

June2, 2015

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

238524
ENTERED
Office of Proceedings
June 2, 2015
Part of Public Record

RE: Proposed Discontinuance of the Curtiss Branch Line from Milepost 1040.15 at Curtiss to Milepost 1084.0 at Naco a total distance of 48.03 miles in Chochise County, Arizona; STB Docket Nos. AB-33 (Sub No. 308X)

ACKNOWLEDGEMENT OF RECEIPT OF LETTER DATED MAY 7, 2015 FROM SONORA-ARIZONA INTERNATIONAL, LLC SEEKING STB AND UNION PACIFIC CONSIDERATION OF A PROJECT THAT WOULD INCLUDE IN PART THE LEASE OR ACQUISITION OF UNION PACIFIC'S CURTISS BRANCH LINE (THE "CURTISS BRANCH LINE" OR THE "LINE")

Dear Ms. Brown:

On May 14, 2015 the Union Pacific Railroad Company ("Union Pacific") received the attached letter dated May 7, 2015 from Sonora-Arizona International, LLC. A copy of the letter is attached hereto as Exhibit A and is hereby made a part hereof. The letter requests in part, "... that the Surface Transportation Board and the Union Pacific seriously consider our project in deciding the fate of the Curtiss Branch Line at Naco, Arizona and that we be allowed to lease or purchase the Line so it may be reactivated."

Union Pacific Reply

In order to preserve the corridor for potential future common carrier by railroad operations in light of the withdrawal of the OFA by Sonora on July 12, 2006 and the failure of SPROC to reach a trail use agreement with the Trust for Public Land on or after January 22, 2007, SPROC sought and received annual extensions from the Board to extend SPROC's abandonment authority consummation date to September 24, 2012 while SPROC reviewed the options for disposition of all or portions of the Line including, but not limited to, trail use, consummation of abandonment or acquisition of the Line by Union Pacific. Union Pacific filed

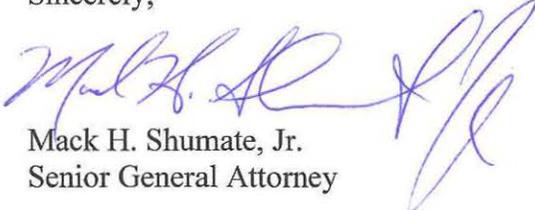


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the Notice of Exemption for authority to acquire and operate the Line on August 23, 2012 and September 4, 2012 in FD No. 35666 and by Board Decision with a Service date of September 7, 2012 Union Pacific became the owner and common carrier by railroad over the Line.

While Sonora Arizona International LLC did express its desire to purchase or lease the Line during a telephone conference with representatives of Union Pacific on October 20, 2014, at no time did the Union Pacific ever receive any written offer from any person including, but not limited to, Sonora Arizona International LLC, to purchase all or any portion of the Line for any stated price. The filings at the Board show that Sonora withdrew its Board approved OFA to purchase the Line including all track structures thereon on July 12, 2006. Since that time, Union Pacific at substantial cost took the steps necessary to preserve the Line as part of its railroad system, first with the filing in FD No. 35666 and then again when it filed the subject Notice of Exemption for Discontinuance in AB-33 (Sub No. 308X). The Notice of Exemption for Discontinuance preserves the Line for future reactivation by Union Pacific if and when the economic and common carrier need arises.

Sincerely,



Mack H. Shumate, Jr.
Senior General Attorney

MHS/ev

2015_06_02_Brown-Ltr-Acknowledgment



RECEIVED

May 7, 2015

MAY 14 2015

Chief, Section of Administration
Office of Proceedings, Surface Transportation Board
Washington, DC 20423-0001

LAW DEPARTMENT
UNION PACIFIC RR CO.

References:

- a. Notice of Intent to Discontinue Service, (Enclosure)
- b. Docket No. AB-33 (Sub-No. 308X)

Dear Sir or Madam:

The purpose of this letter is to inform your office that our company, Sonora-Arizona International, LLC, is currently working on a Project (Guaymas to Benson Rail Corridor) to create a new rail corridor between Guaymas, Sonora, Mexico and Benson, AZ to complement and facilitate the Port Expansion Project currently underway at the Port of Guaymas in Guaymas, Sonora, Mexico.

The Project's objective is two-fold:

- It is designed to relieve Asia-destined inbound and outbound containerized cargo vessel congestion at the Ports of Long Beach/Los Angeles; and
- Relieve railroad congestion at the Mariposa Land Port of Entry (LPOE) in Nogales, AZ by offering an expedited rail corridor between Guaymas and Benson; connecting to the Union Pacific main rail line at Benson.

Our Project includes competing for and winning the Containerized Port Concession at the Port of Guaymas; renovating old docks and constructing new ones there to accommodate containerized cargo vessels from 5,000 TEU to 18,000 TEU capacity; and also purchasing or leasing from Union Pacific the Curtiss Branch Line extending from Milepost 1040.15 to Milepost 1084.0 at Naco, AZ for the purpose of installing new track and reactivating this rail line.

We have a signed Engagement Letter with a New York investment banking firm to secure sufficient funding to execute the two extensive infrastructure projects at the Port of Guaymas and Naco LPOE which includes in Naco: 1) relocating the old rail line crossing and installing a new gate complete with all required security equipment and systems; 2) connecting the track between Mexico and the United States; and 3) re-laying the track from Naco, AZ to St David/Benson. We currently have seven investors reviewing the Project with one investor in the due diligence phase.

We have strong support for our Project from the Governors of Sonora and Arizona plus the Mayors of cities in both Sonora and Arizona. We also have the support of Federal and State Legislators in both states and countries as they see this new Corridor as a way to better facilitate and enhance the trade that exists between Asia, Mexico, the United States and Canada. We are also in the process of briefing the staff of the two Arizona Senators – John McCain and Jeff Flake, who have indicated their strong support for our Project.

In view of the foregoing, we strongly request the Surface Transportation Board and Union Pacific seriously consider our Project in deciding the fate of the Curtiss Branch Line to Naco, AZ and that we be allowed to lease or purchase the rail line so it may be reactivated. When this occurs, we can subsequently activate the Guaymas to Benson Rail Corridor so we may begin servicing Asia-destined inbound and outbound cargo in an expedited manner.



I may be reached at dcvandassociates@cox.net or telephone 520-417-5658 for any questions.

Very respectfully,

Daniel C. Valle, AInstIB
CEO
Sonora-Arizona International, LLC

Enclosure

✓ Cc:

Mr. Mack Shumate, Jr.
Union Pacific Senior General Attorney
101 North Wacker Drive, #1920
Chicago, IL 60606

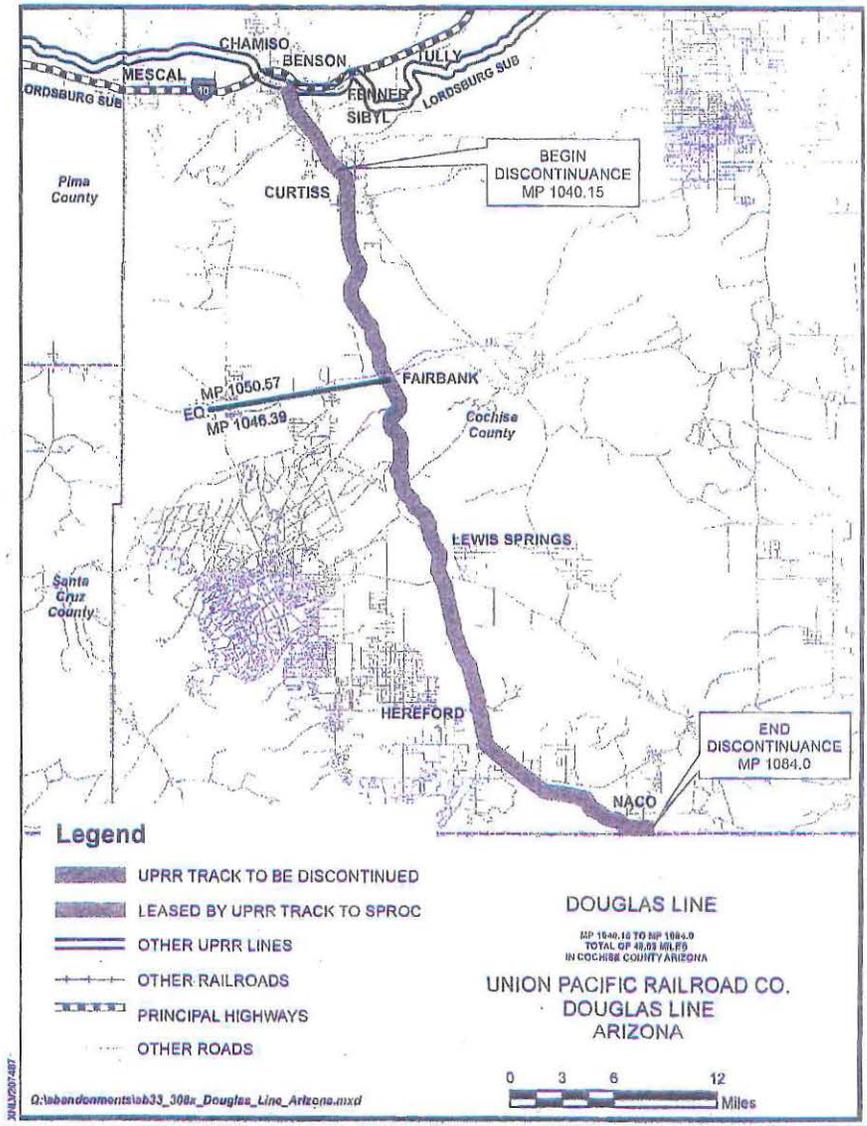
NOTICE OF INTENT TO DISCONTINUE SERVICE

ENCLOSURE

UNION PACIFIC RAILROAD COMPANY ("UP") gives notice that on or after April 11, 2015, it intends to file with the Surface Transportation Board, Washington, D.C. 20423, a Notice of Exemption under 49 C.F.R. Part 1152, Subpart F -- Exempt Abandonments and Discontinuances, for an exempt discontinuance of service on that portion of the Curtiss Branch Line extending from Milepost 1040.15 to Milepost 1084.0 at Naco, a total distance of 48.03 miles located in the County of Cochise, Arizona (the "Line"). The traverses U.S. Postal Service Zip Codes 85602, 85630, 85638, 85616, 85635, 85615, 85603 and 85620. The proceeding has been docketed as No. AB-33 (Sub-No. 308X).

The Board's Section of Environmental Analysis ("SEA") will generally prepare an Environmental Assessment ("EA"), which will normally be available twenty-five (25) days after the filing of the Notice of Exemption. Comments on environmental and energy matters should be filed no later than 15 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to the Section of Environmental Analysis (SEA), Surface Transportation Board, Washington, DC 20423 or by calling that office at (202) 245-0295. The Notice of Exemption will provide that the proceeding is exempt from environmental reporting requirements under 49 CFR 1105.6(c) and from historic reporting requirements under 49 CFR 1105.8(b).

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the Board. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the Board's Office of the Secretary, 395 E Street, SW, Washington, DC 20423 [See 49 CFR 11 04.1(a) and 11 04.3(a.)], and one copy must be served on the applicant's representative. [See 49 CFR 11 04.12(a.)] Questions regarding offers of financial assistance, public use or trails use may be directed to the Board's Office of Public Assistance, Governmental Affairs, and Compliance at (866) 254-1792. Copies of any comments or requests for conditions should be served on UP's: Mack Shumate, Jr., Senior General Attorney, 101 North Wacker Drive, #1920, Chicago, Illinois 60606 (312) 777-2055.



PUBLISH: April 11, 2015

UNION PACIFIC RAILROAD COMPANY