



United States Department of the Interior

216063



BUREAU OF LAND MANAGEMENT

Tucson Field Office
12661 East Broadway
Tucson, AZ 85748
www.az.blm.gov

In Reply Refer To:
6200

March 22, 2006

Honorable Vernon A. Williams
Surface Transportation Board
1925 K. Street, NW
Washington, DC 20423



Dear Secretary Williams,

This letter provides comment regarding on-going proceedings about the proposed abandonment of the San Pedro Railroad Operating Company, LLC, in Cochise County, Arizona, STB Docket No. AB-1081X, and the potential approval of an Offer of Financial Assistance made by an LLC known as Sonora-Arizona International.

The Bureau of Land Management (BLM) constitutes the majority landowner adjacent to the railroad in question. Over forty-five miles of the rail corridor passes through the San Pedro Riparian National Conservation Area (SPRNCA). This National Conservation Area was designated by act of Congress, and signed into law by President Reagan in 1988, to protect the riparian area and the unique aquatic, wildlife, archeological, paleontological, scientific, cultural, educational and recreational resources of this public land surrounding the San Pedro River in Cochise County, Arizona.

The SPRNCA possesses internationally significant resource values, for which the Bureau of Land Management has invested millions of dollars over the years to preserve, protect and enhance. A small list of the outstanding opportunities for scientific research, and public education, interpretation and visitation, include:

- 84 species of mammals have been documented in the Upper San Pedro Basin. This is only second in the world for mammal species diversity.
- 400 species of birds utilize the SPRNCA. Internationally recognized as one of the worlds most important migratory bird corridors and breeding areas, the SPRNCA is designated as "One of the Important Bird Areas of the United States" by the American Bird Conservancy. 100 of the 400 species of birds are resident species. The remaining species are migratory birds. Several of which are listed under the Threatened and Endangered Species Act.
- 41 species of amphibian and reptiles have been recorded in the SPRNCA.
- 2 of the historically known 13 native fish species (longfin dace and desert sucker) inhabit the SPRNCA.
- 21 different plant associations (Brown, Lowe and Pase classification) are found in the SPRNCA. Including a Fremont cottonwood and Goodding willow gallery, lush riparian under-story, mixed and sacaton grasslands, mesquite bosques, and rare cienega marshes.
- The San Pedro River is one of the only remaining un-dammed rivers in the United States. The river runs 140 miles south to north from Sonora Mexico

STB-1081X
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to the Gila River. The SPRNCA contains approximately 45 miles of the river and has been designated as "One of the last great places in the world" by The Nature Conservancy.

- Two mammoth sites associated with Clovis Hunters dating back over 11,200 years ago are found in the SPRNCA. These world-class sites document some of the earliest known human occupancy in North America.
- Hundreds of recorded Native American prehistoric sites from 8,000 BP to 1 AD; and Mogollon, Hohokam, and Salado occupation sites from AD 1 to 1450; Sobaipuri occupation sites from 1450 to 1769, and Apache sites from 1600 to 1886.
- Spanish occupation sites from 1539 to 1820 such as the Spanish Presidio of Santa Cruz de Terrenate (1775 to 1780). Terrenate is the only federally managed Presidio that is in a natural setting.
- Mexican and American ranching occupation from 1821 to 1986 utilizing two large Spanish Land Grants. Significant sites such as the Boquillas Ranch Headquarters, the San Pedro House, and the Clanton Ranch have significant scientific and interpretative values.
- Processing of gold and silver ore sites from 1878 and 1890. Nine mills operated adjacent to the San Pedro River to support mining activities in such places as Tombstone, Arizona. These mills were all supplied and serviced by a rich legacy of railroad operations.

As documented in the Final - San Pedro Riparian Management Plan and Environmental Impact Statement, June 1989, the Bureau of Land Management has long indicated its desire to acquire or railbank the railroad corridor running through the SPRNCA, should the line be abandoned. Naturally, the BLM strongly supports recent filings of the San Pedro Operating Company, LLC (SPROC), to abandon the corridor, and the Trust for Public Land's filing of a Public Use Condition to review and negotiate the possible conversion of the San Pedro railroad from a rail corridor to a multiple-use, non-motorized public trail. SPROC's own abandonment documentation cites the lack of economic viability of the railroad, indeed the previous three owner-operator's came to the same conclusion as documented in SPROC's abandonment filing and environmental review.

The company went so far as to suggest the best and highest use of this old railroad line would be the conversion of the rail to a trail. In addition to this endorsement, on January 18th, 2006, the Cochise County Board of Supervisors submitted to the Bureau of Land Management, Resolution No. 06-09, requesting the Surface Transportation Board approve the abandonment requested by SPROC, in favor of Interim Trail Use and Railbanking, with potential development of a significant recreational resource. Of course, railbanking and trail development would not preclude future responsible railroad development.

While the Bureau of Land Management makes clear our desire to convert the San Pedro rail corridor to a 'Rail-Trail,' the BLM is well aware of, and supports the mission of the Surface Transportation Board, however, the subsequent Offer of Financial Assistance (OFA), and the proposed acquisition of the San Pedro railroad by Sonora-Arizona International, LLC, led by Mr. Charles M. Sotelo, several named venture capitalists, and several un-named individuals and financial sources, none of whom appear to be highly experienced railroad operators, represents a disturbing proposition at best.

In the OFA, we read that Sonora-Arizona International, has agreements with undefined Mexican business interests to transport rail freight north, across the International Border through the Naco Port of Entry, and on to Tucson, Arizona. In order to justify Sonora-Arizona International's proposed purchase and development of the railroad, in interviews with local media, Mr. Sotelo has stated that significant numbers of tanker trucks containing sulphuric acid and other by-products and waste associated with Mexican copper mining are currently crossing the International Border and are traveling through local communities in Cochise County, putting these communities at great risk due to the possibility of collisions, and spills of these hazardous materials. However, documentation obtained by the BLM from the U.S. Customs Service, indicates over the last year there have been no such traffic through local Ports of Entry. United States Customs agents indicate that all such traffic is currently manifest through the Nogales, Arizona, Port of Entry.

As a result of the information from Sonora-Arizona International regarding their intention to develop the Naco, Arizona, Port of Entry, and the San Pedro railroad for the expressed purpose of transporting extremely hazardous materials for 45 miles along, and through the San Pedro Riparian National Conservation Area and the adjacent watershed, which serves many local landowners and communities, the Bureau of Land Management strongly supports the immediate denial of the OFA of Sonora-Arizona International.

Further, due to the international impacts of this proposal, the Surface Transportation Board should not be bound to decide in favor of Sonora-Arizona International, LLC, without placing the details of the OFA and their plan of operations under significant scrutiny. Prior detailed environmental review of their proposals should be conducted, participation of the Department of Homeland Security and the U.S. State Department should be engaged, and further input from affected individuals, entities and agencies should be sought as a prerequisite to, and condition of, awarding the acquisition of the San Pedro railroad to Sonora-Arizona International.

Thank you for this opportunity to comment on this issue.

Sincerely, and respectfully submitted,



For/ William Childress
Manager
San Pedro Riparian National Conservation Area

Enclosures

Cochise County, Board of Supervisors, Resolution No. 06-09
U.S. Customs Service, Naco, Arizona, Importations through the Port of Naco, AZ, CY2005

Certificate of Service

I hereby certify that I have this 22nd day of March 2006, caused to be served a copy of the U.S. Department of Interior – Bureau of Land Management's letter regarding the proposed abandonment of the San Pedro Railroad Operating Company, LLC, in Cochise County, Arizona, STB Docket No. AB-1081X, and the potential approval of an Offer of Financial Assistance made by an LLC known as Sonora-Arizona International, to be served by first class mail for those counsel upon the following:

John D. Heffner
1920 N. Street, N.W.
Suite 800
Washington, D.C. 20036
Attorney for San Pedro Railroad Operating Company, LLC

Rusty A. Brewer
Baker Botts LLP
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Attorney for Chemical Lime

Tily Shue
The Trust for Public Land
116 New Montgomery Street, 3rd Floor
San Francisco, CA 94105

Charles A. Spitulnik
McLeod, Watkinson & Miller
One Massachusetts Avenue, N.W.
Washington, D.C. 20031-1401
Attorney for Sonora-Arizona International, LLC



James M. Mahoney for/ William Childress

Board of Supervisors

Patrick G. Call
Chairman
District 1

Paul Newman
Vice-Chairman
District 2

Richard R. Searls
District 3



Jody N. Klein
County Administrator

Nadine Parkhurst
Clerk

January 18, 2006

Mr. Jim Mahoney
Mr. Bill Childress *AK*
Bureau of Land Management
San Pedro Riparian National Conservation Area
1763 Paseo San Luis
Sierra Vista, AZ 85635

Dear Sirs:

Please find enclosed a copy of Resolution No. 06-09 concerning the abandonment of the San Pedro Railroad Operating Company Rail Line in Cochise County, approved and adopted by the Board of Supervisors on the 17th day of January, 2006.

Sincerely,

Cindy Doane, Secretary
Cochise County Board of Supervisors

Enclosure (1)

Bureau of Land Management
San Pedro Riparian Area

2006 JAN 19 PM 12:28

RECEIVED

Board of Supervisors

Patrick G. Call
Chairman
District 1

Paul Newman
Vice-Chairman
District 2

Richard R. Searle
District 3



Jody N. Klein
County Administrator

Nadine Parkhurst
Clerk

RESOLUTION NO. 06-09

A Resolution of the Cochise County Board of Supervisors Requesting that the Federal Surface Transportation Board Abandon the San Pedro Railroad Operating Company Rail Line in Cochise County for Interim Use and Rail Banking

WHEREAS the San Pedro Railroad Operating Company, LLC (SPROC) has re-submitted a request to the federal Surface Transportation Board (STB) to discontinue service over, and abandon, four segments of its rail line in Cochise County, running approximately 71.95 miles between Curtiss and Paul Spur;

WHEREAS SPROC has made significant attempts over the past few years to develop said rail line but said efforts were unsuccessful, particularly those with respect to establishing commerce from across the international border;

WHEREAS the Board of Supervisors (Board) recognizes the potential for commerce that such a rail line has for Cochise County but understands the current economic reality;

WHEREAS the Board recognizes that there is a potential for the rail line to be abandoned for interim trail use and rail banking through a Rails-to-Trails program;

WHEREAS the Bureau of Land Management (BLM), which is the manager of the San Pedro Resource Conservation Area (SPRNCA), through which a significant portion of rail line traverses, is interested in pursuing a rails-to-trails program;

WHEREAS rail banking of said rail line has the advantage of preserving the right-of-way for the rail line for future rail use should economic conditions ultimately change, while complete abandonment will likely result in the underlying right of way being sold off to potential buyers;

WHEREAS the BLM intends to submit a request to the STB to grant the abandonment but reserve the rail line for a 180-day period to allow the BLM and other interested potential users to fully and completely evaluate the potential for all or a portion of said rail line to be converted to and developed for interim trail use;

WHEREAS the Board also believes that the 180-day period is desirable to evaluate the feasibility of developing interim trail uses in portions of the rail line right of way and also evaluating which properties may not be desirable for such conversion;

WHEREAS the Board wishes to express its support for the BLM to petition for potential abandonment for interim trail use and rail banking and more specifically the 180-day evaluation period;

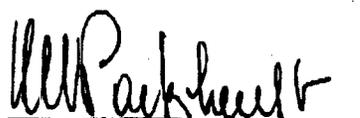
WHEREAS the Board understands that the STB will likely permit SPROC to remove the rails, ties and switches during the period of evaluation, but that the right of way will remain until a final determination is made on interim trail use and rail banking.

NOW BE IT THEREFORE RESOLVED that the Cochise County Board of Supervisors hereby expresses its support for the Bureau of Land Management to submit a petition or request to the Federal Surface Transportation Board to consider the abandonment of the San Pedro Operating Company LLC rail line in Cochise County for interim trail use and rail banking and specifically to grant the BLM and others, including Cochise County, the necessary 180-day evaluation period in order to make a final decision on the feasibility and desirability of establishing such a trail system on all or a portion of said rail right of way.

APPROVED AND ADOPTED this 17 day of January 2006.


Patrick Call, Chairman

Attest:


Nadine Parkhurst, Clerk

**Importations through the Port of Naco, AZ
CY2005**

HTS Heading	Commodity	Line Count	Value
8479	MACHINES ETC HAVING INDIVIDUAL FUNCTIONS NESOI (Consignee: Adobeair, Inc.)	1,319	\$19,158,461
9801	US GOODS RETURNED, NOT ADVANCED IN VALUE (mostly Asarco, K Tronics Bel Connector, and Adobeair)	857	\$3,228,743
9403	FURNITURE AND PARTS THEREOF	652	\$1,465,641
8533	ELECTRICAL RESISTORS EXCEPT HEATING RESISTORS, PTS	274	\$1,363,546
9401	SEATS (EXCEPT BARBER, DENTAL, ETC), AND PARTS	262	\$294,851
8544	INSULATED WIRE, CABLE ETC; OPT SHEATH FIB CABLES	202	\$6,397,276
7009	GLASS MIRRORS, FRAMED OR NOT, INC REARVIEW MIRRORS	91	\$18,700
8536	ELECTRICAL APPARATUS FOR SWITCHING ETC, NOV 1000 V	70	\$440,932
8474	MACHINERY FOR SORTING SCREENING ETC MINERALS, PTS	54	\$1,461,561
7325	CAST ARTICLES NESOI, OF IRON OR STEEL	44	\$1,179,322
2825	HYDRAZINE ETC, OTH INORG BASES; METAL OXIDES ETC	29	\$344,689
3923	CONTAINERS (BOXES, BAGS ETC), CLOSURERS ETC, PLAST	27	\$6,862
4402	WOOD CHARCOAL, WHETHER OR NOT AGGLOMERATED	25	\$75,744
7204	FERROUS WASTE & SCRAP; REMELT SCR IRON/STEEL INGOT	19	\$53,827
3915	WASTE, PARINGS AND SCRAP, OF PLASTICS	16	\$1,951
8538	PARTS FOR ELEC APPAR ETC OF HEAD 8535, 8536 & 8537	15	\$30,690
7404	COPPER WASTE AND SCRAP	13	\$572
4420	WOOD MARQUETRY ETC; JEWEL CASE ETC & WD FURN NESOI	12	\$32,541
3926	ARTICLES OF PLASTICS (INC POLYMERS & RESINS) NESOI	12	\$11,963
8708	PARTS & ACCESS FOR MOTOR VEHICLES (HEAD 8701-8705)	12	\$106,026
4202	TRAVEL GOODS, HANDBAGS, WALLETS, JEWELRY CASES ETC	11	\$101,222
7019	GLASS FIBERS & ARTICLES THEREOF (YARN ETC.)	10	\$87
8471	AUTOMATIC DATA PROCESS MACHINES; MAGN READER ETC	9	\$3,085
6913	STATUETTES AND OTHER ORNAMENTAL CERAMIC ARTICLES	9	\$17,449
6902	REFRACTORY BRICKS & OTHER REFR CER CONST ART NESOI	8	\$46,316
7307	TUBE OR PIPE FITTINGS, OF IRON OR STEEL	7	\$47,207
3406	CANDLES, TAPERS AND THE LIKE	6	\$13,943
8501	ELECTRIC MOTORS AND GENERATORS (NO SETS)	6	\$24,750
7113	ARTICLES OF JEWELRY & PTS, OF PREC METAL OR CLAD	6	\$49,850
8413	PUMPS FOR LIQUIDS, LIQUID ELEVATORS; PARTS THEREOF	5	\$14,210
8306	BELLS ETC (NONELEC), ORNAMENTS, PH FRAMES ETC BMPT	5	\$274
8429	SELF-PROPELLED BULLDOZERS, GRADERS, SCRAPER ETC	5	\$1,151,000
4016	ARTICLES NESOI OF UNHARDED VULCANIZED RUBBER	5	\$2,604
6914	CERAMIC ARTICLES NESOI	5	\$496
4012	RETRAD OR USED PNEU TIRES, SOLID TIRES ETC, RUBBR	5	\$7,500
4707	WASTE AND SCRAP OF PAPER OR PAPERBOARD	4	\$1,181

HTS Heading	Commodity	Line Count	Value
8547	INSULATING FITTINGS FOR ASSEMBLY NESOI	4	\$1,112
8504	ELECTRIC TRANSFORM, STATIC CONVERTERS & INDUCT, PT	3	\$29,800
3925	BUILDERS' WARE OF PLASTICS, NESOI	3	\$301
4602	BASKETWORK, WICKERWORK OF PLATS ETC; LOOFA ARTICL	3	\$1,483
6208	WOMEN'S OR GIRLS' SLIPS ETC, NOT KNIT OR CROCHET	3	\$18,608
8408	COMPRESSION-IGNITION INTERNAL COMB PISTON ENGINES	3	\$10,750
8431	PARTS FOR MACHINERY OF HEADINGS 8425 TO 8430	2	\$36,997
8438	MACH NESOI, IND PREP OF FOOD OR DRINK ETC, PARTS	2	\$23,941
6307	MADE-UP ARTICLES OF TEXTILE MATERIALS NESOI	2	\$2,131
9030	OSCILLOSCOPES, SPECTRUM ANALYZERS ETC, PARTS ETC	2	\$3,253
7401	COPPER MATTES; CEMENT COPPER (PRECIPITATED COPPER)	2	\$17,784
7318	SCREWS, BOLTS, NUTS, WASHERS ETC, IRON OR STEEL	2	\$2,206
3907	POLYETHERS, EXPOXIDES & POLYESTERS, PRIMARY FORMS	1	\$150
4401	FUEL WOOD IN LOGS ETC; WOOD IN CHIPS, ETC.	1	\$38
7308	STRUCTURES NESOI & PARTS THEREOF, OF IRON OR STEEL	1	\$1,275
7408	COPPER WIRE	1	\$390
8483	TRANSMISSION SHAFTS, BEARINGS, GEARS ETC; PARTS	1	\$1,500
8503	PARTS OF ELECTRIC MOTORS, GENERATORS & SETS	1	\$7,632
8207	INTERCHANGE TOOLS FOR HAND- OR MACHINE-TOOLS, BMPT	1	\$469
8467	TOOLS FOR WORKING IN THE HAND, PNEUMATIC ETC, PTS	1	\$30
6801	SETTS, CURBSTONES AND FLAGSTONES, OF NAT ST EX SLT	1	\$580
8424	MECH APPL TO DISPERSE LIQ ETC; SAND ETC BLAST MACH	1	\$2,300
8427	FORK-LIFT TRUCKS; OTH WORKS TRUCKS WITH LIFTS ETC.	1	\$19,500
8537	BOARDS, PANELS ETC WITH ELEC SWITCH APPAR ETC.	1	\$3,600
4414	WOODEN FRAMES PAINTINGS, PHOTOGRAPHS, MIRRORS, ETC	1	\$29
8205	HANDTOOLS NESOI: BLOW TORCHES ETC; ANVILS ETC	1	\$2,400
8421	CENTRIFUGES; FILTER ETC MACH FOR LIQ OR GASES; PTS	1	\$4,860