

Sean Dougherty
AVP, Contracts
CIT Rail



March 18, 2008

RECORDATION NO 26945-C FILED

Secretary
Surface Transportation Board
Washington, D.C. 20423

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SURFACE TRANSPORTATION BOARD

RE: RARS02003L

Dear Secretary:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is a Memorandum of Lease Agreement dated as of December 14, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease Agreement being filed with the Board under Recordation Number 26945.

The names and addresses of the parties to the enclosed document are:

Lessee: Rarus Railway Company
dba Butte Anaconda and Pacific Railway Company
300 Commercial
Anaconda, MT 59711

Lessor: The CIT Group/Equipment Financing, Inc.
30 South Wacker Drive Suite 3000
Chicago, IL 60606

A description of the railroad equipment covered by the enclosed document is: Railcars within the series RARW 105 – RARW 106 as more particularly set forth in the equipment schedule attached to this document.

A short summary of the document to appear in the index is: Memorandum of Railcar Lease.

Kindly return stamped copies of the enclosed document to the undersigned.

Best regards,

/s

Sean Dougherty
AVP, Contracts
CIT Rail

Enclosures

CIT RAIL
30 South Wacker Drive
Suite 3000
Chicago, IL 60606

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MEMORANDUM OF LOCOMOTIVE LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LOCOMOTIVE LEASE dated as of this 14th day of December, 2007, is made by THE CIT GROUP/EQUIPMENT FINANCING, INC., a Delaware corporation, with an address at 30 South Wacker Drive, Suite 3000, Chicago, Illinois 60606 (the "Lessor"), and RARUS RAILWAY COMPANY, dba BUTTE ANACONDA AND PACIFIC RAILWAY COMPANY, a Montana corporation, with an address at 300 Commodore Anaconda, MT 59711 (the "Lessee" and, together with the Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Net Locomotive Lease (the "Lease") dated as of December 14, 2007, covering certain equipment described therein and with respect to which a Memorandum of Locomotive Lease was filed with the Surface Transportation Board on December 17, 2007 as Recordation Number 26945-A

WHEREAS, the Parties have entered in to an additional Schedule under the Lease and wish to show for the public record the existence of the aforesaid Schedule, the respective interests therein of the Parties and a description of the equipment (the "Equipment") as set for the in Schedule A hereto, and accordingly the Parties have caused this Memorandum to be executed by their respective duly authorized officers, as of the date first above written.

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Schedule, the respective interests therein of the Parties and accordingly the Parties have caused this Memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Equipment to the Lessee in accordance with the terms and conditions of the Lease, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lessor by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessor. I further declare under penalty of perjury that the foregoing is true and correct.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: [Signature]
Name: Don DiStefano
Title: SVP

I certify that I hold the title set forth below, Lessee by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessee. I further declare under penalty of perjury that the foregoing is true and correct.

RARUS RAILWAY COMPANY, dba BUTTE ANACONDA RAILWAY COMPANY

By: [Signature]
Name: BARRY D. MARINO
Title: PRESIDENT & CEO



Schedule A

Number of Cars	Equipment Description	
2	GP-9, 4 axes, 1,850 HP	
1	RARW	105
2	RARW	106