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March 25, 2011

Chairman Daniel R. Elliott III
Surface Transportation Board
395 E Street, S. W.
Suite 1220
Washington, DC 20423-0001

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RE: Ex Parte No. 705

Dear Chairman Elliott:

I am writing concerning the STB proceeding in Ex Parte No. 705, the purpose of which is to review competition in the railroad industry. My company, Xcoal Energy & Resources, was the largest exporter of U.S.A. origin coal in 2010. We plan to export in excess of ELEVEN (11) million tons in 2011. Xcoal's coal exports, and the existence of our company, depend on railroads to as they haul large quantities of coal from the various coal mining operations to the export terminals located on the East Coast of the U.S.A Norfolk Southern is our largest transportation carrier.

Since the passage of the Staggers Act in 1980, the railroads have evolved from being an industry in serious decline to an industry that is competing in the freight transportation world. One of the main reasons for this success is the foresight shown by Congress, the Interstate Commerce Commission before 1996, and the STB after that time in providing the appropriate regulatory structure that promotes, enhances and grows the railroad industry. I applaud our government for nurturing the rebirth of our railroad industry.

I understand that some customers, and non-industry groups, believe that changing the regulatory structure will benefit their own specific interests. However, such a shift actually could harm many more shippers in the long run.

We are very concerned that allowing customers to segment routes or forcing railroads to provide access to one another will have adverse consequences on our shipments. The difficulties of operating in the Eastern coal fields and the capacity limitations would make it extremely difficult, if not impossible, for railroads to coordinate operations. We are afraid that less coal would be shipped from the mining operations, which would adversely impact coal production and the growing export coal market.



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Further, we are concerned that railroads would have to spend an excess amount of their limited capital resources trying to build additional infrastructure to make these operations work rather than spending that money to expand capacity of track, buy new cars and new locomotives and hire and train additional workers which benefit all customers.

The effect of such regulatory changes would be reduced employment in the coal mining regions of the U.S.A, reduction in coal exports, increased U.S.A trade deficit, and detrimental consequences to the ongoing operations of Xcoal.

I appreciate your consideration of my views, and I hope the Board will work to ensure a healthy freight rail network that continues to provide a true public benefit to our nation.

Sincerely,

A handwritten signature in cursive script that reads 'Ernie L. Thrasher'.

Ernie L. Thrasher