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October 20, 2011

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D. C. 20423

Dear Ms. Brown:

This refers to Docket No. AB 1087X, Grenada Railway LLC--Petition for Abandonment Exemption--in Grenada, Montgomery, Carroll, Holmes, Yazoo and Madison Counties, Miss., and to the notice of intent to file an offer of financial assistance, filed October 19, 2011, by Iowa Pacific Holdings, LLP and Permian Basin Railways.

Attached is a copy of the letter this day mailed, via prepaid first-class mail, to John D. Heffner, Esq., attorney for Permian Basin Railways, regarding the request for information, pursuant to 49 C.F.R. §1152.27(a).

Sincerely yours,


Fritz R. Kahn

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October 20, 2011

John D. Heffner, Esq.
Strasburger
1700 K St., NW (Ste. 640)
Washington, DC 20006

Dear Mr. Heffner:

On behalf of Grenada Railway LLC ("GRYR"), I am pleased to respond to your request of the data called for by 49 C.F.R. §1152.27(a) included in Permian Basin Railway's notice of intent to file an offer of financial assistance, filed October 19, 2011, in the Surface Transportation Board's Docket No. AB 1087X.

1. The minimum price which GRYR will accept for the railroad line proposed to be abandoned is \$21,048,840.

2. The Environmental and Historic Report appended to the GRYR's Petition for Abandonment Exemption includes four photographs of the 112-foot bridge at Milepost 656.4 built in 1914 which is literally falling apart. It led to the imposition of an embargo, effective July 28, 2011. An independent consulting firm, Landreth Engineering of Albuquerque, NM, estimates the cost of replacing the bridge to be \$748,000. Attached to the opposition statement of Representative Sidney Bondurant, filed October 6, 2011, is a proprietary document of GRYR showing the 24 locations where trains cannot be operated at speeds exceeding 10 miles per hour and other defects in the railroad line have been noted. Landreth Engineering estimates that the cost of a five-year program to bring the entire railroad line to FRA Class 1 standards to be \$26,248,010. A copy of the report of Landreth Engineering was appended to GRYR's Petition for Abandonment Exemption.

3. The railroad line proposed for abandonment handled 289 carloads of inbound and outbound freight in 2010 and 92 carloads in the first six months of 2011. The avoidable operating loss for the line was \$100,927 in 2010 and \$94,674 the first six months of 2011. The net liquidation value of the line is \$21,048,840, which is the sum of the \$17,755,000 which Nevada Railroad Materials, Inc., of South Ogden, UT, agreed to pay for the track, ties and other track materials, including the costs associated with their

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removal, as evidenced by the letter from its President, Mr. Bob Ollendick, dated September 1, 2011, and the \$3,293,840 which George J. Ross III, CCIM valued the real estate in his Appraisal of June 30, 2011. GRYR's financial statements, the offer of Nevada Railroad Materials, Inc. and Mr. Ross' appraisal were appended to GRYR's Petition for Abandonment Exemption.

If you have any question concerning the foregoing, please let me know, and I shall endeavor to respond promptly.

Sincerely yours,


Fritz R. Kahn