



Department of Energy
Washington, DC 20585

March 31, 2008



Chairman Charles D Nottingham
Office of Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20420-0001

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221954

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 pursue settlement with individual carriers and is engaged in separate discussions with individual railroad defendants BNSF and Norfolk Southern. The Government is actively working with both BNSF and Norfolk Southern to set separate meetings in the near future to continue discussions aimed at resolving these matters.

Accordingly, we are not yet in a position to report an agreement with either BNSF or Norfolk Southern. However, 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 2008.

ENTERED
Office of Proceedings
MAR 31 2008
Part of
Public Record

Sincerely,

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

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

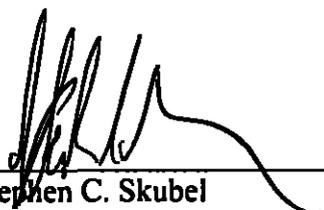


CERTIFICATE OF SERVICE

I, Stephen C. Skubel, hereby certify that I served a copy of the foregoing document by prepaid first-class mail this 31st day of March 2008, on the following:

Aberdeen & Rockfish R.R. Co. P.O. Box 917 Aberdeen, NC 28315	Buffalo & Pittsburgh Railroad c/o Genesee & Wyoming, Inc. 66 Field Point Road Greenwich, CT 06830
Montana Rail Link, Inc 101 International Way Missoula, MT 59808	James R. Paschall Greg E. Summy Norfolk Southern Railway Company Three Commercial Place Norfolk, VA 23510
Michael L. Rosenthal Covington & Burling 1201 Pennsylvania Avenue, NW Washington, D.C 20004-2401	Jill Mulligan The Burlington Northern and Santa Fe Railway Company 2500 Lou Menk Drive, 3rd Floor Fort Worth, TX 76131
Paul Hitchcock Associate General Counsel CSX Transportation, Inc. 500 Water Street - J150 Jacksonville, FL 32202	Theodore K. Kalick Canadian National Railway Company 601 Pennsylvania Avenue, N.W. Suite 500 North Building Washington, D.C. 20004
Chris Guzzi Deborah Sedaris Providence & Worcester Railroad Co. 75 Hammon Street Worcester, MA 01610	Robert G. Culliford, Esq. Guilford Transportation System Iron Horse Park North Billerica, MA 01862
Richard D. Robey, President North Shore Railroad Company 356 Priestly Avenue Northumberland, PA 17857	J Michael Hemmer Louise A. Rinn Union Pacific Railroad Company 1400 Douglas Road, Stop 1580 Omaha, NE 68179
John R. Nadolny 14 Aviation Avenue Portsmouth, NH 03801	Ronald E. Fittrow 500 Water Street Jacksonville, FL 32202

<p>D.J. Lewis Director of Marketing Tuscola & Saginaw Bay Railway Company 308 West Main Street Matthews Building, Suite 303 Owosso, MI 48867</p>	<p>Paul Guthrie Canadian Pacific Railway Company 401 9th Avenue, S.W. Gulf Canada Square, Suite 500 Calgary, Alberta T2P 4 Z4 Canada</p>
<p>Samuel M Sipe, Jr. Carolyn D. Clayton Stephoe & Johnson LLP 1330 Connecticut Avenue, N W. Washington, D C. 20036</p>	<p>Robert H. Wheeler General Counsel Wisconsin Chicago Link Ltd. 17641 Ashland Avenue Homewood, IL 60430</p>
<p>Terence M. Hynes Sidley Austin Brown & Wood, LLP 1501 K Street, N.W. Washington, D.C 20005.</p>	<p>Francis P. Dicello 1301 K Street, N.W. Suite 1100 – East Tower Washington, D.C. 20005</p>
<p>Elizabeth D Jacobi 526 Second Avenue, S.E. P.O Box 2457 Cedar Rapids, IA 52406</p>	<p>George H. Kleinberger P.O. Box 8002 Clifton Park, NY 12065</p>
<p>Thomas J. Litwiler Fletcher & Sipple LLC 29 North Wacker Drive Suite 920 Chicago, IL 60606</p>	<p>Edward J. Krug Lynch, Dallas & Smith P.O. Box 2457 Cedar Rapids, IA 52406</p>
<p>Michael F. McBride Leboeuf Lamb Greene & MacRae 1101 New York Avenue, N.W. Suite 1100 Washington, D.C. 20005</p>	



Stephen C. Skubel