

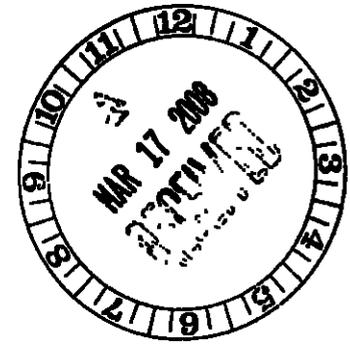
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14 March 2008
by express service



Hon. Anne Quinlan
Secretary
Surface Transportation Board
395 E St., SW
Washington, D.C. 20024

Re: PYCO Industries, Inc. - Feeder Line
Application - South Plains Switching Ltd.
Co., F.D. 34890

Clarification Statement

Dear Madam Secretary:

On February 11, supplemented February 27, 2008, PYCO Industries, Inc., filed a request for enforcement or clarification of aspects of this Board's orders relating to the property of South Plains Switching Ltd. Co. (SAW) that must be conveyed to PYCO Industries, Inc. (PYCO) per this Board's Decision served August 31, 2007, in this proceeding. SAW filed a reply on March 3, 2008. Replies to replies are ordinarily not permitted under this Board's rules. While there is little that PYCO agrees with in SAW's reply, our object here is not to breach the rule but to clarify what we are requesting.

If this clarification requires a motion for leave to file, PYCO hereby so moves in the interest of a complete record and in the interest of ensuring that aspects of PYCO's motion are not misrepresented by SAW.

1. Who owns the switches to the mainline. In its reply, SAW seems to obscure its claim to own, and to have either control or at least a compensable right, as to all the switches from the BNSF mainline to the former SAW trackage now owned by PYCO pursuant to this Board's August 31, 2007 decision. There is no question what SAW is doing. As BNSF confirms in the attached email (Weldon Hale to C. Montange, March 1, 2008),
"SAW is claiming ownership of each and every switch that would provide access from BNSF's trackage to the former SAW

trackage."

The former SAW trackage cannot be operated without switches to the BNSF mainline. SAW's claim is an obstacle to operation of the entire system. As BNSF states about any scenario SAW conjures up for its claim to still own the switches, "[t]his is ridiculous." PYCO seeks clarification that all interests (if any) of SAW in the switches must be transferred to PYCO pursuant to this Board's August 31 decision.

2. Who owns the trackage at Burris. In SAW's reply, SAW says it was required to convey only that within Lubbock, and implies that Burris is not a part of Lubbock. SAW Reply at p. 4. Burris is not a separate town from Lubbock; it at most is an unincorporated area. It is not a commonly used name for any particular area in or around Lubbock. The chances of finding it on maps used by the public are rare to nil. BNSF has one customer (shipper) identified to that location - Jarvis Metals. Jarvis not only has a Lubbock address, but it is within Lubbock's city limits. We attach hereto two maps prepared by the Center of Geospatial Technology at Texas Tech. As the maps indicate, Jarvis Metals is located on the south side of Lubbock, but inside the Lubbock city limits. But even if the Jarvis trackage were merely immediately adjacent to the city limits, they should still be conveyed, for the area is regarded as Lubbock. It makes no sense to have two switch railroads operating in south Lubbock; that is ultimately why this Board and all parties agreed to pursue the all-SAW alternative. See Decision in F.D. 34890, served Aug. 16, 2006, at p. 4. As we indicated in our motion, SAW included what it now says is "Burris" trackage in the Landreth inventory, PYCO and this Board included it in the NLV valuation (and the Board expressly did in the GCV valuation, as did SAW), PYCO paid for it, SAW's letter "ensured" conveyance of all that SAW received from BNSF, and that property should now be conveyed. It continues to make no economic sense, and certainly serves no railroad purpose, to leave SAW with nubbins of active shipper trackage in south Lubbock.

SAW points to a parenthetical in the Board's August 31 decision on which it relies for its claim to be entitled to retain "Burris." The parenthetical refers to Slaton and Burris. As it turns out, a SAW sister company named South Plains La Mesa Railroad (SLAL), owned trackage at Slaton (and still does). During the pendency of Finance Docket 34890, SLAL also owned substantial additional newly constructed trackage in south Lubbock. SLAL subsequently sold that trackage to Vulcan, a rail shipper. SAW did not include any of the SLAL trackage (either in South Lubbock or Slaton) in the Landreth inventory. In addition,

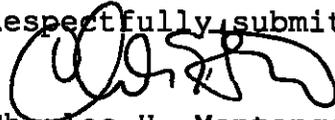
neither PYCO nor this Board included it in their valuations.¹ PYCO understood the parenthetical on which SAW now relies to refer to SLAL trackage in Slaton and in Lubbock. SAW itself sent the Board a letter consistent with this reading. See note 1 to SAW letter to Board in F.D. 34890 dated Sept. 20, 2007. This trackage still remains in the ownership of the Wisener interests (except to the extent they conveyed the Lubbock portion to Vulcan). PYCO does not claim it. But the parenthetical should not be read to exclude property that SAW included in its inventory, and that PYCO and the Board valued, and that PYCO paid for. This Board should clarify that the trackage listed as "ATSF Crawford Industrial Properties" at pages 20-21 of the Landreth inventory (Attachment IV to PYCO motion), including specifically the AT 4, 7 and 12 tracks (and, of course, all interests of SAW in switches to the BNSF mainline related thereto) must be conveyed to PYCO.

3. Acme Brick lead. Contrary to what SAW seems to imply, PYCO is not seeking to upset any conveyances of trackage to shippers like Acme Brick. PYCO did not receive a trespass notice from Acme Brick as to the Acme Brick lead. PYCO received a trespass notice from Choo Choo for using that trackage. See Attachment VII to PYCO motion. SAW and Choo Choo's common owner and/or manager (Mr. Larry Wisener) has a practice of relying on unrecorded and/or undelivered quitclaim deeds with obscure descriptions to transfer assets between SAW and Choo Choo, or between those two entities and third parties. This confusion-generating ruse should not be employed as a device to strip vital rail assets from PYCO, and especially to strip trackage directly off the rail yard. PYCO merely seeks an order requiring that the Wisener interests quitclaim all their remaining claims to the Acme lead to PYCO. PYCO does not seek any relief as to Acme.

By my signature below, I certify that I deposited a copy of this letter on the date above for express (next business day) delivery upon Thomas McFarland, Esq. (Counsel for SAW) at his address of record.

¹ PYCO's initial valuation (Exhibit B to FLA filed May 5, 2006, in F.D. 34844) at para. 5 assumed that SAW owned some 5920 feet of newly constructed trackage south of Floyd Trucking. PYCO subsequently obtained discovery on the "all-SAW" alternative, ascertained that this trackage was owned by SLAL, and relied upon the Landreth inventory for valuation purposes. See Exhibit A to PYCO's "Modification of Valuation" dated September 28, 2006, in F.D. 34890.

Respectfully submitted,



Charles H. Montange
426 NW 162d St.
Seattle, WA 98177
Counsel for PYCO Industries, Inc.

Att. (BNSF email, Texas Tech maps showing city limits)

cc. T. McFarland, Esq. (for SAW)
G. McLaren, Esq. (for PYCO)
J. Heffner, Esq. (for WTL)
(all with att.)

Chas Montange

From: "Hale, Weldon E" <Weldon.Hale@bnsf.com>
To: "CHAS MONTANGE" <c.montange@verizon.net>
Sent: Tuesday, March 11, 2008 1:40 PM
Subject: RE: your message to me of 6 March on FD 34890

Mr. Montange,

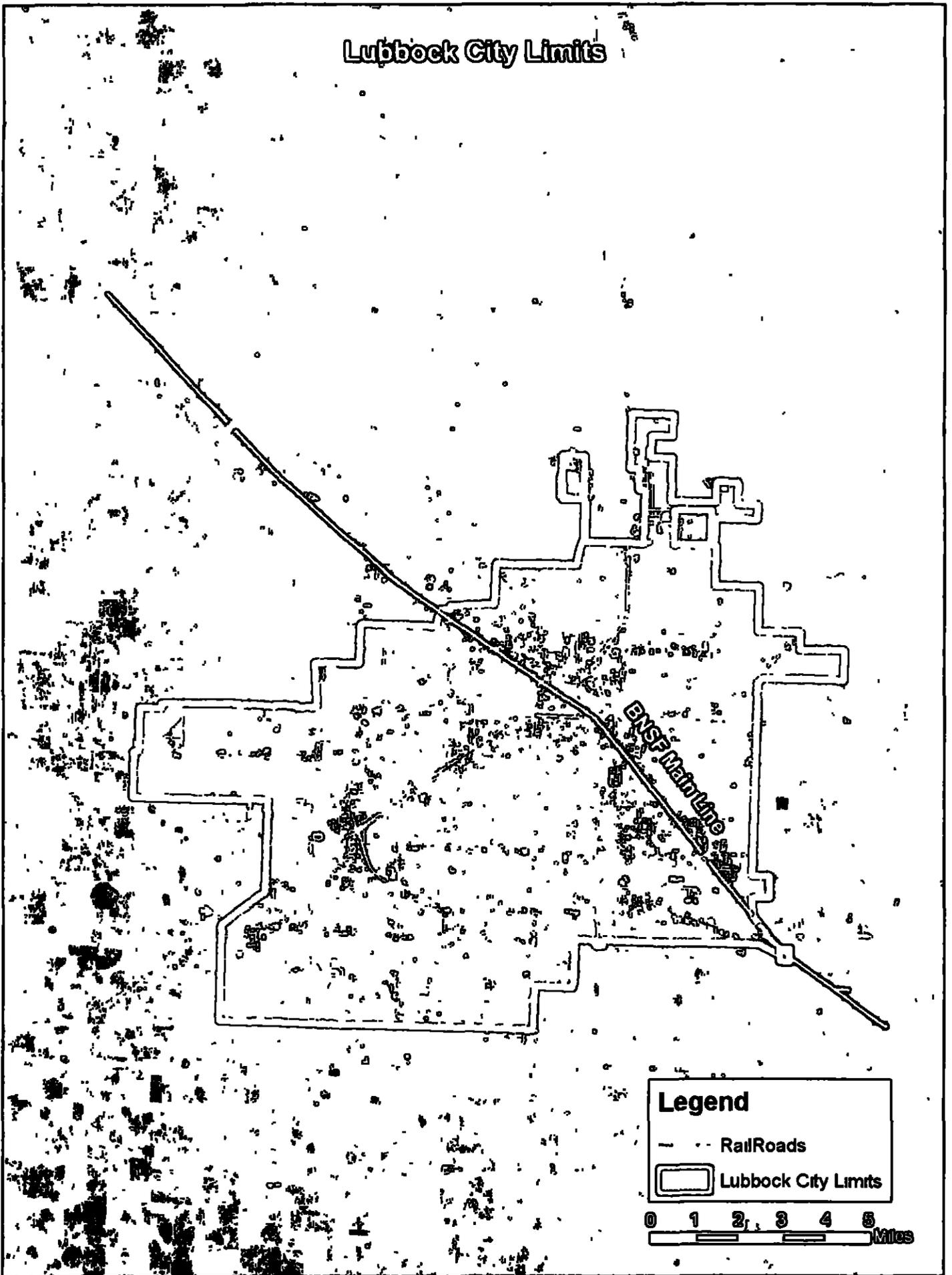
SAW is claiming ownership of each and every switch that would provide access from BNSF's trackage to former SAW trackage. As you can imagine, we disagree with SAW's claim as some of these switches are or were located on BNSF property, and some may be located on property conveyed to SAW in 1999. To my knowledge, BNSF historically controlled the operation and performed all maintenance on any powered switches.

This is ridiculous.

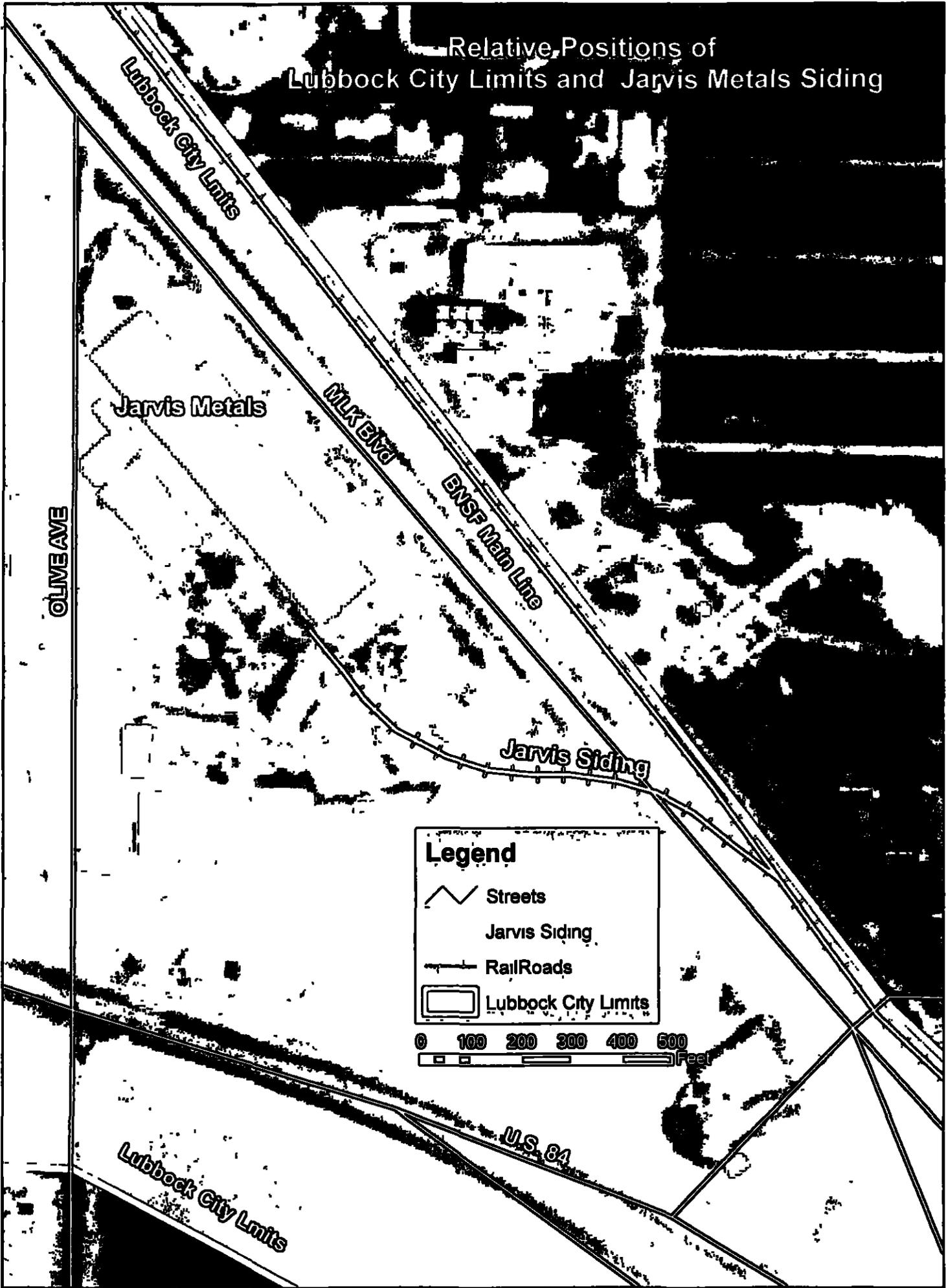
Eddie Hale
Shortline Development

BNSF Railway
(817) 352-6012

Lubbock City Limits



Relative Positions of Lubbock City Limits and Jarvis Metals Siding



Legend

- Streets
- Jarvis Siding
- RailRoads
- Lubbock City Limits

0 100 200 300 400 500 Feet