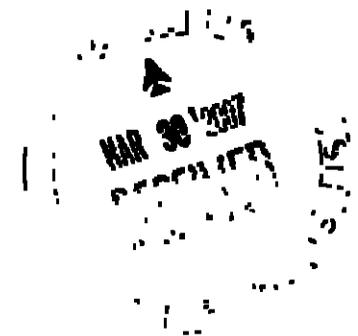




**Department of Energy**  
Washington, DC 20585

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March 30, 2007



Chairman Charles D. Nottingham  
Office of Chairman  
Surface Transportation Board  
1925 K Street, NW, Suite 820  
Washington, D.C. 20423-0001

RE: Docket Nos. 38302S and 38376S

Dear Chairman Nottingham:

The order entered in these dockets July 27, 2005 (served August 2, 2005, and effective September 1, 2005), approving the Government's settlement agreement with Union Pacific Railroad Company, further held these proceedings in abeyance while directing the Government to file quarterly reports on the progress of settlement negotiations. The Government continues to be actively engaged in negotiating with individual railroad defendants, currently BNSF and Norfolk Southern. While we are not yet in a position to report an agreement with either carrier, we remain hopeful that we will be able to reach agreements with both carriers. We will file a further report by the end of June 2007.

Sincerely,

Stephen C. Skubel  
Assistant General Counsel  
For Litigation  
(202) 586-5579

cc: Vice Chairman W. Douglas Buttrey  
Board Member Francis P. Mulvey  
Attached Service List

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Office of Proceedings  
MAR 30 2007  
Part of  
Public Record



**CERTIFICATE OF SERVICE**

I, Stephen C. Skubel, hereby certify that on this 30th day of March, 2007, I served

a copy of the foregoing document by prepaid first-class mail on the following:

|  |   |
|--|---|
| <p><b>Aberdeen &amp; Rockfish R.R. Co</b><br/>P.O. Box 917<br/>Aberdeen, NC 28315</p>  | <p><b>Buffalo &amp; Pittsburgh Railroad</b><br/>c/o Genesse &amp; Wyoming, Inc.<br/>66 Field Point Road<br/>Greenwich, CT 06830</p>                             |
| <p><b>Montana Rail Link, Inc.</b><br/>101 International Way<br/>Missoula, MT 59808</p>   | <p><b>James R Paschall</b><br/><b>Greg E Summy</b><br/>Norfolk Southern Railway Company<br/>Three Commercial Place<br/>Norfolk, VA 23510</p>                    |
| <p><b>Richard A Porach</b><br/>G.E. Neunschwander<br/>Pittsburgh &amp; Lake Erie<br/>49 Pius Street<br/>Pittsburgh, PA 15203</p>               | <p><b>Michael E. Roper</b><br/>The Burlington Northern and Santa Fe<br/>Railway Company<br/>2500 Lou Menk Drive, 3rd Floor<br/>Fort Worth, TX 76131</p>         |
| <p><b>Paul Hitchcock</b><br/>Associate General Counsel<br/>CSX Transportation, Inc.<br/>500 Water Street - J150<br/>Jacksonville, FL 32202</p> | <p><b>Theodore K Kalick</b><br/>Canadian National Railway Company<br/>601 Pennsylvania Avenue, N.W.<br/>Suite 500 North Building<br/>Washington, D.C. 20004</p> |
| <p><b>Chris Guzzi</b><br/><b>Deborah Sedaris</b><br/>Providence &amp; Worcester Railroad Co<br/>75 Hammon Street<br/>Worcester, MA 01610</p>   | <p><b>Robert G Culliford, Esq</b><br/>Guilford Transportation System<br/>Iron Horse Park<br/>North Billerica, MA 01862</p>                                      |
| <p><b>Richard D. Robey, President</b><br/>North Shore Railroad Company<br/>356 Priestly Avenue<br/>Northumberland, PA 17857</p>                | <p><b>Tom Arnst, Esq.</b><br/>RailTex<br/>4040 Broadway<br/>Suite 200<br/>San Antonio, Texas 78209</p>  |
| <p><b>John R Nadolny</b><br/>14 Aviation Avenue<br/>Portsmouth, NH 03801</p>   | <p><b>Ronald E. Fittrow</b><br/>500 Water Street<br/>Jacksonville, FL 32202</p>   |

|   |   |
|---|---|
| <p><b>D J. Lewis</b><br/> <b>Director of Marketing</b><br/> <b>Tuscola &amp; Saginaw Bay Railway</b><br/> <b>Company</b><br/> <b>308 West Main Street</b><br/> <b>Matthews Building, Suite 303</b><br/> <b>Owosso, MI 48867</b></p> | <p><b>Paul Guthrie</b><br/> <b>Canadian Pacific Railway Company</b><br/> <b>401 9th Avenue, S W.</b><br/> <b>Gulf Canada Square, Suite 500</b><br/> <b>Calgary, Alberta T2P 4 Z4 Canada</b></p> |
| <p><b>Samuel M. Sipe, Jr.</b><br/> <b>Carolyn D. Clayton</b><br/> <b>Steptoe &amp; Johnson LLP</b><br/> <b>1330 Connecticut Avenue, N.W.</b><br/> <b>Washington, D C 20036</b></p>  | <p><b>Robert H. Wheeler</b><br/> <b>General Counsel</b><br/> <b>Wisconsin Chicago Link Ltd.</b><br/> <b>17641 Ashland Avenue</b><br/> <b>Homewood, IL 60430</b></p>                             |
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| <p><b>Thomas J. Litwiler</b><br/> <b>Fletcher &amp; Sipple LLC</b><br/> <b>29 North Wacker Drive</b><br/> <b>Suite 920</b><br/> <b>Chicago, IL 60606</b></p>  | <p><b>Edward J. Krug</b><br/> <b>Lynch, Dallas &amp; Smith</b><br/> <b>P.O. Box 2457</b><br/> <b>Cedar Rapids, IA 52406</b></p>   |
| <p><b>Michael F. McBride</b><br/> <b>Leboeuf Lamb Greene &amp; Macrae</b><br/> <b>1875 Connecticut Avenue, N.W.</b><br/> <b>Suite 1200</b><br/> <b>Washington, D.C. 20009</b></p>   | <p><b>George H. Kleinberger</b><br/> <b>P.O. Box 8002</b><br/> <b>Clifton Park, NY 12065</b></p>  |
| <p><b>Charles L. Smith</b><br/> <b>#3 F1/RR Sup Svc</b><br/> <b>151 Ellis Street, N.E.</b><br/> <b>Atlanta, GA 30303</b></p>  | <p><b>Robert H. Stahlheber</b><br/> <b>210 N 13th Street</b><br/> <b>Room 2000</b><br/> <b>St Louis, MO 63103</b></p>   |

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**J. Michael Hemmer**  
**Louise A. Rinn**  
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**Stephen C Skubel**