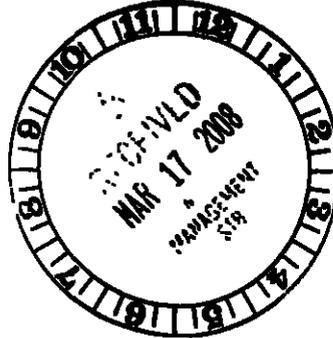




221836



March 10, 2008

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

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

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

ENTERED
Office of Proceedings

MAR 17 2008

Part of
Public Record

Enc.

cc: Parties of record

TONGUE RIVER RAILROAD COMPANY, INC.

Four-Month Report to the Surface Transportation Board

March 10, 2008

1. Surface Transportation Board - Regulatory Proceedings

The Surface Transportation Board ("Board") served its decision in STB Finance Docket No 30186 (Sub-No 3) on October 9, 2007 granting the application of Tongue River Railroad Company, Inc ("TRRC") to construct and operate a 17 3-mile rail line known as the Western Alignment in Rosebud and Big Horn Counties, Montana. The decision became effective on November 8, 2007. On November 7, 2007, the Board denied petitions for stay filed by several area landowners and other persons. Petitions for reconsideration filed with the Board by several of the same landowners and other persons in late November and early December are currently pending for decision before the Board. TRRC replied to these petitions on December 17, 2007, and the petitions remain pending for decision before the Board. Certain other parties have sought judicial review of the Board's decision in the U S Court of Appeals for the Ninth Circuit. No briefing schedule has yet been set, pending a Board decision on the petitions for reconsideration.

TRRC has reviewed the mitigation measures approved by the Board and has begun to develop a matrix of the mitigation requirements cross-referenced with engineering and design criteria and requirements, implementation timeframes, and steps necessary to interface with field data collection requirements.

TRRC has held preliminary discussions with, and is awaiting further direction from, Montana State Government officials with respect to the acquisition of certain state secondary approvals. On December 12, 2007, TRRC submitted to the Montana Department of Fish, Wildlife & Parks a copy of a report prepared by TRRC's consultant, Womack & Associates, Inc., on noise and vibration impacts of the construction and operation of the TRRC line on the Miles City Fish Hatchery ("MCFH"). The report concludes that existing sound pressure levels in the hatchery tanks where pallid sturgeon are raised are higher than introduced levels from either the existing

BNSF rail line or the projected TRRC line Further, the ambient vibration in the tanks at the Hatchery caused by factors unrelated to railroads in the tanks at the Hatchery is far greater than the vibration that may result from rail operations

The Womack & Associates vibration and noise study work plan dated April 13, 2006 states that "If it is concluded [as a result of the measurements to be taken by Womack & Associates] that construction and operation of the rail are likely to cause higher noise and vibration levels than currently exist in critical facilities at the MCFH, potential impacts and mitigation measures will be assessed " This pre-condition for undertaking this further assessment of impacts and mitigation measures has not been met, since the Womack & Associates report definitively concluded based on the measurements taken and data collected that the construction and operation of the TRRC line will not cause higher noise ad vibration levels than currently exist at critical facilities at the Hatchery Thus, there is no basis in the agreed work plan (and no logical reason) for undertaking any further study of impacts and mitigation, and TRRC has so advised the Montana Department of Fish, Wildlife & Parks

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of March, 2008, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record

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T L Ungricht
UTU-Wyoming State Legislative Board
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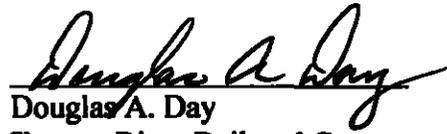
Stephen Valentine III
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Birney, MT 59012

Lonnie J. Wright
Diamond Cross Ranch
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Big Horn, WY 82833-070

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United States Senate
Washington, DC 20510

Member of Congress
Honorable Max Baucus
United States Senate
Washington, DC 20510

Honorable Barbara Cubin
US House of Representatives
1114 Longworth House Office Building
15 Independence Avenue, S.E
Washington, DC 20515

A handwritten signature in black ink, reading "Douglas A. Day". The signature is written in a cursive style with a horizontal line underneath it.

Douglas A. Day
Tongue River Railroad Company
2280 Grant Road, Suite B
Billings, MT 59102