



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

ENTERED
Office of Proceedings
JUL 22 2010
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,

A handwritten signature in cursive script that reads 'Douglas A. Day'.

Douglas A. Day
Representative for the
Tongue River Railroad Company

Enc.
cc: Parties of record

TONGUE RIVER RAILROAD COMPANY, INC.

**Four-Month Report
to the
Surface Transportation Board**

July 10, 2010



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.

Certain parties sought judicial review of the Board's decision by filing petitions for review in the U.S. Court of Appeals for the Ninth Circuit. The Court has established the briefing schedule for the appeal.

TRRC has continued to work with the staff and counsel of the Montana Department of Fish, Wildlife & Parks ("MFWP") to reach agreement on the terms of an Easement Agreement providing for the TRRC line to cross a portion of the Miles City Fish Hatchery property. Following nearly three years of effort to achieve a mutually satisfactory easement agreement, a draft agreement has been prepared. The MFWP Commission must approve the agreement before it can be deemed final. The MFWP Commission is a five member body composed of appointees of the Governor. The current Chair of the Commission is Mr. Bob Ream.

Correspondence from the MFWP Commission indicates that there remains a single issue to completing the easement agreement, a concern about when the TRRC easement will become effective. TRRC continues efforts to work with the MFWP Commission and MFWP staff to resolve the remaining issue and reach agreement on the easement.

TRRC continues to follow activities related to the decision by the State of Montana Land Board to lease the State's coal assets in the Otter Creek Tracts to Arch Coal, Inc. The Land Board's

initiative followed a similar private coal lease transaction which occurred between Great Northern Properties and Arch Coal, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of July, 2010, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record:

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