9.3 Risk of Loss. Notwithstanding any other provision in this Agreement contained, until Closing, Seller shall be solely responsible for all risk of casualty or other loss or damage to the Property.

ARTICLE X DEFAULT

10.1 Seller Default. If Seller defaults in Seller's obligation to close the transaction contemplated hereby, Buyer may elect, as its sole remedy, to either (i) terminate Buyer's obligations under this Agreement by written notice to Seller with a copy to Escrow Agent or (ii) close the transaction contemplated hereby, in which event Buyer may pursue a claim for specific performance of Seller's obligation to close the transaction contemplated hereby. If the remedy of specific performance is not available for any reason other than the acts or omissions of Buyer or a default under this Agreement by Buyer, then Buyer may pursue a claim for damages for Seller's default in Seller's obligation to close. The above notwithstanding, as to any obligation of Seller which is a surviving obligation, Buyer shall always have the right to enforce specific performance or pursue damages for those claims, independent of whatever remedy it has elected above for Seller's default in Seller's obligation to Close, however any such claim will be limited to its actual damages only and Buyer waives any rights to pursue a claim for consequential, exemplary or punitive damages or similar claims.

10.2 Buyer Default. IN THE EVENT BUYER DEFAULTS IN ITS OBLIGATION TO CLOSE THE PURCHASE OF THE PROPERTY, BUYER SHALL PAY SELLER THE SUM OF ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) AS LIQUIDATED DAMAGES, IT BEING UNDERSTOOD THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF SUCH DEFAULT ARE DIFFICULT, INCONVENIENT AND UNCERTAIN TO ASCERTAIN AND THAT, AFTER NEGOTIATION, SUCH AMOUNT REPRESENTS THE PARTIES' BEST ESTIMATE OF REASONABLE AND APPROPRIATE DAMAGES. SELLER SHALL HAVE NO OTHER REMEDY, AT LAW OR IN EQUITY, FOR ANY DEFAULT BY BUYER.

Seller: _____

Buyer: _____

The above notwithstanding, as to any obligation of Buyer which is a surviving obligation, Seller shall always have the right to enforce specific performance or pursue damages for those claims.

ARTICLE XI MISCELLANEOUS

11.1 Agreement Expenses. The parties agree to bear their respective expenses, incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

11.2 Successors and Assigns. Buyer may assign this Agreement to an entity which is owned or controlled, directly or indirectly, by Buyer, without the prior written consent of Seller. Buyer may not assign this Agreement to any other person or entity without the prior written consent of Seller. Buyer shall provide Seller with written evidence of any assignment, which shall include an express assumption of the obligations of Buyer by the assignee. Notwithstanding anything contained herein to the contrary, in connection with any assignment hereunder, the assignor shall continue to be fully liable for all of the obligations hereunder. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns.

11.3 Parties in Interest. Except as expressly provided in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right to subrogation or action over against any party to this Agreement.

11.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior or contemporaneous oral or written agreements, representations, statements, documents, or understandings of the parties.

11.5 Amendment. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the party to be bound.

11.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

11.7 Timeliness. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

11.8 Notices. Any notice or other communication required or permitted to be given under this Agreement ("Notices") shall be in writing and shall be (i) personally delivered;

(ii) delivered by a reputable overnight courier; or (iii) delivered by certified mail, return receipt requested and deposited in the U.S. Mail, postage prepaid. Telecopy notices shall be deemed valid only to the extent they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described above within three (3) business days thereafter. Notices shall be deemed received at the earlier of actual receipt or (i) one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (ii) three (3) business days following deposit in the U.S. Mail, as evidenced by a return receipt. Notices shall be directed to the parties at their respective addresses shown below, or such other address as either party may, from time to time, specify in writing to the other in the manner described above:

If to Seller: San Pedro Railroad Operating Company, LLC
796 East Country Club Drive
P.O. Box 1420
Benson, AZ 85602
ATTN: Scott Parkinson
Telephone: (520) 631-1447
Facsimile: (888) 761-8929

If to Buyer: UNION PACIFIC RAILROAD COMPANY
1400 Douglas Street, Stop 1690
Omaha, NE 68179-1690
ATTN: Greg Brigham, Manager - Acquisitions
Telephone: (402) 544-0794
Facsimile: (402) 501-0340

With copy to: UNION PACIFIC RAILROAD COMPANY
1416 Dodge Street, Room 830
Omaha, Nebraska 68179
ATTN: Gerard Sullivan
Telephone: (402) 271-4468
Facsimile: (402) 271-7107 or 271-5610

With a copy to: BRYAN CAVE LLP
2 North Central Avenue, Suite 220
Phoenix, Arizona 85004
ATTN: Andrew D. Gleason, Esq.
Telephone: (602) 364-7276
Facsimile: (602) 364-7070

If to Escrow Agent: First American Title Insurance Company
National Commercial Services
2425 E. Camelback Road, S-300
Phoenix, Arizona 85016
ATTN: Neil Moffett
Telephone: (602) 567-8118

Facsimile: (866) 524-2116

11.9 Governing Law and Venue. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Arizona, and any action or proceeding, including arbitration, brought by any party in which this Agreement is subject, shall be brought in Cochise County, Arizona.

11.10 Effect of Headings. The headings of the paragraphs of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

11.11 Invalidity. Any provision of this Agreement which is invalid, void, or illegal, shall not affect, impair, or invalidate any other provision of this Agreement, and such other provisions of this Agreement shall remain in full force and effect.

11.12 Counterparts; Facsimile Signatures. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures delivered by one party to the other by facsimile, portable document format (.pdf) via electronic mail, or other electronic means shall be deemed original signatures and enforced accordingly.

11.13 Further Assurances. Each party to this Agreement agrees to execute, acknowledge, and deliver such further instruments as may be necessary or desirable to accomplish the intent and purpose of this Agreement, provided that the party requesting such further action shall bear all costs and expenses related thereto.

11.14 Execution Date. This Agreement shall become effective only after a fully executed copy of this Agreement is deposited with the Escrow Agent and acknowledged by the Escrow Agent ("Execution Date"). Any reference in this Agreement to "the date hereof", "Execution Date", the "effective date of this Agreement", "the date of this Agreement" or any similar referral shall refer to the date that a fully executed copy of this Agreement is deposited with the Escrow Agent and acknowledged by the Escrow Agent as received.

11.15 Brokers. The negotiations relative to this Agreement have been carried on by both parties without the intervention of any person which would give rise to any valid claim against either of the parties for brokerage commission or other like payment. Each party shall indemnify and hold harmless the other party for, from and against any and all claims for brokerage commission or other like payment arising out of the sale and purchase of the Property and occasioned by the actions of the indemnifying party. This Section 11.15 shall survive and not be merged into the Closing.

11.16 Recitals and Exhibits. The recitals and contents of all Exhibits to this Agreement are incorporated by reference and constitute a material part of this Agreement.

11.17 Severability. Any provision of this Agreement that is determined by a court of competent jurisdiction to be invalid or unenforceable shall be invalid or unenforceable only to

the extent of such determination, which shall not invalidate or otherwise render ineffective any other provision of this Agreement.

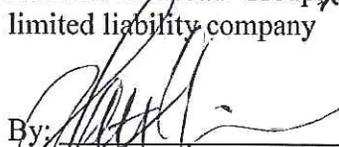
[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

SELLER:

SAN PEDRO RAILROAD COMPANY, LLC, an Arizona limited liability company

By: ~~Arizona Railroad Group, LLC~~, an Arizona limited liability company
AMERICAN RAILROAD GROUP TRANSPORTATION SERVICES

By: 
Print Name: SCOTT C. PARKINSON
Title: MANAGING MEMBER

BUYER:

UNION PACIFIC RAILROAD COMPANY, a Delaware corporation

By: 
Print Name: Chris D Goble
Title: General Director-Real Estate

ESCROW AGENT

Escrow Agent hereby (i) agrees to be bound by the provisions hereof applicable to Escrow Agent; (ii) agrees to perform its obligations as set forth herein; and (iii) declares that the Execution Date has occurred on the _____ day of _____, 2012.

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation

By: _____
Title: _____

EXHIBIT A

PRINT OF PROPERTY

[Attached – Following Page]

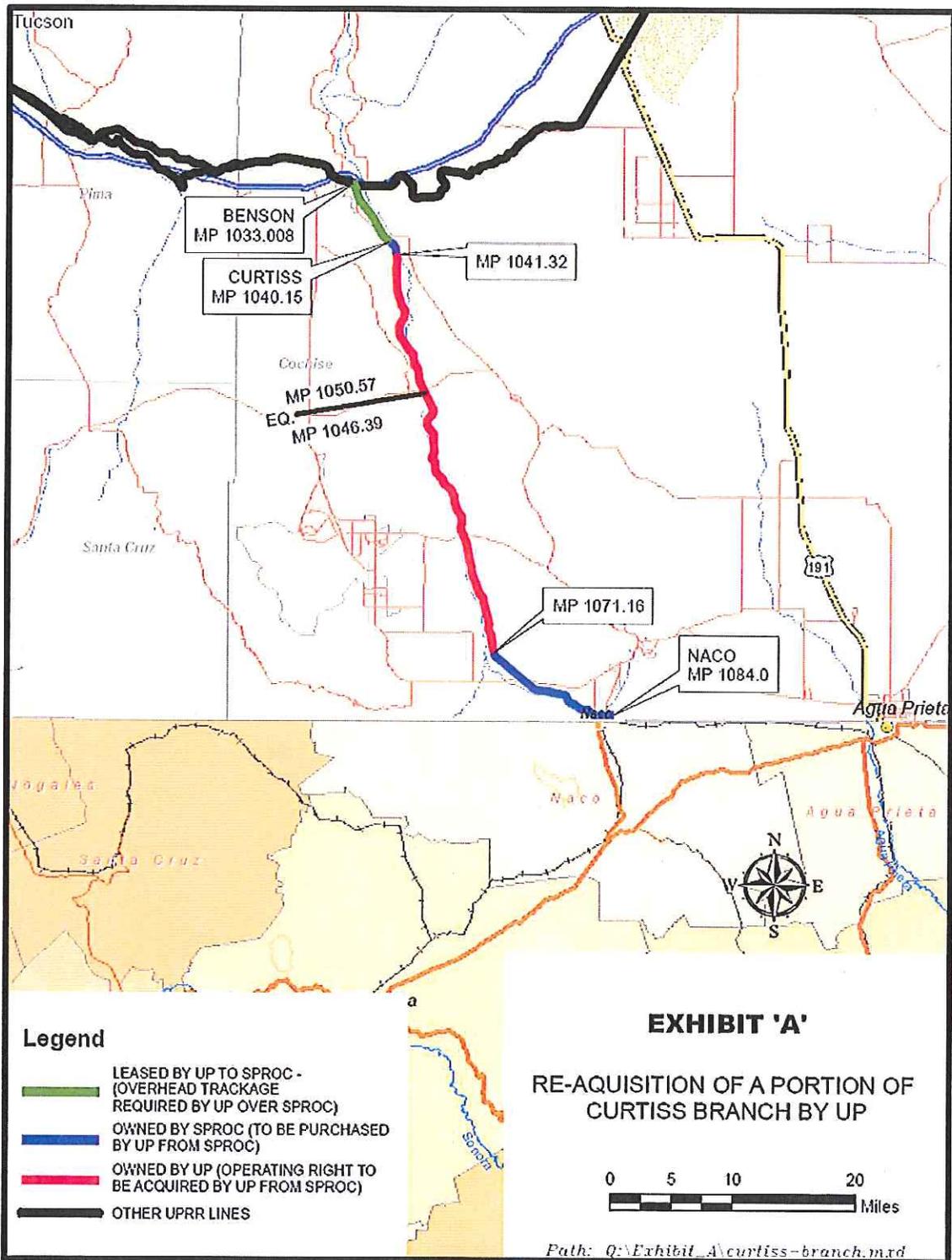


EXHIBIT A

EXHIBIT B

LEGAL DESCRIPTION

[ATTACHED]

Legal Description

Real property in the County of Cochise, State of Arizona, described as follows:

PARCEL NO. 1:

THAT CERTAIN 200 FOOT WIDE STRIP OF LAND SITUATED IN THE COUNTY OF COCHISE, STATE OF ARIZONA, BEING THAT PORTION OF THE CONGRESSIONAL GRANT OF MARCH 03, 1875, LYING EQUALLY 100 FEET ON EACH SIDE OF THE ORIGINAL LOCATED CENTERLINE OF THE EL PASO AND SOUTHWESTERN RAILROAD COMPANY (NOW SOUTHERN PACIFIC TRANSPORTATION COMPANY), SHOWN ON MAP FILED DECEMBER 05, 1904, AND APPROVED BY THE SECRETARY OF INTERIOR OF THE UNITED STATES OF AMERICA ON MARCH 10, 1905, SAID CENTERLINE IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT RAILROAD ENGINEER STATION 384+39.4 (MILEPOST NA-1040.15) ON SAID ORIGINAL LOCATED CENTERLINE;

THENCE SOUTHERLY, FOLLOWING THE CURVATURE AND COURSES OF SAID CENTERLINE, THROUGH THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8 AND THE WEST HALF OF THE WEST HALF OF SECTION 17, TOWNSHIP 18 SOUTH, RANGE 21 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, TO THE INTERSECTION OF SAID CENTERLINE WITH THE SOUTH LINE OF SAID SECTION 17 AT THE RAILROAD ENGINEER STATION 446+55 (MILE POST NA-1041.32).

THE SIDE LINES OF THE ABOVE DESCRIBED 200 FEET WIDE STRIP OF LAND, TERMINATE NORTHERLY IN A LINE DRAWN THROUGH SAID POINT OF BEGINNING, AND TERMINATE SOUTHERLY IN SAID SOUTH LINE OF SAID SECTION 17.

PARCEL NO. 2:

A STRIP OF LAND 200 FEET WIDE, BEING THAT PORTION OF THE CONGRESSIONAL GRANT OF MARCH 03, 1875, LYING EQUALLY 100 FEET ON EACH SIDE OF THE ORIGINAL LOCATED CENTERLINE OF THE EL PASO AND SOUTHWESTERN RAILROAD COMPANY, NOW SOUTHERN PACIFIC TRANSPORTATION COMPANY, SHOWN ON MAP FILED DECEMBER 05, 1904, APPROVED MARCH 10, 1905, BY THE SECRETARY OF INTERIOR OF THE UNITED STATES OF AMERICA, SAID CENTERLINE IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF SAID CENTERLINE AT ENGINEER'S STATION 555+52 (M.P. 1071.15) WITH THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 23 SOUTH, RANGE 22 EAST,

THENCE SOUTHEASTERLY, FOLLOWING THE CURVATURES AND COURSES OF SAID CENTERLINE, THROUGH THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 27, THE NORTHWEST AND THE SOUTHEAST QUARTERS OF SECTION 26, THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, THE NORTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTH-HALF OF THE SOUTHEAST QUARTER OF SECTION 36, ALL SITUATED IN TOWNSHIP 23 SOUTH, RANGE 22 EAST, THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 23 SOUTH, RANGE 23 EAST, THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 24 SOUTH, RANGE 23 EAST, AND THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 24 SOUTH, RANGE 23 EAST, OF THE GILA AND SALT RIVER AND MERIDIAN, COCHISE COUNTY, ARIZONA, TO A POINT AT ENGINEER'S STATION 314+38.

THE SIDE LINES OF THE ABOVE DESCRIBED 200-FOOT WIDE STRIP OF LAND TERMINATE IN SAID NORTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 27 AND IN THE EASTERLY LINE OF SAID SOUTHWEST QUARTER OF SAID SECTION 5.

PARCEL NO . 3:

A TRIANGULAR PIECE OF LAND, SITUATED IN THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 24 SOUTH, RANGE 23 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA, BEING THAT PORTION OF THE CONGRESSIONAL GRANT OF MARCH 03, 1875, SHOWN ON MAP FILED DECEMBER 05, 1904, AND APPROVED MARCH 10, 1905, BY THE SECRETARY OF INTERIOR OF THE UNITED STATES OF AMERICA, EXTENDING FROM THE WESTERLY LINE, SOUTHEASTERLY, TO THE SOUTHERLY LINE OF SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 4.

PARCEL NO. 4:

THOSE PORTIONS OF THE 200-FOOT WIDE STRIPS OF LAND OF THE CONGRESSIONAL GRANT OF MARCH 03, 1875, LYING EQUALLY 100 FEET ON EACH SIDE OF THE ORIGINAL LOCATED CENTERLINE OF THE EL PASO AND SOUTHWESTERN RAILROAD COMPANY, NOW SOUTHERN PACIFIC TRANSPORTATION COMPANY, SHOWN ON MAP FILED DECEMBER 05, 1904, AND APPROVED MARCH 10, 1905, BY THE SECRETARY OF INTERIOR OF THE UNITED STATES OF AMERICA, SITUATED THROUGH THE FOLLOWING SECTIONS, TOWNSHIPS AND RANGES:

(A) NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 24 SOUTH, RANGE 23 EAST, EXTENDING FROM THE WESTERLY LINE SOUTHEASTERLY, TO THE SOUTHERLY LINE OF SAID QUARTER SECTION.

(B) SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 10, TOWNSHIP 24 SOUTH, RANGE 23 EAST, EXTENDING FROM THE WESTERLY LINE SOUTHEASTERLY, TO THE SOUTHERLY LINE OF SAID QUARTER SECTION.

(C) THE NORTHEASTERLY 50 FEET AND THE SOUTHWESTERLY 50 FEET OF THAT PORTION OF AFORESAID 200-FOOT WIDE CONGRESSIONAL GRANT, SITUATED IN THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 11 AND IN THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 10, BOTH SITUATED IN TOWNSHIP 24 SOUTH, RANGE 23 EAST, EXTENDING FROM THE WESTERLY LINE SOUTHEASTERLY, TO THE SOUTHERLY LINE OF SAID QUARTER SECTION 11 AND FROM THE NORTHERLY LINE SOUTHEASTERLY, TO THE EASTERLY LINE OF SAID QUARTER SECTION 10.

(D) SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 24 SOUTH, RANGE 23 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA, EXTENDING FROM THE NORTHERLY LINE SOUTHEASTERLY AND EASTERLY, TO THE EASTERLY LINE OF SAID QUARTER SECTION.

(E) A STRIP OF LAND 100 FEET IN WIDTH AND BEING 50 FEET ON EACH SIDE OF THE CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, LOCATED AND WHICH SAID CENTER LINE COMMENCES AT A POINT 383.3 FEET NORTH OF THE SOUTHEAST CORNER OF THE SOUTH ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA,

AND THENCE RUNS WESTERLY, 5,335 FEET TO A POINT IN THE WEST LINE OF THE SOUTH ONE-HALF OF THE SOUTHEAST QUARTER OF SECTION 5, IN SAID TOWNSHIP AND RANGE, AND WHICH SAID LAST NAMED POINT IS DISTANT 1,015 FEET NORTH OF THE SOUTHWEST CORNER OF SAID SOUTH ONE-HALF OF THE SOUTHEAST QUARTER OF SAID SECTION FIVE AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 19 OF DEEDS, PAGES 493-495.

(F) A STRIP OF LAND 100 FEET IN WIDTH AND BEING 50 FEET ON EACH SIDE OF THE CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, AS THE SAME IS NOW LOCATED, AND WHICH CENTER LINE COMMENCES AT STATION 112+662 AT A POINT 924.5 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTH ONE-HALF OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA,

AND RUNS THENCE NORTHWESTERLY 1133.8 FEET TO STATION 124

THENCE IN THE SAME GENERAL DIRECTION, WITH A WIDTH OF 150 FEET, BEING 75 FEET UPON EACH SIDE OF SAID CENTER LINE TO STATION 130, A DISTANCE OF 600 FEET,

THENCE IN THE SAME GENERAL DIRECTION WITH A WIDTH OF 100 FEET, BEING 50 FEET UPON EACH SIDE OF SAID CENTER LINE TO STATION 149+20 A DISTANCE OF 1920 FEET, SAID STATION BEING AT A POINT IN THE WEST LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 11, IN SAID TOWNSHIP AND RANGE, AND DISTANT 608.2 FEET NORTH FROM THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION, AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 19 OF DEEDS, PAGES 493-495.

(G) A STRIP OF 100 FEET IN WIDTH, AND BEING 50 FEET ON EACH SIDE OF THE CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, AS THE SAME IS NOW LOCATED, AND WHICH SAID CENTER LINE COMMENCES AT A POINT 200 FEET SOUTH OF THE NORTHEAST CORNER OF SAID SECTION 9, TOWNSHIP 24 SOUTH, RANGE 23 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA,

AND RUNS THENCE WESTERLY 925.6 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 9, WHICH POINT IS DISTANT 904.5 FEET WEST FROM THE NORTHEAST CORNER OF SAID SECTION 9, AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 19 OF DEEDS, PAGE 496 AND 497.

(H) A STRIP OF LAND 100 FEET IN WIDTH, AND BEING 50 FEET ON EACH SIDE OF CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, AS THE SAME AS NOW LOCATED, AND WHICH SAID CENTER LINE COMMENCES AT A POINT 783.5 FEET SOUTH FROM THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA,

AND RUN THENCE WESTERLY 2,700.3 FEET TO A POINT ON THE WEST LINE OF SAID QUARTER SECTION, WHICH SAID POINT IS DISTANT 200 FEET SOUTH FROM THE NORTHWEST CORNER OF SAID SECTION AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 19 OF DEEDS, PAGES 500-502.

(I) A PARCEL OF LAND HAVING A STRIP OF LAND 100 FEET IN WIDTH, AND HAVING 50 FEET ON EACH SIDE OF THE CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, AND WHICH SAID CENTER LINE COMMENCES AT A POINT 500 FEET NORTH OF THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA,

AND RUNS THENCE WESTERLY 2,676.7 FEET TO A POINT 855.5 FEET NORTH OF THE SOUTHWEST CORNER OF SAID QUARTER SECTION, AS SAID CENTER LINE IS NOW LOCATED, AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 19 OF DEEDS, PAGE 498 AND 499.

(J) A PARCEL OF LAND BEING A STRIP OF LAND 150 FEET IN WIDTH AND BEING 75 FEET ON EACH SIDE OF THE CENTER LINE OF THE MAIN TRACK OF THE RAILROAD, AND WHICH SAID CENTER LINE COMMENCES AT A POINT IN THE EASTERLY LINE OF SECTION 13, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, DISTANT 1,050 FEET NORTH FROM THE SOUTHEAST CORNER OF SAID SECTION 13,

AND RUNS THENCE NORTHWESTERLY THROUGH, OVER AND ACROSS THE SOUTHEAST QUARTER AND THE NORTHEAST QUARTER OF SAID SECTION 13, TO A POINT IN THE WEST LINE OF SAID NORTHEAST QUARTER, DISTANT 500 FEET NORTH FROM THE CENTER OF SAID SECTION 13, AS SAID CENTER LINE IS NOW LOCATED, AS SET FORTH IN INSTRUMENT RECORDED AS BOOK 23 OF DEEDS, PAGE 16.

PARCEL NO. 5:

(DOUGLAS BRANCH)

BEING PORTIONS OF THAT CERTAIN 32.967 MILE PORTION OF THE DOUGLAS BRANCH BEGINNING AT MP.1075.716 (ES.314+38) IN THE WEST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 24 SOUTH, RANGE 23 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, COCHISE COUNTY, ARIZONA TO MILE POST 1084.0, AND MORE PARTICULARLY DESCRIBED IN THE FOLLOWING DEEDS:

- 1) BOOK 23 OF DEEDS, PAGE 16
- 2) BOOK 23 OF DEEDS, PAGE 438
- 3) BOOK 106 OF DEEDS, PAGE 191
- 4) BOOK 54 OF MISCELLANEOUS RECORDS, PAGE 267
- 5)BOOK 80 OF DEEDS, PAGES 340, 341 AND 342
- 6)BOOK 29 OF DEEDS, PAGE 95
- 7)BOOK 50 OF DEEDS, PAGE 416
- 8)BOOK 141 OF DEEDS, PAGE 169
- 9)BOOK 14 OF DEEDS, PAGE 334
- 10)BOOK 27 OF DEEDS, PAGE 635
- 11)BOOK 21 OF DEEDS, PAGE 114
- 12)BOOK 59 OF DEEDS, PAGE 58
- 13)BOOK 19 OF DEEDS, PAGE 212
- 14)BOOK 56 OF DEEDS, PAGE 56
- 15)BOOK 61 OF DEEDS, PAGE 14
- 16)BOOK 56 OF DEEDS, PAGES 33 AND 84
- 17)BOOK 25 OF DEEDS, PAGE 132
- 18)BOOK 48 OF DEEDS, PAGES 221 AND 226
- 19)BOOK 127 OF DEEDS, PAGE 49 AND
- 20)BOOK 52 OF MISCELLANEOUS RECORDS, PAGE 458

EXHIBIT C

**RECORDING REQUESTED BY
AND AFTER RECORDING
RETURN TO:**

Union Pacific Railroad Company
Attn: Assistant Vice President-
Real Estate
1400 Douglas Street
Mail Stop 1690
Omaha, Nebraska 68179

QUIT CLAIM DEED

For the consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration received, SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company Delaware corporation ("**Grantor**"), whose address is _____, does hereby quit claim to UNION PACIFIC RAILROAD COMPANY, a Delaware corporation, whose address is 1400 Douglas Street, Mail Stop 1690, Omaha, Nebraska 68179, Attn: Assistant Vice-President, Real Estate, the following described real property (the "**Property**") situated in Cochise County, Arizona:

SEE **EXHIBIT A** ATTACHED HERETO AND MADE A PART HEREOF.

IN WITNESS WHEREOF, the Grantor has caused this Quit Claim Deed to be executed as of this ___ day of _____, 2012.

GRANTOR:

**SAN PEDRO RAILROAD OPERATING
COMPANY, LLC**, an Arizona limited
liability company

By: Arizona Railroad Group, LLC, an
Arizona limited liability company

By: _____
Printed Name: _____
Its: _____

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by _____, the _____ of ARIZONA RAILROAD GROUP, LLC, an Arizona limited liability company, the Sole Manager of SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company, on behalf of said limited liability company.

Notary Public

My Commission Expires:

EXHIBIT C

2

EXHIBIT A TO DEED

[TO BE ATTACHED]

EXHIBIT C

3

EXHIBIT D

BILL OF SALE

SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company ("Seller"), for and in consideration of One Dollar (\$1.00) and other valuable consideration does hereby sell, transfer and deliver to UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Buyer"), its successors and assigns, all of Seller's right, title and interest in and to the following described personal property, to wit:

The improvements owned by Seller and fixed upon the real property located in Cochise County in the State of Arizona, as such real property is described in Exhibit A attached hereto and made a part hereof, including without limitation, all tracks, ties, leads, spurs, turnouts, tails, sidings, team tracks, signals, bridges, switches, grade crossing materials, warning devices and any and all other operating and nonoperating appurtenances.

IN WITNESS WHEREOF, Seller has duly executed this instrument as of the _____ day of _____, 2012. The effective date and delivery date of this Bill of Sale shall be deemed to be _____, 2012.

SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company

By: Arizona Railroad Group, LLC, an Arizona limited liability company

By: _____

Printed Name: _____

Its: _____

EXHIBIT A TO BILL OF SALE

[TO BE ATTACHED]

EXHIBIT D

2

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

FOR VALUE RECEIVED, SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company ("Assignor"), has ASSIGNED AND TRANSFERRED, and by these presents does ASSIGN AND TRANSFER unto the UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Assignee"), all of Assignor's right, title and interest in and to the tenant leases and licenses ("Leases and Licenses") now or hereafter affecting the real property (the "Property") described in **Attachment 1** attached hereto, which Leases and Licenses, and all amendments thereto, are described on **Attachment 2** attached hereto, together with all security deposits and other deposits held by Assignor under the terms of said Leases and Licenses.

TO HAVE AND TO HOLD the Leases and Licenses unto Assignee, its successors and assigns. This Assignment is made and accepted without recourse against Assignor as to the performance by any party under such Lease.

Assignee agrees to perform all of the obligations of Assignor pursuant to the Leases and Licenses accruing after the date hereof.

This Assignment and Assumption Agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Assignment and Assumption Agreement shall be construed in accordance with, and governed by, the laws of the State of Arizona, and any action or proceeding, including arbitration, brought by any party in which this Agreement is subject, shall be brought in any court having jurisdiction over Cochise County, Arizona.

All exhibits attached to this Agreement are incorporated herein for all purposes.

This Assignment and Assumption Agreement shall inure to and be binding upon the parties, their successors and assigns.

Dated the ____ day of _____, 2012.

ASSIGNOR:

SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company

By: Arizona Railroad Group, LLC, an Arizona limited liability company

By: _____

Printed Name: _____

Its: _____

ASSIGNEE:

UNION PACIFIC RAILROAD COMPANY, a Delaware corporation

By: _____

Print Name: _____

Title: _____

EXHIBIT E

ATTACHMENT 1 TO EXHIBIT E

**LEGAL DESCRIPTION OF PROPERTY
TO BE ATTACHED**

EXHIBIT E

3

ATTACHMENT 2 TO EXHIBIT E

LIST OF LEASES AND LICENSES TO BE ASSIGNED

Leases:

Licenses:

Easements:

[TO BE ATTACHED]

EXHIBIT E

4

EXHIBIT F

CERTIFICATION OF NON-FOREIGN STATUS

Under Section 1445(e) of the Internal Revenue Code, a corporation, partnership, trust, or estate must withhold tax with respect to certain transfers of property if a holder of an interest in the entity is a foreign person. To inform the transferee, UNION PACIFIC RAILROAD COMPANY, that no withholding is required with respect to the transfer of a U.S. real property interest by SAN PEDRO RAILROAD OPERATING COMPANY, LLC, the undersigned hereby certifies the following on behalf of SAN PEDRO RAILROAD OPERATING COMPANY, LLC:

1. SAN PEDRO RAILROAD OPERATING COMPANY, LLC is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. SAN PEDRO RAILROAD OPERATING COMPANY, LLC's employer identification number is _____; and
3. SAN PEDRO RAILROAD OPERATING COMPANY, LLC'S address is _____, and place of formation is Arizona.
4. SAN PEDRO RAILROAD OPERATING COMPANY, LLC is not a disregarded entity as defined in Treasury Regulation Section 1.1445-2(b)(2)(iii).

SAN PEDRO RAILROAD OPERATING COMPANY, LLC agrees to inform the transferee if it becomes a foreign person at any time during the three (3) year period immediately following the date of this notice.

SAN PEDRO RAILROAD OPERATING COMPANY, LLC understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of SAN PEDRO RAILROAD OPERATING COMPANY, LLC.

**SAN PEDRO RAILROAD OPERATING
COMPANY, LLC, an Arizona limited liability
company**

By: Arizona Railroad Group, LLC, an
Arizona limited liability company

By: _____
Printed Name: _____
Its: _____

EXHIBIT G

ASSIGNMENT AND ASSUMPTION OF OPERATING AND ABANDONMENT AUTHORITY AGREEMENT

FOR VALUE RECEIVED, SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company ("Assignor"), has ASSIGNED AND TRANSFERRED, and by these presents does ASSIGN AND TRANSFER unto the UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Assignee"), all of Assignor's right, title and interest in and to (i) Assignor's operating authority with respect to the real property described on **Schedule 1** attached (the "Property") granted by the United States Surface Transportation Board ("STB"), (ii) Assignor's abandonment authority with respect to the Property before the STB, and (iii) Seller's existing extension of time to consummate the pending abandonment pending before STB (collectively, the "Operating and Abandonment Rights").

TO HAVE AND TO HOLD the Operating and Abandonment Rights unto Assignee, its successors and assigns. This Assignment is made and accepted without recourse against Assignor as to the performance by any party under such Operating and Abandonment Rights.

Assignee agrees to perform all of the obligations of Assignor with respect to the Operating and Abandonment Rights accruing on the last to occur of (1) the date hereof, or (2) the date the STB consents to the assignments contemplated hereby.

This Assignment and Assumption of Operating and Abandonment Authority Agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Assignment and Assumption of Operating and Abandonment Authority Agreement shall be construed in accordance with, and governed by, the laws of the State of Arizona, and any action or proceeding, including arbitration, brought by any party in which this Agreement is subject, shall be brought in and court having jurisdiction over Cochise County, Arizona. Assignor and Assignee acknowledge and agree that the consummation of the assignment set forth herein is conditioned upon approval by the STB.

All schedules attached to this Assignment and Assumption of Operating and Abandonment Authority Agreement are incorporated herein for all purposes.

This Assignment and Assumption of Operating and Abandonment Authority Agreement shall inure to and be binding upon the parties, their successors and assigns.

Dated the _____ day of _____, 2012.

ASSIGNOR:

**SAN PEDRO RAILROAD OPERATING
COMPANY, LLC**, an Arizona limited liability
company

By: Arizona Railroad Group, LLC, an
Arizona limited liability company

By: _____

Printed Name: _____

Its: _____

ASSIGNEE:

UNION PACIFIC RAILROAD COMPANY, a
Delaware corporation

By: _____

Print Name: _____

Title: _____

EXHIBIT G

SCHEDULE 1 TO EXHIBIT G

**LEGAL DESCRIPTION OF PROPERTY
TO BE ATTACHED**

EXHIBIT G

3

EXHIBIT H

PARTIAL ASSIGNMENT AND ASSUMPTION OF INTERIM TRAIL USE AGREEMENT

FOR VALUE RECEIVED, SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company ("Assignor"), has ASSIGNED AND TRANSFERRED, and by these presents does ASSIGN AND TRANSFER unto the UNION PACIFIC RAILROAD COMPANY, a Delaware corporation ("Assignee"), all of Assignor's right, title and interest in and to that certain Amended and Restated Interim Trail Use Agreement dated as of August 26, 1996 between Assignor and SWKR Operating Co., Inc., an Arizona corporation ("Trail Use Agreement"), with respect only to the real property (the "Property") described on Schedule 1 attached hereto (the "Trail Rights").

TO HAVE AND TO HOLD the Trail Rights unto Assignee, its successors and assigns. This Partial Assignment is made and accepted without recourse against Assignor as to the performance by any party under such Trail Rights. Assignor and Assignee acknowledge and agree that Assignor shall retain all rights under the Trail Use Agreement with respect to any real property described in the Trail Use Agreement other than the Property.

Assignee agrees to perform all of the obligations of Assignor with respect to the Trail Rights accruing on the last to occur of (1) the date hereof, or (2) the date the STB consents to the assignment contemplated hereby.

This Partial Assignment and Assumption of Interim Trail Use Agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Partial Assignment and Assumption of Interim Trail Use Agreement shall be construed in accordance with, and governed by, the laws of the State of Arizona, and any action or proceeding, including arbitration, brought by any party in which this Agreement is subject, shall be brought in any court having jurisdiction over Cochise County, Arizona. Assignor and Assignee acknowledge and agree that the consummation of the assignment set forth herein is conditioned upon approval by the STB.

All schedules attached to this Partial Assignment and Assumption of Interim Trail Use Agreement are incorporated herein for all purposes.

This Partial Assignment and Assumption of Interim Trail Use Agreement shall inure to and be binding upon the parties, their successors and assigns.

Dated the _____ day of _____, 2012.

ASSIGNOR:

SAN PEDRO RAILROAD OPERATING COMPANY, LLC, an Arizona limited liability company

By: Arizona Railroad Group, LLC, an Arizona limited liability company

By: _____

Printed Name: _____

Its: _____

ASSIGNEE:

UNION PACIFIC RAILROAD COMPANY, a Delaware corporation

By: _____

Print Name: _____

Title: _____

SCHEDULE 1 TO EXHIBIT H

**LEGAL DESCRIPTION OF PROPERTY
TO BE ATTACHED**

EXHIBIT H

3

SCHEDULE 5.3

PENDING LITIGATION

The only current litigation involving this property is *Jack Ladd, Jobeth Ladd, John Ladd, Marie Ladd, Gail A. Lanham, James A. Lindsey, Michael A. Lindsey, William Lindsey, Charlie Miller, Pauline Miller, and Raymond Miller v. United States*, 07-271L, filed in the United States Court of Federal Claims. After the trial court ruled in favor of the Defendant United States, Plaintiffs Ladd, et al, filed an appeal with the United States Court of Appeals for the Federal Circuit which reversed and remanded that ruling back to the trial court for a determination of the compensation owed Plaintiffs by the United States for the taking of their property.