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SURFACE TRANSPORTATION BOARD

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August 4, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Release of Co-Borrower Security Agreement, dated as of July 31, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Co-Borrower Security Agreement previously filed with the Board under Recordation Number 24762.

The name and address of the party to the enclosed document are:

Secured Party: LaSalle Bank, National Association
135 South LaSalle Street
Chicago, Illinois 60603

[Debtors: Arizona Railroad Group, LLC
1109 Jefferson Street
Napa, CA 94559

San Pedro Railroad Operating Company, LLC
3099 Dry Creek Road
Napa, CA 94558]

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A description of the railroad equipment covered by the enclosed document
is:

All rolling stock of each Debtor whether now owned or hereafter acquired
RELEASED.

A short summary of the document to appear in the index is:

Memorandum of Release of Co-Borrower Security Agreement.

Also enclosed is a check in the amount of \$34.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

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

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF RELEASE OF CO-BORROWER SECURITY AGREEMENT

THIS RELEASE OF CO-BORROWER SECURITY AGREEMENT ("Release") is dated as of July 31, 2006, by LaSalle Bank National Association, a national banking association (the "Secured Party") as defined in the Co-Borrower Security Agreement described below, for the benefit of Arizona Railroad Group, LLC, an Arizona limited liability company, and San Pedro Railroad Operating Company, LLC, an Arizona limited liability company (collectively, the "Debtors").

WHEREAS, the Debtors have heretofore executed and delivered to Secured Party a Co-Borrower Security Agreement dated as of December 30, 2003; and

WHEREAS, pursuant to the Co-Borrower Security Agreement, Debtors granted to the Secured Party a lien on and security interest in, among other things, all personal property of each Debtor, including, without limitation, the Accounts, Equipment, General Intangibles (including, without limitation, Intellectual Property Rights), Inventory, Investment Property, Rolling Stock, and all of each Debtor's chattel paper, deposit accounts, documents, goods, instruments, letter-of-credit rights, letters of credit, all sums on deposit in any collateral account, and any items in any lockbox, and all fixtures, together with (i) all substitutions and replacements for and products of any of the foregoing property, (ii) in the case of goods, all accessions, (iii) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any goods, (iv) all warehouse receipts, bills of lading and other documents of title now or hereafter covering any goods, (v) any money, or other assets of any Debtor that now or hereafter come into the possession, custody, or control of the Secured Party, and (vi) proceeds of any and all of the foregoing, including all proceeds of insurance (collectively, the "Collateral"); and

WHEREAS, to perfect and evidence the grant of the security interest to the Secured Party in all the Collateral, a Co-Borrower Security Agreement was duly recorded and filed with the Surface Transportation Board pursuant to 49 U.S.C. § 11301 on January 7, 2004, under Recordation Number 24762; and

WHEREAS, the debt secured by the Co-Borrower Security Agreement has been paid in full, and Debtors have requested that the Secured Party release the lien of the Co-Borrower Security Agreement.

NOW, THEREFORE, the Secured Party does hereby (a) confirm that (1) all debt under the Co-Borrower Security Agreement has been paid in full, (2) all obligations of Debtors under the Co-Borrower Security Agreement have been extinguished, and (3) the Secured Party no longer claims any lien or security interest in any of the Collateral, and (4) the Co-Borrower Security Agreement has been terminated, and (b) TERMINATE, RELEASE AND DISCHARGE all of the right, title, lien, interest, claim or demand whatsoever which the Secured Party has or may have acquired in and to the Collateral under, through or by virtue of the Co-Borrower Security Agreement.

