

March 9, 2007

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Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RE: Finance Docket 30186 (Sub No. 2), Tongue River
Railroad Co. -- Rail Construction and Operation --
Ashland to Decker, Montana

ENTERED
Office of Proceedings
MAR 14 2007
Part of
Public Record

Dear Mr. Williams:

I am submitting, on behalf of the Tongue River Railroad Company, an original and ten copies of our four-month progress report for the latest four-month period, pursuant to the Surface Transportation Board's favorable decision served November 8, 1996 in FD 30186 (Sub-No. 2).

Please note that a copy of the four-month report has been served only on the Parties of Record identified in the Surface Transportation Board's complete service list served October 3, 2003 and amended in a notice served by the Surface Transportation Board on October 24, 2003. We will continue to serve the four-month report on these parties.

Sincerely,

Douglas A. Day
Representative for the
Tongue River Railroad Company

Enc.
cc: Parties of record

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of March, 2007, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record:

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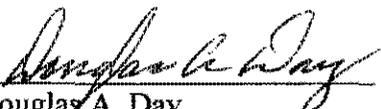
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TONGUE RIVER RAILROAD COMPANY

Four-Month Report to the Surface Transportation Board

March 9, 2007

1. Surface Transportation Board - Regulatory Proceedings

The Tongue River Railroad Company has before the Surface Transportation Board ("Board") an application in STB Finance Docket No. 30186 (Sub-No. 3) seeking authority to construct and operate a rail line in Rosebud and Big Horn counties, Montana. The application seeks authority to construct and operate the "Western Alignment" in Rosebud and Big Horn counties. The Western Alignment is proposed as an alternative routing for the southernmost 17.3-mile portion of the 41-mile Ashland to Decker rail line approved by the Board in 1996 ("Tongue River II"). The TRRC application includes proposals to modify certain portions of the approved rail line running between Ashland and Miles City.

The regulatory process associated with the TRRC application is progressing. The Board issued the Final Supplemental Environmental Impact Statement ("FSEIS") in Finance Docket No. 30186 (Sub-No. 3) on October 13, 2006. The Environmental Protection Agency published notice in the Federal Register on October 20, 2006 of the issuance of the FSEIS. The TRRC is awaiting the Board's decision.

2. Secondary Approvals

The environmental review process was conducted in consultation with three agencies that requested and were granted cooperating agency status. The cooperating agencies are: the U.S. Army Corps of Engineers; the U.S. Department of the Interior, Bureau of Land Management; and, the Montana Department of Natural Resources and Conservation, acting as lead agency for other Montana state agencies. The cooperating agencies have decision making authority to grant approvals and easements secondary to the Board's approval of the railroad. At an appropriate point, Tongue River intends to move forward with seeking the

various Secondary Approvals required for the construction of its line, as well as with final engineering for the line.

3. Relationship with the Burlington Northern Santa Fe

The Burlington Northern Santa Fe Railway continues to support development of the Tongue River Railroad project. The Burlington Northern Santa Fe and the Tongue River Railroad Company are maintaining communications concerning the regulatory review process and status, among other matters.

4. TRRC Ownership Structure

There has been no change in the ownership of Tongue River Railroad Company, Inc. since the previous report.