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BNSF-PR-13

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

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October 1, 1999



D

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THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY'S
QUARTERLY PROGRESS REPORT

Pursuant to the Surface Transportation Board's ("Board") Decision No. 44 in Finance Docket No. 32760, The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby submits its thirteenth Quarterly Progress Report. Union Pacific Corp., et al. -- Control and Merger -- Southern Pacific Rail Corp., et al., Fin. Dkt. No. 32760, Decision No. 44 at 147 (served Aug. 12, 1996).

This Progress Report describes various changes that have occurred in BNSF's operations on its trackage rights lines and purchased lines (the "UP/SP lines") since the filing of BNSF's last Progress Report on July 1, 1999 (BNSF-PR-12). The Report will also address BNSF's marketing efforts undertaken since the July 1 Progress Report was filed. Finally, this Report will update the status of various issues relating to BNSF's

ability to provide reliable, dependable and consistent service over the UP/SP lines.

As documented by this Report, BNSF has aggressively continued its efforts over the past three months to compete with UP on the UP/SP lines. Generally, BNSF continues to be successful and effective in marketing its services over those lines. With respect specifically to "2-to-1" points, BNSF has established a major presence in handling such traffic.

I. CHANGES IN BNSF'S OPERATIONS SINCE ITS LAST PROGRESS REPORT

This section describes significant changes in BNSF's services over the UP/SP lines that have occurred during the period from July 1, 1999, through September 30, 1999. The most significant BNSF operational changes on UP/SP trackage rights lines during the third quarter involved: (i) rerouting of trains in the San Antonio/Eagle Pass Corridor between Temple and San Antonio; and (ii) BNSF's ongoing redesign of its service offerings in the I-5 Corridor.

A. Gulf Corridor

- Effective July 1, 1999, UP ended the temporary "haulage" rights over former SP trackage between Caldwell, TX, and San Antonio, TX, via Flatonia, TX, that UP had provided BNSF during the service crisis.^{1/} (Operation through Flatonia via the former SP route commenced during the third quarter of 1997, by agreement between BNSF and UP in response to continuing congestion and delays

^{1/} The timing of UP's termination of the temporary haulage rights was tied to the completion of the second main line project on UP's Austin Subdivision between Mileposts 220.0 and 236.7, as well as other operational changes made on the line, permitting a return to normal scheduled operations.

experienced by BNSF on the more direct route through Smithville, TX). Therefore, on July 1, BNSF permanently reinstituted its trackage rights operations between Temple and San Antonio via Smithville. This was the route originally provided for in the BNSF Settlement Agreement with UP which was imposed as a condition of the UP/SP merger. BNSF has implemented the necessary changes to its operating plans for Elmendorf, San Antonio and Eagle Pass, TX, to resume using the permanent trackage rights route as UP has requested. Trains affected by the July 1 reroutes included BNSF's Fort Worth-Eagle Pass merchandise train (M-FTWEAP); its Eagle Pass-Temple merchandise train (M-EAPTPL); its Eagle Pass unit grain trains; and its Elmendorf, TX unit coal trains. The reinstitution of service over the Temple-Smithville-San Antonio route progressed smoothly, and BNSF is able -- for the most part -- to offer service that is consistent with the service that it offered over the temporary route. BNSF does, however, experience some train delays on southbound trains due to the fact that it is restricted from operating with the southbound directional flow of traffic on UP's Austin Subdivision between Ajax and Ogden Junction. (BNSF lacks operating rights over the Austin Subdivision's second main line -- the recently reopened former-MKT track -- between Ajax and Ogden Junction. Southbound BNSF trains are therefore required to operate against the predominantly northbound flow of traffic on the parallel former-MP line).

- Effective August 18, 1999, BNSF extended its northbound merchandise train operations for traffic originating at Eagle Pass from Temple, TX to Alliance, TX.

The train was redesignated from M-EAPTPL to M-EAPALT. Further, service was simultaneously increased, from 3 days per week to 5 days per week.

- On the Baytown Branch, between Dayton, TX and Baytown, TX, BNSF began delivering business for various zones along the branch at four locations mutually agreed upon with UP. BNSF and UP have also agreed upon the exact locations where BNSF will construct tracks in 2000, thus providing additional capacity on the Baytown Branch to accommodate BNSF's and UP's operations and customers' needs.
- During the third quarter, UP completed engineering improvements on its line from Waco, TX to San Antonio in order that it could handle 286,000 pound (car and lading) shipments (the previous car and lading limit was 268,000 pounds). Completion of this project will allow BNSF to serve the City Public Service Board's coal-fired generating plant at Elmendorf with heavier loads. BNSF remains subject to weight restrictions of 268,000 pounds on its trackage rights route to Corpus Christi, TX, Brownsville, TX and Laredo, TX, as well as Eagle Pass, TX. BNSF does not anticipate that this route will be upgraded until the later part of 2000.

B. I-5 Corridor

- During the third quarter, BNSF's I-5 Team, comprising representatives of Marketing, Operations, and Service Design and Performance groups, continued its efforts to improve transit time and service consistency for merchandise business moving over the I-5 Corridor, with particular focus on southbound Pacific

Northwest-to-Southern California business.

- Effective July 11, 1999, BNSF initiated a daily Pasco, WA-Stockton, CA merchandise train (M-PASSTO). This new train was designed to handle Northern California business originating in the Pacific Northwest which had previously been handled by three connecting trains: the M-VAWKLF which operated daily between Vancouver, WA and Klamath Falls, OR; the M-PASKLF which operated 6 days per week between Pasco, WA and Klamath Falls, OR; and the M-KLFSTO which operated 6 days per week between Klamath Falls, OR and Stockton, CA. In addition, Southern California business previously handled by M-VAWKLF began moving on the H-VAWBAR, a six days per week high-priority Vancouver, WA to Barstow, CA merchandise train.
- On August 2, 1999, BNSF continued to upgrade its I-5 Corridor services when the frequency of its southbound merchandise train from Vancouver, WA to Barstow, CA was increased from 6 days per week to daily operation. The H-VAWBAR merchandise train now departs Vancouver, WA and arrives at Barstow, CA sixty-two hours later, allowing time for this business to be processed for connection to outbound trains on the same day. This service, in conjunction with the existing merchandise train service connecting to and with trains in the corridor, is designed to handle existing carload growth in the I-5 Corridor and to encourage further growth by improving transit time, speed and consistency.
- Beginning in August 1999, BNSF initiated the use of distributed diesel locomotive power in its I-5 Corridor merchandise train services, permitting diesel locomotives

to be placed within the train consist as well as at the head end, all controlled by the engineer on the lead unit. Since this initiative was begun, approximately 20 percent of southbound merchandise trains on the I-5 Corridor have been operated with distributed power. One of the main advantages of distributed power on the I-5 Corridor has been the operation of longer, heavier trains, as distributed power permits the handling of up to 2,000 additional tons per train. The near-term goal is to operate approximately 30 percent of southbound trains with distributed power, ultimately increasing this amount to 50 percent. Use of distributed power on I-5 Corridor merchandise trains permits more efficient use of the Corridor's available capacity by allowing more business to be transported without significantly increasing the number of trains required to move the business.

- BNSF continued its strategy of utilizing the I-5 Corridor to redistribute empty railcars between the Pacific Northwest and the Pacific Southwest regions. Currently, two trains with empty intermodal cars are operated each day, depending on equipment demand at either end of the Corridor. This operation improves equipment utilization and car supply to Southern California ports, permitting BNSF to handle import traffic through these ports on a much more timely basis. BNSF is also using the I-5 Corridor to reposition empty unit grain trains from Stockton, CA to Pasco, WA. Currently, this operation averages one empty grain train every second or third day. This operation, which fluctuates seasonally, improves equipment utilization and car supply to serve the needs of grain producers in Montana. Finally, BNSF is using the I-5 Corridor to reposition

empty autorack trains from the Bay Area to the Pacific Northwest, thus permitting timely handling of automobile traffic moving over the PNW ports.

C. Central Corridor

- Effective September 13, 1999, BNSF implemented improved blocking of traffic originating in the Pacific Northwest destined to locations on the Central Corridor, primarily in Nevada. The "Nevada Block" is built at the Pasco classification yard in eastern Washington for southbound movement on the Pasco-Stockton merchandise train (M-PASSTO). This block is set-out at Stockton for subsequent movement on a Riverbank-Denver merchandise train (M-RRBDEN). This service design improvement has resulted in reduced numbers of car handlings, improved transit time, and service consistency.
- During the third quarter, BNSF began exploring possibilities for rerouting through traffic back to its Central Corridor trackage rights from other parallel corridors. Immediately following the UP/SP merger, BNSF through traffic moved over the Central Corridor. UP's 1998 service congestion problems, however, forced BNSF, in August 1998, to reroute all overhead traffic which did not have to move via the Central Corridor to other lanes. BNSF is now using the Central Corridor to handle eastbound empty flows, particularly empty grain cars moving out of Southern California and the Bay Area.

II. BNSF INVESTMENTS IN TRACKAGE RIGHTS AND PURCHASED LINES

The following is a summary of investments and improvements that BNSF has made during the third quarter on the UP/SP lines.

- Since July 1, 1999, BNSF has continued its ongoing rehabilitation project on the jointly owned former SP Lafayette Subdivision between Avondale, LA and Iowa Junction, LA. During the quarter, BNSF installed approximately 31,000 ties between Lafayette and Iowa Junction, LA. UP is performing similar tie installation work on the western end of the jointly owned line between Iowa Junction and Houston.
- During the third quarter, BNSF and UP agreed to the exact location of tracks that BNSF will construct to support its new operational plan at Dayton, Mont Belvieu, Eldon, and Baytown. Engineering design of these tracks is presently in progress, and BNSF anticipates that the tracks will be constructed in 2000.

III. BNSF'S MARKETING PLANS AND EFFORTS

A. Recent Activities

During the third quarter of 1999, BNSF continued its intensified marketing activities with respect to a number of points on the UP/SP lines, with particular focus on customer identification and contact for customers located in South Texas, in Southern California, and on the I-5 and Central Corridors. These efforts included field surveys, face-to-face customer contacts, and follow-through designed to acquaint customers with BNSF's services and capabilities, as well as to acquaint BNSF with the customers' transportation needs. Further, BNSF continues to issue service updates to its customers that are faxed directly to customer locations and posted on the Internet.

For the third consecutive year, BNSF will cooperate again this fall with public and private interests in the State of Louisiana, as well as the Louisiana & Delta Railroad

("LDRR"), a "2-to-1" shortline railroad, in the operation of intermodal sugar cane trains. LDRR will operate a daily "sugar cane train" over BNSF's route on expedited schedules to ensure product quality. The trains originate in the Lake Charles, LA area and are destined to receivers on the LDRR which are accessed via the Iowa Junction-Avondale, LA route. Sugar cane, by its nature, is highly perishable, and BNSF and LDRR are working together to establish transit plans for this traffic to preserve product integrity, while at the same time ensuring that the sugar cane trains do not interfere with other operations. This innovative public-private partnership is designed to deliver both economic and safety benefits to southern Louisiana, by increasing sugar cane production and refining and by removing increasingly large volumes of sugar cane (estimated at over 70,000 trucks per harvest season) from the region's highway system.

B. Traffic Volumes

BNSF traffic volumes over the lines to which BNSF received access as a result of the merger have continued to grow. See the chart attached hereto as Attachment 1. The charts attached hereto as Attachments 2 to 11 reflect the volumes of traffic for each of the major traffic lanes to which BNSF received access. Attachment 12 shows the breakdown by general commodity groups of this traffic.

This growth reflects BNSF's continued success in its efforts to compete for and secure business along the UP/SP trackage lines. As a recent example of such success, in September 1999, BNSF initiated deliveries of pipe to American Soda at Parachute, CO, a new rail shipper located along trackage rights lines, for use in the construction of a new 43-mile pipeline.

BNSF has also experienced traffic growth where BNSF works with "2-to-1" shortlines and regional carriers to reach customers along the trackage rights lines. BNSF enjoys a growing working partnership in business generation with these carriers. BNSF has also steadily grown its traffic volumes for traffic which BNSF or its agent (for example, Utah Railway) switch customers directly. As an example, in September 1999, BNSF secured a two-year contract to transport petroleum coke for Chevron at Salt Lake City, UT. BNSF is currently staging an initial pool of clean, mechanically inspected cars, including a coal set, to handle this business commencing in October 1999. BNSF and the Utah Railway worked very closely to develop and propose a competitive service package that would satisfy the customer's requirements. Acting as BNSF's agent, the Utah Railway provides local switching services for this business at Chevron's Salt Lake City refinery. Utah Railway has changed a crew start time in order to ensure a daylight switch for the Chevron refinery, and will increase service from six days per week to daily in order to provide the required level of service. An action team comprised of BNSF, Utah Railway and Chevron personnel has been assigned to resolve any startup issues that may occur.

C. Customer Identification And Access Pursuant To Merger Conditions

BNSF has also continued its efforts to identify all UP/SP customer facilities to which it received access as a result of the UP/SP merger. These facilities include access to "2-to-1" customers and transload facilities on its trackage rights lines and facilities which can be served by the seventeen "2-to-1" shortlines to which it received

access. Current listings of all such facilities are provided as Attachment 13.

During the quarter, BNSF and UP agreed to add National Gypsum Company, Grand Prairie, TX (Great Southwest Industrial Park) to the list of customers accessible by BNSF as a result of the BNSF Settlement Agreement and merger conditions.

BNSF is continuing to investigate and pursue opportunities for build-ins/build-outs, new facilities, transloads, and expansions of existing facilities at "2-to-1" points. BNSF is currently engaged in discussions with a number of interested customers concerning such facilities and expansions. At the conclusion of the third quarter, over 50 industrial development projects involving new customer facilities at "2-to-1" points and along trackage rights lines were in various stages of discussion, planning, or implementation.

With respect to the development of new facilities along BNSF's trackage rights lines, BNSF is working with a number of customers and has achieved additional success during the third quarter. During the third quarter of 1999, UP formally agreed that BNSF has access to new customer facilities along trackage rights lines including: American Soda, L.L.P. at Parachute, CO and Newmont Mining Company, Dunphy, NV. Additionally, BNSF is working with UP on BNSF's 50-percent cost participation to fund the construction of an industry track at the new Pilgrim's Pride facility at Tenaha, TX.

BNSF and its customers are awaiting responses from UP on BNSF's Proposed Rail Shipper Plan for service to the Four Star Sugar Company transload facility at El Paso, TX, which was submitted to UP on August 16.^{2/} Further, BNSF and its customers

^{2/} UP initially denied BNSF's request for access to Four Star Sugar, a new facility constructed in 1998 along BNSF's trackage rights on the former SP line between El Paso

are awaiting a response from UP on BNSF's August 31 request for access to Champion International's Distribution Center operated by Caliber Logistics in the Vintage Industrial Park at Ontario, CA.

Finally, in July, UP denied BNSF's request for access to Suburban Propane at Sparks, NV. UP indicated that since this customer had received rail shipments during August 1996 -- prior to the UP/SP merger date of September 11, 1996 -- it would not qualify as a "new facility" under the merger conditions.

IV. ISSUES AFFECTING BNSF'S IMPLEMENTATION OF TRACKAGE RIGHTS

The following describes issues relating to BNSF's operations over its trackage rights lines.

On August 20, 1999, the quarterly meeting of the UP/BNSF Joint Service Committee was held in Fort Worth to review and resolve issues relating both to BNSF's operations and customer access over UP pursuant to the UP/SP merger settlement agreements and conditions, as well as other operations issues between the two companies. A number of topics were discussed, including train performance measurements, issues involving BNSF operations over specific UP line segments resulting from the UP/SP merger, and capital projects. As a follow-up to the August 20

and Sierra Blanca, TX. However, in response to a Petition for Clarification filed by BNSF relating to access to Four Star Sugar, the Board ruled that BNSF has access to facilities located adjacent to a mainline, spur, industrial track, and/or spur. See Union Pacific Corp. et al. -- Control and Merge. -- Southern Pacific Rail Corp. et al., Fin. Dkt. No. 32760, Decision No. 86 (served July 12, 1999) Given this clarification of the merger condition, UP has agreed that BNSF has access to Four Star Sugar Co.

meeting, as well as to resolve other issues resulting from implementation of the merger settlement agreements and conditions, UP and BNSF personnel met again on September 14 in Kansas City.

In response to a filing by the California Public Utilities Commission ("CPUC") in the Board's annual oversight of the UP/SP merger, representatives of BNSF met with representatives of the CPUC in San Francisco, CA on September 22, 1999, to discuss CPUC's concerns regarding BNSF's competitive performance in the Central and I-5 Corridors. The meeting served to ensure that lines of communication between BNSF and CPUC are open for timely review and resolution of future concerns on the part of CPUC.

After enjoying a period of marked improvement in UP haulage and reciprocal switching services, BNSF and its customers have noticed, toward the latter part of the third quarter, an increase in incidents involving misrouted shipments and untimely spotting and pulling of BNSF cars by UP at customer facilities. The locations most affected by this problem appear to be Sacramento, CA, and more recently Lake Charles, LA. At Sacramento, BNSF cars are delivered to UP by BNSF's Stockton-Sacramento local, for subsequent spotting by UP at the customer's facility. As reported in prior quarters, BNSF continues to endure the sporadic movement of BNSF shipments through UP's Roseville classification yard, thus adding days of transit time and providing inconsistent service. BNSF's Trackage and Haulage Team monitors these situations and communicates with UP's National Customer Service Center ("NCSC") to resolve shipment-specific problems using the established problem resolution process. BNSF

recognizes that recent organizational changes at UP's NCSC appear to have diminished the effectiveness of this process. However, customer feedback indicates that the sporadic misrouting of BNSF shipments and resulting inconsistent service impede BNSF's ability to grow the business and fully realize the benefits of the merger conditions.

CONCLUSION

Throughout the third quarter, BNSF has continued its efforts to provide reliable, dependable and consistent service over its trackage rights lines. BNSF's capabilities and business are growing steadily as a result of BNSF's proactive approach in resolving problems, its commitment to infrastructure and operational improvements to provide better service, and the continuing support of its customers. BNSF is working with UP wherever possible to resolve issues of mutual concern relating to BNSF's implementation of the merger conditions to provide customers at "2-to-1" points and along trackage rights lines with fully competitive service. As a result of these efforts, customers are benefiting from BNSF's new access. BNSF remains fully committed to securing new business and additional business from its customers in the future.

Respectfully submitted,

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October 1, 1999

CERTIFICATE OF SERVICE

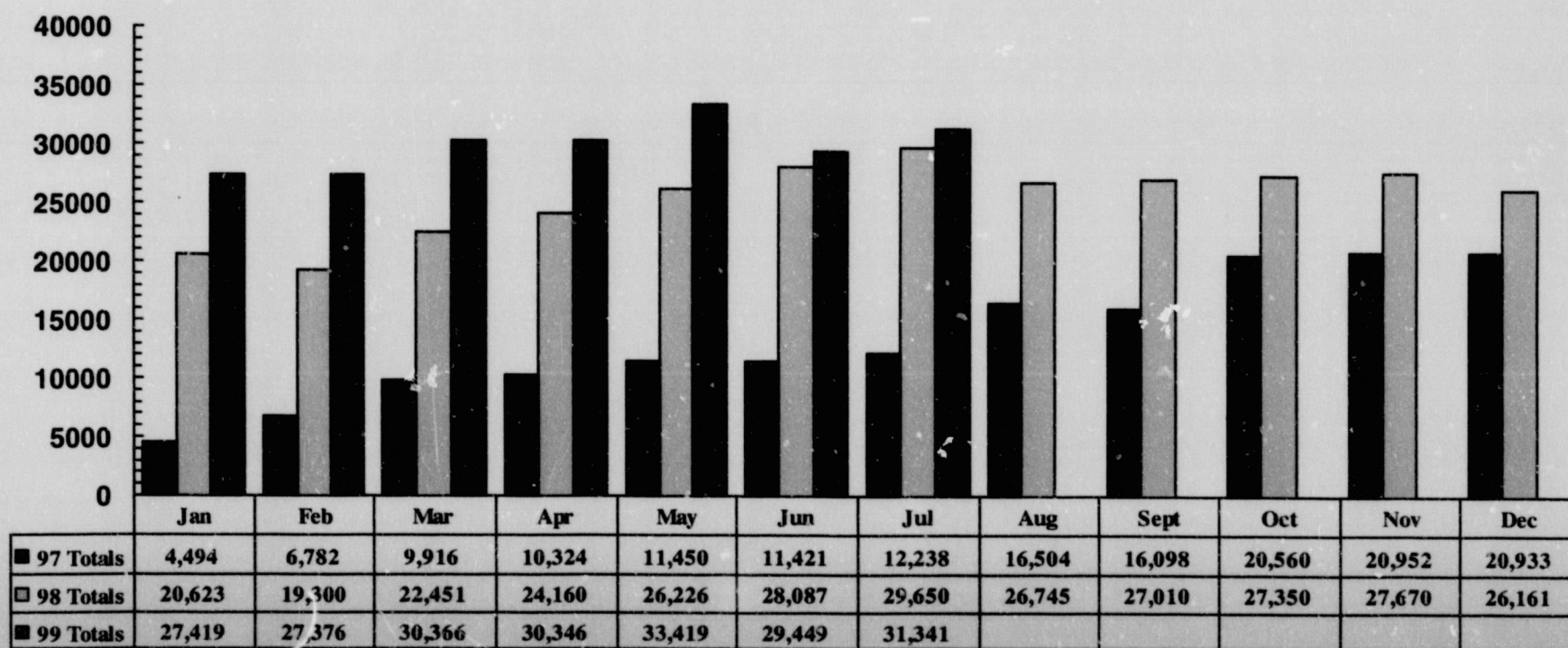
I hereby certify that copies of The Burlington Northern and Santa Fe Railway Company's Quarterly Progress Report (BNSF-PR-13) have been served this 1st day of October 1999, on all Parties of Record.

Kelley E. Campbell
Kelley E. Campbell

ATTACHMENT 1

Total 1997-99 BNSF Loaded Units On UPSP Merger Condition Lines

Loads

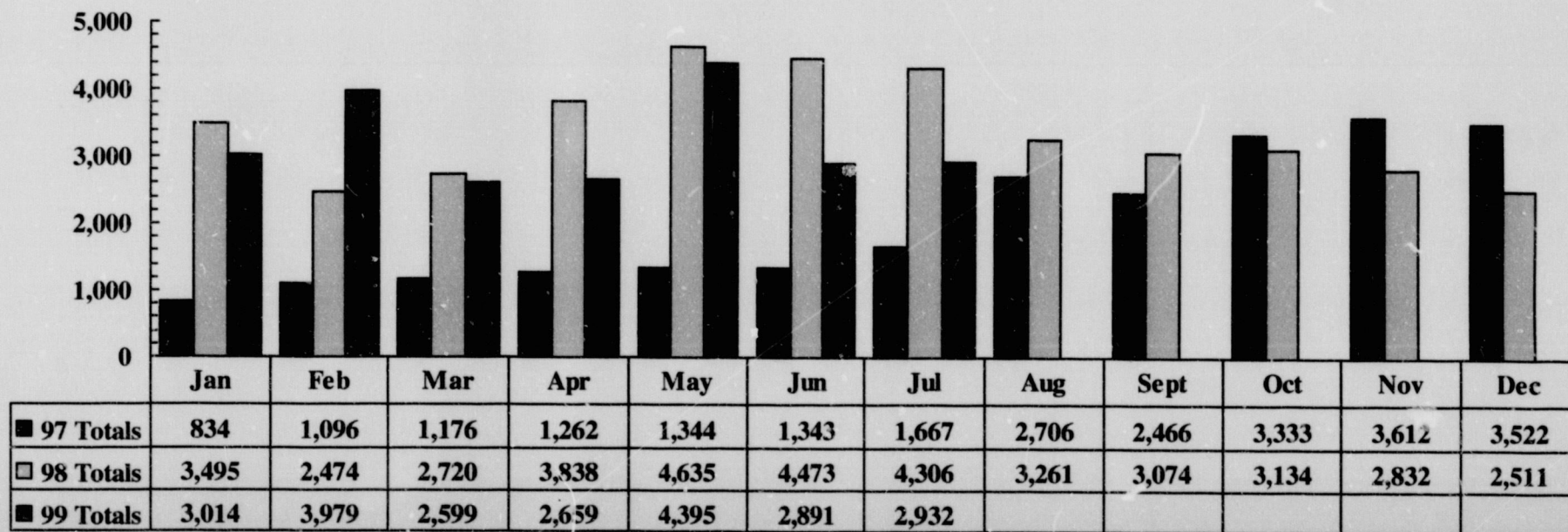


09/29/1999

ATTACHMENT 2

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Central Corridor

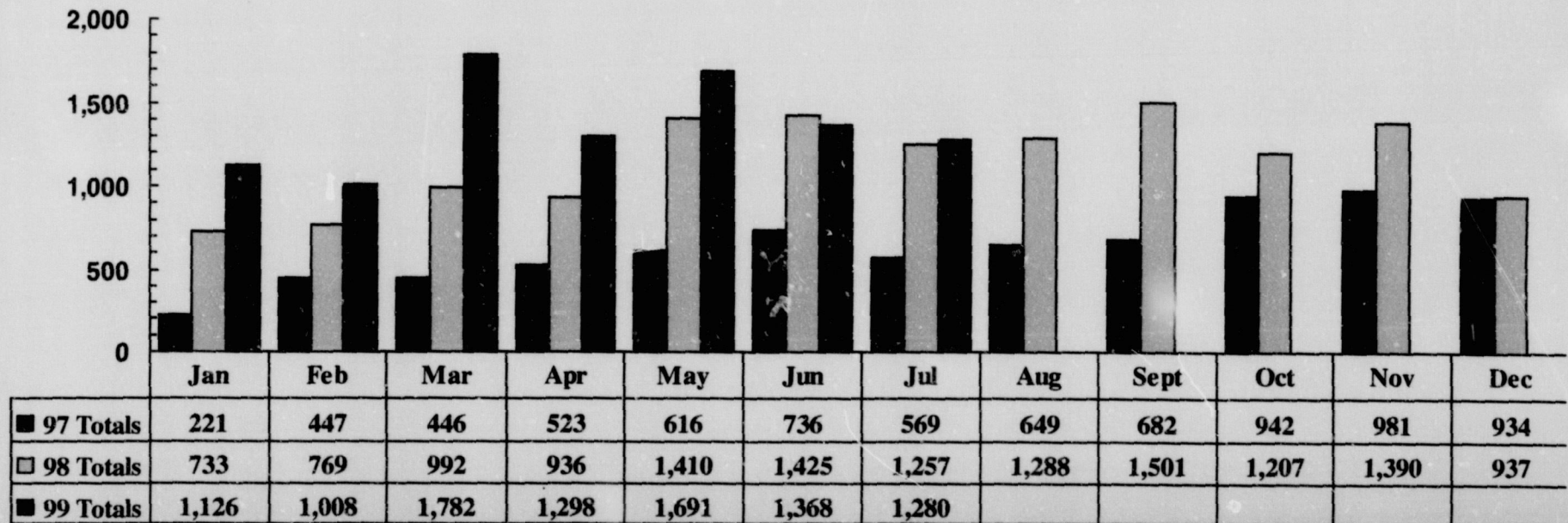
Units



ATTACHMENT 3

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Central Texas Corridor

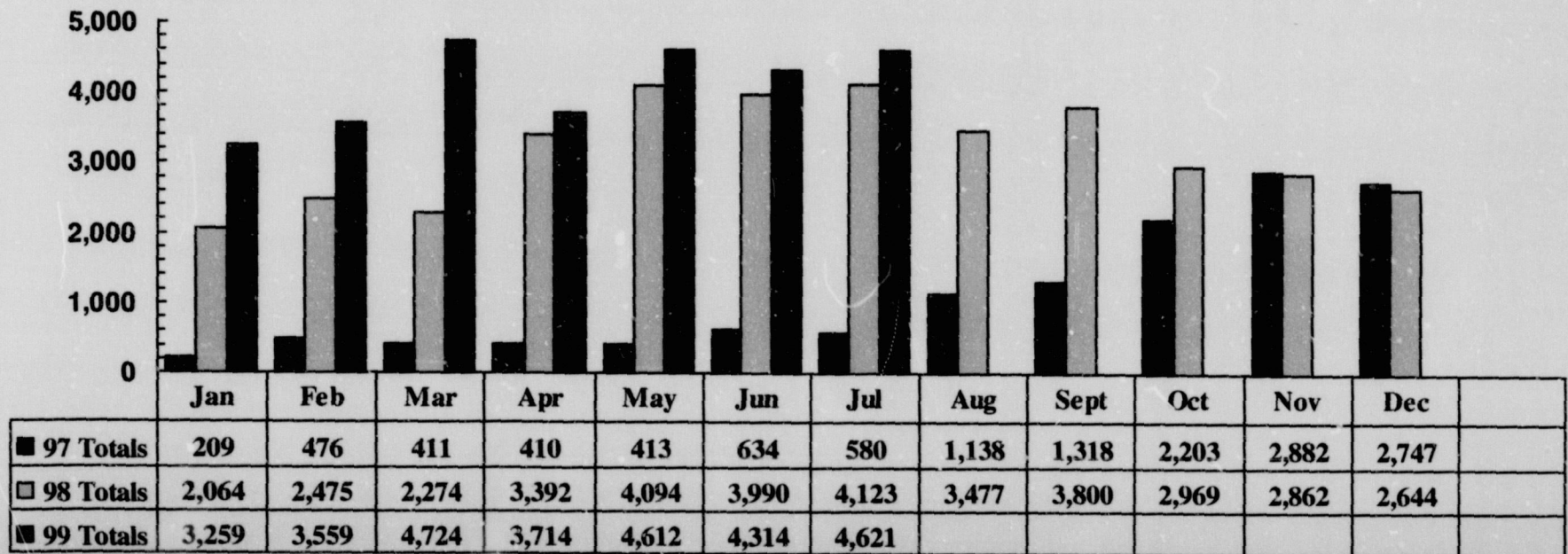
Units



ATTACHMENT 4

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Eagle Pass Corridor

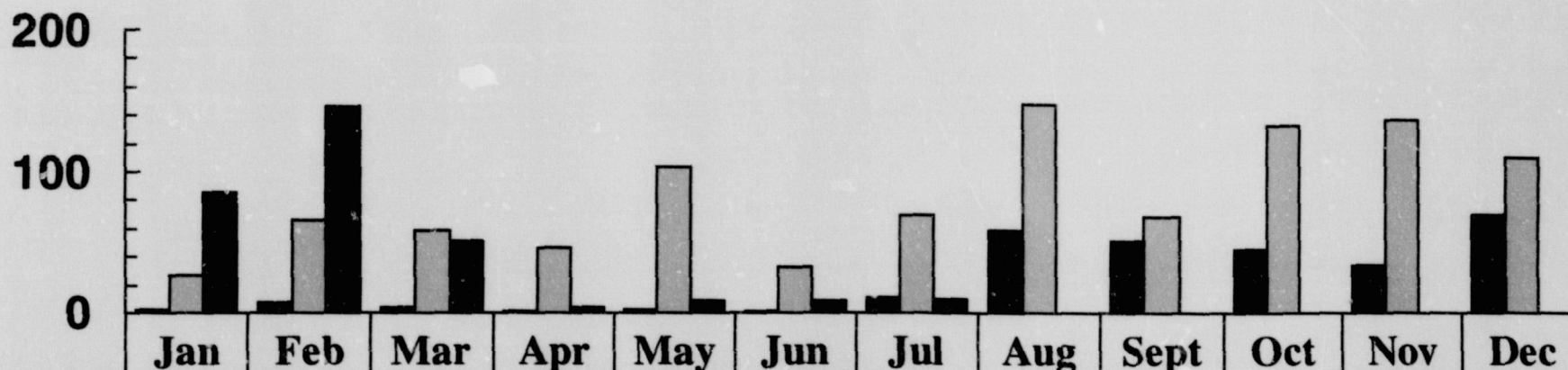
Units



ATTACHMENT 5

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors El Paso Corridor

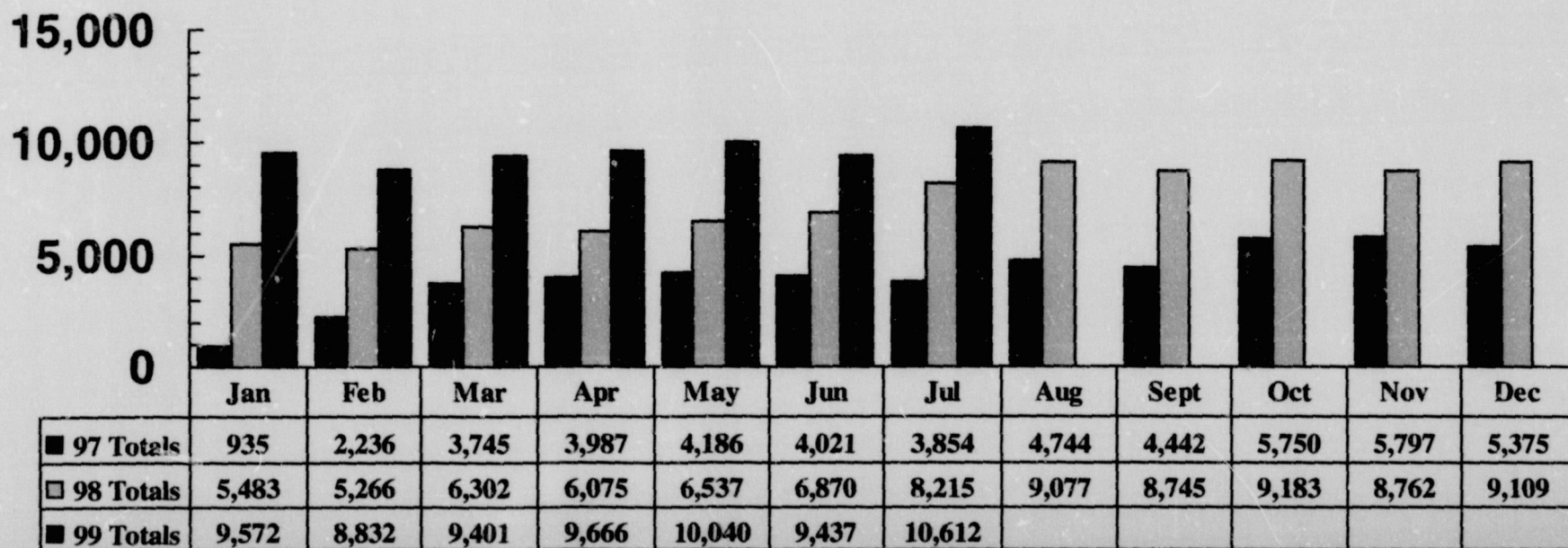
Units



ATTACHMENT 6

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Gulf East Corridor

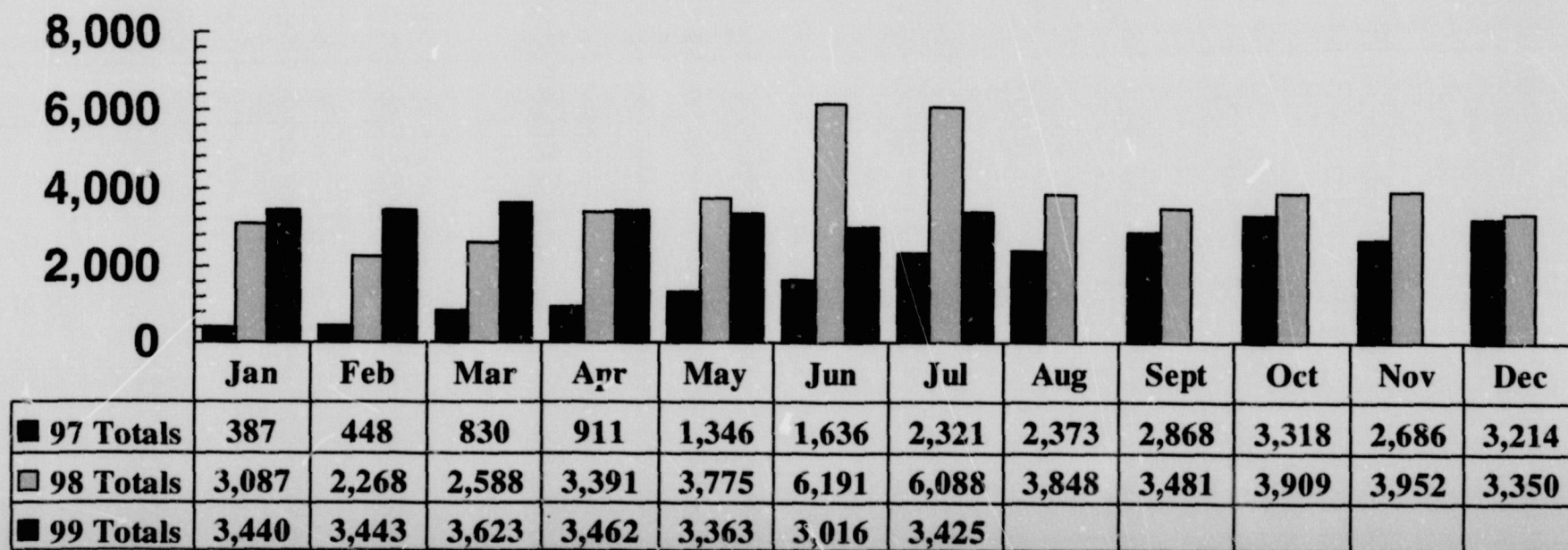
Units



ATTACHMENT 7

1997-99 BNSF Loaded Units In IP/SP Trackage Rights Corridors Gulf North Corridor

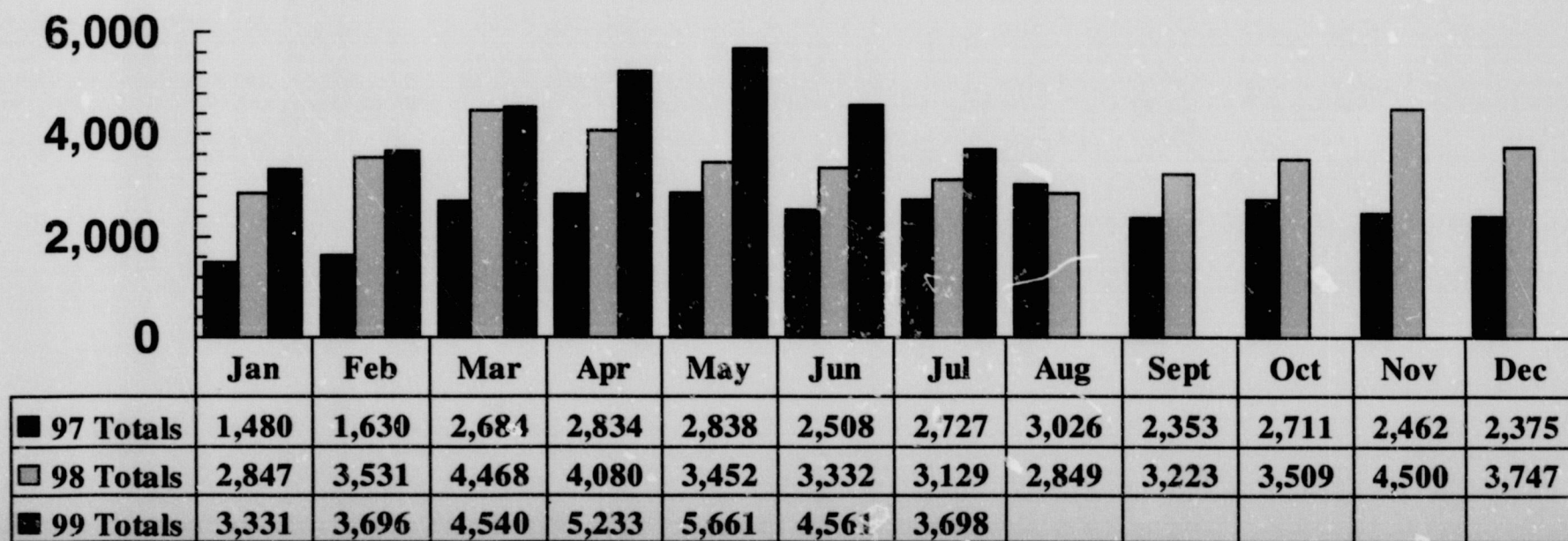
Units



ATTACHMENT 8

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Gulf South Corridor

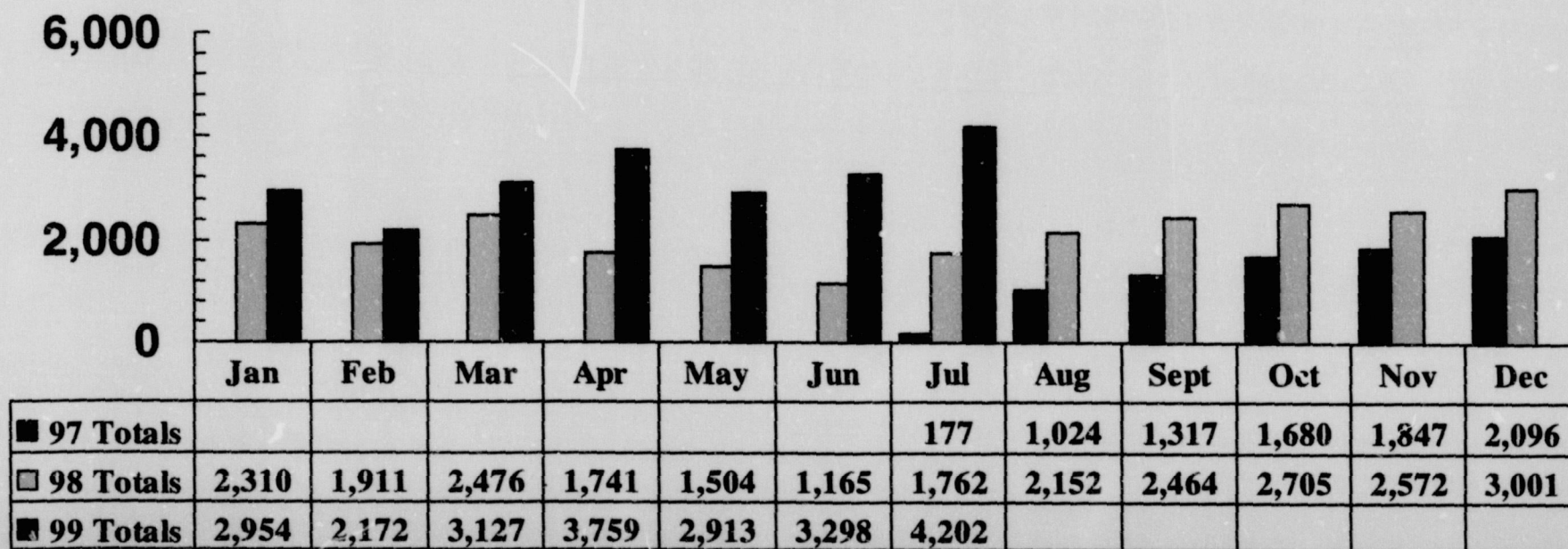
Units



ATTACHMENT 9

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors I-5 Corridor

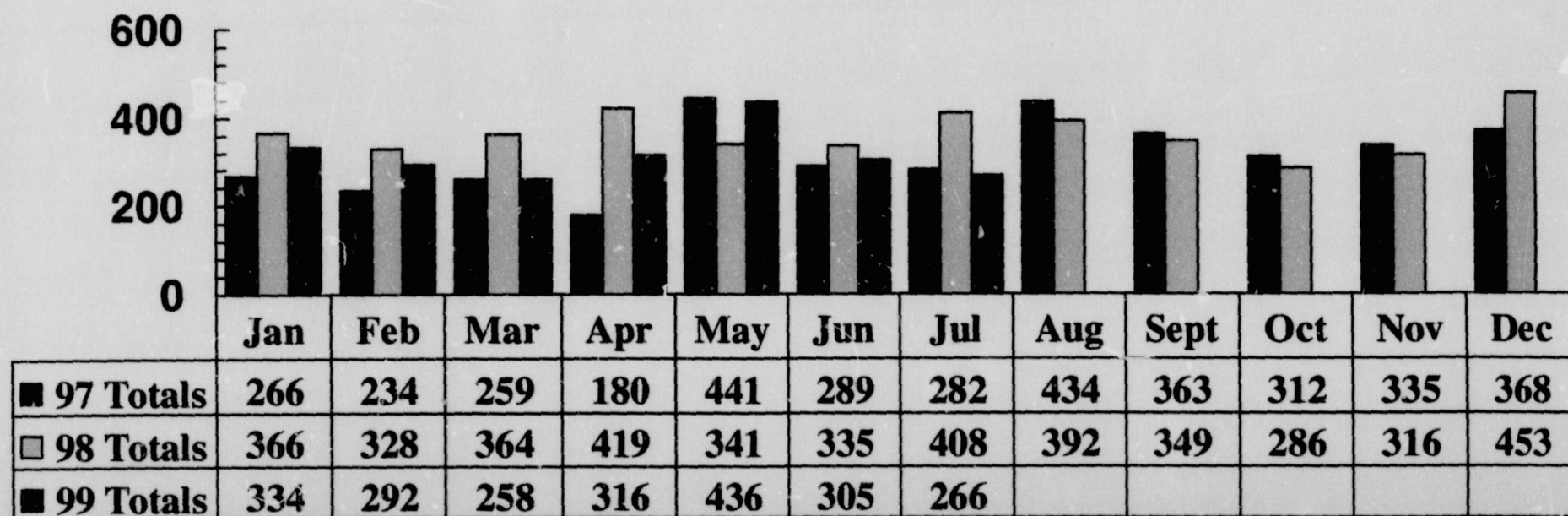
Units



ATTACHMENT 10

1997-99 BNSF Loaded Units In UP/SP Trackage Rights Corridors Southern California Corridor

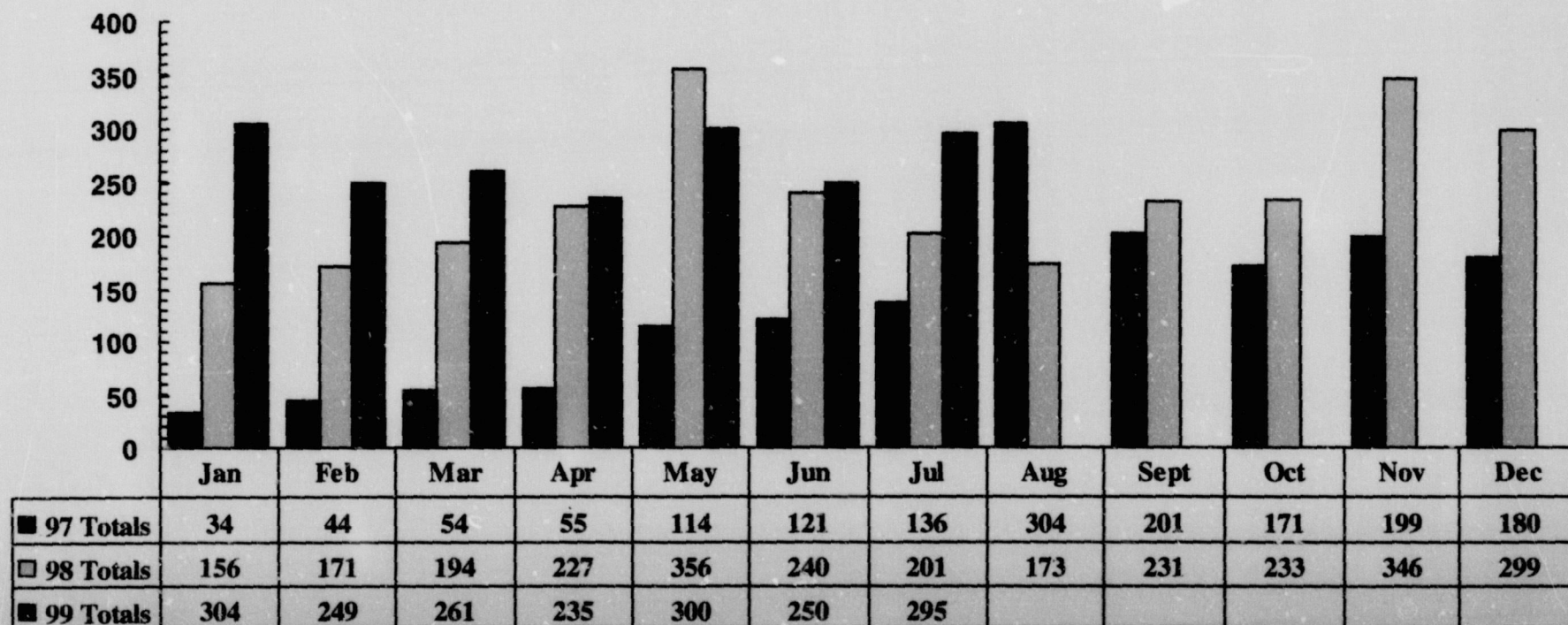
Units



ATTACHMENT 11

1997-99 BNSF Loaded Units On UP/SP Merger Condition Lines By Corridor Bay Area

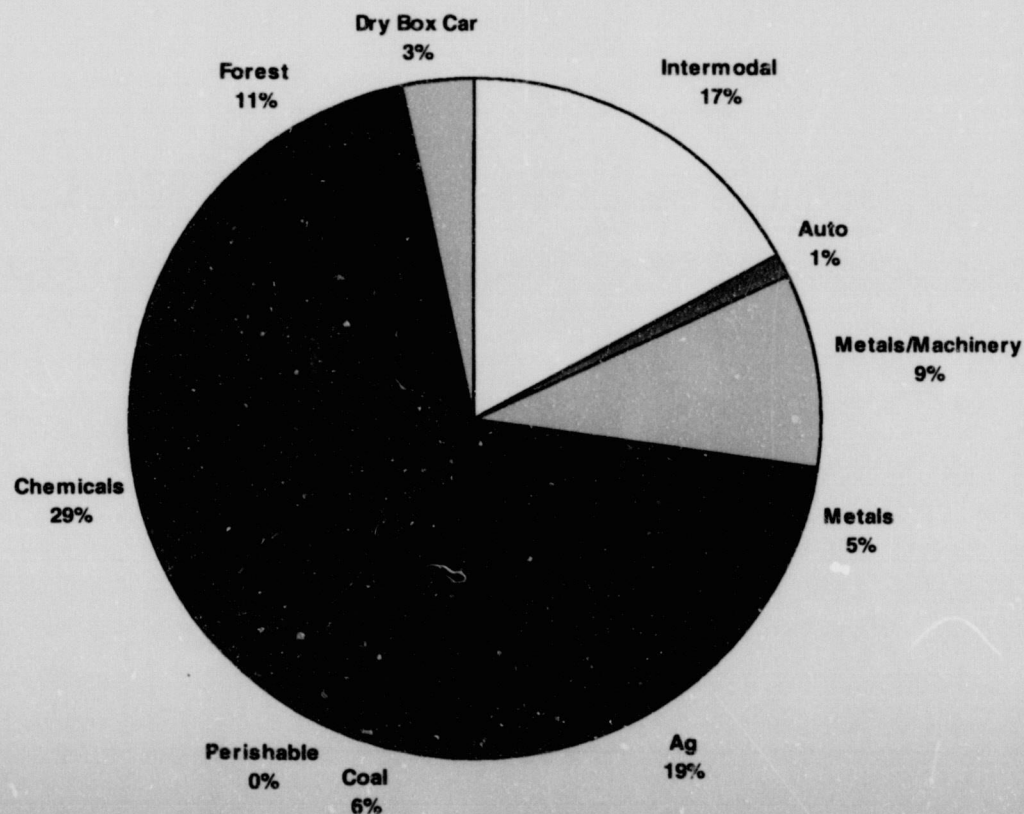
Units



09/29/1999

ATTACHMENT 12

Commodities Handled To/From and Via UP/SP Merger Condition Lines All Loaded Units January-July 1999



09/29/1999

ATTACHMENT 13

UF/SP Served Facilities Accessed By BNSF
Other Than As A Result Of "50/50 Line" '98 Agreement

Customer	Station	State	Status
Gilchrist Bag	Camden	AR	2:1
International Paper Bag Pak	Camden	AR	2:1
Intl Paper Southern Kraft	Camden	AR	2:1
Riceland Foods	Fair Oaks	AR	2:1
Planters Cotton Oil Mill Inc	Forrest City	AR	2:1
3M Industrial Mineral Prod (3M Arch St)	Little Rock	AR	2:1
3M Industrial Mineral Prod (3M Road)	Little Rock	AR	2:1
ADM Processing	Little Rock	AR	2:1
AFCO Steel Bond Street Plant	Little Rock	AR	2:1
AFCO Steel South Shop	Little Rock	AR	2:1
AFCO Steel Thomas Street Shop	Little Rock	AR	2:1
Alman, Sol Co	Little Rock	AR	2:1
Arkansas Power & Light	Little Rock	AR	2:1
Asphalt Products	Little Rock	AR	2:1
Barrett Hamilton	Little Rock	AR	2:1
Choctaw Inc	Little Rock	AR	2:1
Colonial Baking, Earth Grains Div (Facility Vacant)	Little Rock	AR	2:1
Darragh Co	Little Rock	AR	2:1
Georgia Pacific Corp	Little Rock	AR	2:1
Goff Distribution Warehouse	Little Rock	AR	Transload
Grobmyer Lumber	Little Rock	AR	2:1
Kaufman Lumber Whse (7th St)	Little Rock	AR	2:1
Northwest Hardwoods	Little Rock	AR	2:1
Sears Roebuck & Co	Little Rock	AR	2:1
Smith Fiberglass Prod Inc	Little Rock	AR	2:1
Smurfit Stone Container Corp	Little Rock	AR	2:1
Sterling Paint Inc (6th St)	Little Rock	AR	2:1
Sysco Food Svcs of Arkansas	Little Rock	AR	2:1
Thibault Milling	Little Rock	AR	2:1
Unisource	Little Rock	AR	2:1
Winburn Tile Mfg Co	Little Rock	AR	2:1
Central Terminal Distributing Centers, Inc	North Little Rock	AR	2:1
Koppers Industries Inc.	North Little Rock	AR	2:1
Mid South Seeds	North Little Rock	AR	2:1
Mountaire Feeds Inc	North Little Rock	AR	2:1
Oakley Bruce Inc	North Little Rock	AR	2:1
Onesource Home Building Center	North Little Rock	AR	2:1
PGI Nonwovens Polymer Group, Inc. Chicopee Div, Plant 1	North Little Rock	AR	2:1
PGI Nonwovens Polymer Group, Inc. Chicopee Div, Plant 2	North Little Rock	AR	2:1
S F Services Inc	North Little Rock	AR	2:1
S F Services Inc (Cooperative Mills Inc)	North Little Rock	AR	2:1
S F Services Inc (S F Svcs Fertilizer)	North Little Rock	AR	2:1
Southern Cotton Oil Co Div of ADM	North Little Rock	AR	2:1
Tenenbaum, A Co	North Little Rock	AR	2:1
Zeneca Agricultural Prod	North Little Rock	AR	2:1
ACF Industries	Paragould	AR	2:1
Ameri Steel (Florida Steel)	Paragould	AR	2:1
Century Tube Corporation	Pine Bluff	AR	2:1
Cloud Oak Flooring	Pine Bluff	AR	2:1
Gaylord Container Paper	Pine Bluff	AR	2:1
General Chemical Corp	Pine Bluff	AR	2:1
Global Materials Svcs LLC (GMSFOUR)	Pine Bluff	AR	2:1
Global Materials Svcs LLC (GMSMAIN)	Pine Bluff	AR	2:1
Global Materials Svcs LLC (GMSONE)	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hixson Lumber Sales	Pine Bluff	AR	2:1
Hoover Treated Wood Prod	Pine Bluff	AR	2:1
International Paper Mill	Pine Bluff	AR	2:1
Johnson Metal Recyclers	Pine Bluff	AR	2:1
Mid America Packaging Inc. - Div of Gaylord	Pine Bluff	AR	2:1
Pine Bluff Arsenal	Pine Bluff	AR	2:1
Planters Cotton Oil Mill	Pine Bluff	AR	2:1

UP/SP Served Facilities Accessed By BNSF
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Planters Cotton Seed	Pine Bluff	AR	2:1
Southern Bag	Pine Bluff	AR	2:1
Southern Compress Whse	Pine Bluff	AR	2:1
Stronglite Products	Pine Bluff	AR	2:1
T W Pelton & Co	Pine Bluff	AR	2:1
Terra International Inc	Pine Bluff	AR	2:1
Tyson Foods Feedmill	Pine Bluff	AR	2:1
Tyson Foods Protein Blend Plant	Pine Bluff	AR	2:1
Viking Bag	Pine Bluff	AR	2:1
Commercial Stg & Distribution Corp	Pine Bluff	AR	2:1
Cooper Tire & Rubber Corp	Texarkana	AR	Agreement
General Electric Railcar Repair	Texarkana	AR	Agreement
Tri State Iron & Metal Corp	Texarkana	AR	Agreement
California Cereal (Nabisco Brands)	Texarkana	AR	Agreement
Fleenor Packing	Elmhurst	CA	2:1
Fleischman's Yeast	Elmhurst	CA	2:1
Longview Fibre Co	Elmhurst	CA	2:1
Pacific America Whse	Elmhurst	CA	2:1
General Motors	Elmhurst	CA	2:1
New United Motor Manufacturing	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
Toyota Logistics Svcs	Fremont	CA	2:1
Truck Rail Handling	Fremont	CA	2:1
Truck Rail Handling	Fremont	CA	2:1
United States Gypsum	Fremont	CA	Transload
Cargill Inc. (Refinery)	Fremont	CA	Transload
Hunt Wesson (Bldgs 18, 22 & 28)	Fullerton	CA	2:1
U S Army, Sierra Army Depot	Fullerton	CA	2:1
Standard Iron & Metals Co	Herlong	CA	2:1
Sunshine Biscuit - Vacant Bldg	Kohler	CA	2:1
Christian Salveson Inc. (CSI)	Kohler	CA	2:1
Lucky Sav-On Distribution Center	La Habra	CA	2:1
Vacant (Lucky Food Stores)	La Habra	CA	2:1
U S Army, Sharpe Depot	La Habra	CA	2:1
Brown Strauss Steel	Lathrop	CA	2:1
G S Roofing Products	Livermore	CA	2:1
Gaylord Graphics	Livermore	CA	2:1
Livermore Whse	Livermore	CA	2:1
Salinas Reinforcing Inc	Livermore	CA	2:1
Mid-City Iron & Metal Corp	Livermore	CA	2:1
American Brass & Iron (ABI)	Los Angeles	CA	2:1
Armour Equipment Sales	Melrose	CA	2:1
Mother Cake & Cookies	Melrose	CA	2:1
Nabisco Brands	Melrose	CA	2:1
Kruse (O H) Grain & Milling Co	Oakland	CA	2:1
Intermod Industries	Ontario	CA	2:1
Kaiser Sand Gravel	Ortega	CA	2:1
California Builders Supply Co	Pleasanton	CA	2:1
Capitol Plywood	Sacramento	CA	2:1
Continental Chemical Co	Sacramento	CA	2:1
Sacramento Bee (McClatchy Newspaper)	Sacramento	CA	2:1
Burke Flooring Products, Div Burke Industries	Sacramento	CA	2:1
Coors Distributing Co of Santa Clara	San Jose	CA	2:1
Del Monte Corp, Plant #3	San Jose	CA	2:1
Ecolab Inc	San Jose	CA	2:1
Floor Service Supply	San Jose	CA	2:1
Frank Lin Distillers Products Ltd	San Jose	CA	2:1
Frito Lay	San Jose	CA	2:1
International Paper Bag Pak Div	San Jose	CA	2:1
Markovits & Fox	San Jose	CA	2:1
Northern California Fertilizer	San Jose	CA	2:1
Red Wing Co Inc (National Preserve)	San Jose	CA	2:1
Safety Kleen Corp	San Jose	CA	2:1
San Jose Distribution Services	San Jose	CA	2:1

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Stapleton-Spence Packing	San Jose	CA	2:1
Sun Garden Packing Co	San Jose	CA	2:1
U S Pollution Control	San Jose	CA	2:1
Western Beverage Co	San Jose	CA	2:1
Chem-World Supply Inc	South Gate	CA	2:1
EKA Chemicals/EKA Nobel	South Gate	CA	2:1
Los Angeles Chemical Co (LACCO)	South Gate	CA	2:1
P Q Corporation	South Gate	CA	2:1
Titan Terminal & Transport	South Gate	CA	2:1
Hardwoods Inc	Trevarno	CA	2:1
Trans Western Polymers	Trevarno	CA	2:1
A L Gilbert	Turlock	CA	2:1
Americold Plant 1	Turlock	CA	2:1
Facility vacant/for lease (Snider Lbr)	Turlock	CA	2:1
Feedstuffs Processing Co.	Turlock	CA	2:1
International Paper	Turlock	CA	2:1
Purina Mills Inc	Turlock	CA	2:1
Rogers Food (Div Universal Foods)	Turlock	CA	2:1
Tab Products Co	Turlock	CA	2:1
Turlock Fruit	Turlock	CA	2:1
Capital City Warehouse	West Sacramento	CA	2:1
Capital Coors	West Sacramento	CA	2:1
Cargill	West Sacramento	CA	2:1
Crum & Crum Enterprises Inc	West Sacramento	CA	Transload
Farmers Rice Coop	West Sacramento	CA	2:1
Karrolton Envelope	West Sacramento	CA	2:1
Montgomery Ward & Co Distr Ctr	West Sacramento	CA	2:1
PFX Pet Supply	West Sacramento	CA	2:1
Port Of Sacramento (Yolo Port Dist)	West Sacramento	CA	2:1
The Ink Company	West Sacramento	CA	2:1
Treasure Chest	West Sacramento	CA	2:1
Unocal	West Sacramento	CA	2:1
American Metals Corp	Yolo Port	CA	2:1
California Distribution Center	Yolo Port	CA	2:1
Weyerhaeuser Lumber	Yolo Port	CA	2:1
Conoco Inc	Durham	CO	New Facility
Total Petroleum	Durham	CO	New Facility
Agri Producers	Herington	KS	2:1
Cairo Coop Equity Exchange	Preston	KS	2:1
Crowley American Transport	Harbor	LA	2:1
Farmers Rice Milling Co Inc	Harbor	LA	2:1
Lake Charles Carbon Co, Div Reynolds Metals	Harbor	LA	2:1
Lake Charles Stevedores	Harbor	LA	2:1
M I Drilling Fluids	Harbor	LA	2:1
Calcasieu Steel & Pipe Inc	Lake Charles	LA	Agreement
Lake Charles American Press	Lake Charles	LA	Agreement
Lake Charles Harbor Terminal	Lake Charles	LA	Agreement
Lake Charles Public Elevator	Lake Charles	LA	Agreement
Allen Millwork Inc	Shreveport	LA	Agreement
Bell Industries	Shreveport	LA	Agreement
Custom Bilt Cabinet & Supply #1	Shreveport	LA	Agreement
G S Roofing Products Co Inc	Shreveport	LA	Agreement
Georgia Pacific Corp	Shreveport	LA	Agreement
Hart Lumber Co Inc	Shreveport	LA	Agreement
Murphy Bonded Whse Inc	Shreveport	LA	Agreement
National Biscuit Co (Nabisco)	Shreveport	LA	Agreement
Purina Mills Inc	Shreveport	LA	Agreement
S F Services Inc	Shreveport	LA	Agreement
Sears Roebuck & Co	Shreveport	LA	Agreement
Southwestern Electric Power Co	Shreveport	LA	Agreement
Conoco (Gulf Coast Lube Plant)	Sulphur	LA	Agreement
Arco Chemical (Olin Corp)	West Lake	LA	Agreement
Condea Vista Co	West Lake	LA	Agreement
Conoco Inc	West Lake	LA	Agreement

**UP/SP Served Facilities Accessed By BNSF
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Dunham Price Inc	West Lake	LA	Agreement
Excel Paralubes	West Lake	LA	Agreement
Holnam Inc	West Lake	LA	Agreement
Jupiter Chemicals/Jupiter Nash	West Lake	LA	Agreement
M I Drilling Fluids	West Lake	LA	Agreement
Martin Marietta Aggregates	West Lake	LA	Agreement
Montell USA	West Lake	LA	Agreement
PPG Industries Inc	West Lake	LA	Agreement
R E Heidt Construction	West Lake	LA	Agreement
Reagent Chemical & Research	West Lake	LA	Agreement
Tetra Chemicals	West Lake	LA	Agreement
ABB Randall Corp	West Lake Charles	LA	Agreement
Baroid Drilling Fluids	West Lake Charles	LA	Agreement
Baroid Petroleum Services	West Lake Charles	LA	Agreement
Cit Con Oil	West Lake Charles	LA	Agreement
Citgo Petroleum Corp	West Lake Charles	LA	Agreement
Conoco Inc, Coke Term	West Lake Charles	LA	Agreement
Equistar Chemicals LP	West Lake Charles	LA	Agreement
Firestone Synthetic Rubber & Latex	West Lake Charles	LA	Agreement
Grace Davison (W R Grace)	West Lake Charles	LA	Agreement
Southern Ionics Inc	West Lake Charles	LA	Agreement
Venco Conoco, Calcining Plant	West Lake Charles	LA	Agreement
West Lake Petrochemicals	West Lake Charles	LA	Agreement
West Lake Polymers	West Lake Charles	LA	Agreement
West Lake Styrene	West Lake Charles	LA	Agreement
Ag Processing	Dexter	MO	2:1
Cargill	Dexter	MO	2:1
Hudson Foods	Dexter	MO	2:1
Monarch Feed Mills	Dexter	MO	2:1
Baker Hughes Inteq	Argenta	NV	2:1
Saga Exploration Co	Barth	NV	2:1
Atlas Towing Co	Battle Mountain	NV	New Facility
M I Drilling Fluids	Battle Mountain	NV	2:1
Sierra Chemical NV	Battle Mountain	NV	2:1
Cortez Gold Mines	Beowawe	NV	2:1
Fleischli Oil Corp	Beowawe	NV	2:1
SS Supply	Beowawe	NV	2:1
Union Pacific Fuels Inc	Beowawe	NV	2:1
Anschutz Marketing Transport	Carlin	NV	2:1
Continental Lime	Carlin	NV	2:1
Dust Chemical	Carlin	NV	2:1
Kilborn International	Carlin	NV	2:1
Thatcher Chemical Co - Nevada	Carlin	NV	2:1
Turner Gas	Carlin	NV	2:1
Baroid Drilling Fluids	Dunphy	NV	2:1
Kennecott Utah Cop	Dunphy	NV	2:1
Mine Service & Supply	Dunphy	NV	2:1
Alpark Petroleum	Elko	NV	2:1
Ash Grove Cement Co	Elko	NV	2:1
Blach Distributing	Elko	NV	2:1
Cashman Equipment	Elko	NV	2:1
Franklin Lumber Bldg Supply	Elko	NV	2:1
Nevada Freeport	Elko	NV	2:1
Nevada Ice & Cold Storage	Elko	NV	2:1
Par Gas	Elko	NV	2:1
Petro Source	Elko	NV	2:1
Petro Source Asphalt Terminal	Elko	NV	2:1
Tricon Metals & Services, Inc.	Elko	NV	2:1
Quebecor Printing Nevada Inc	Fernley	NV	New Facility
Valley Joist Corp	Fernley	NV	New Facility
Continental Lime	Golconda	NV	2:1
Diamond Plastics Co	Golconda	NV	2:1
U S Barium	Golconda	NV	2:1
Kennecott Utah Copper	Jayhawk	NV	2:1

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Transwood Inc	Jayhawk	NV	2:1
Kennecott Utah Copper	Redhouse	NV	2:1
Transwood Inc	Redhouse	NV	2:1
Coastal Chemical	Rennox	NV	2:1
Sierra Chemical Of Nevada	Rennox	NV	2:1
BNSF Nevada Quality Distr Center (QDC)	Sparks	NV	New Facility
Sierra Pacific Power	Valmy	NV	2:1
Dupont	Vivian	NV	2:1
Van Waters Rogers	Vivian	NV	2:1
Mobil Chemical	Amelia	TX	2:1
Econo Rail Corp	Baytown	TX	2:1
Exxon Chemical Americas	Baytown	TX	Agreement
Exxon Chemical Plastics	Baytown	TX	Agreement
Exxon Company USA	Baytown	TX	Agreement
Jindal United Steel Corp	Baytown	TX	2:1
Rhodia	Baytown	TX	2:1
SAW Pipes USA Inc	Baytown	TX	2:1
Seapac Inc	Baytown	TX	2:1
United States Steel/USX	Baytown	TX	2:1
Thompson Consumer Electronics (RCA)	Belen	TX	New Facility
City Of Brownsville	Brownsville	TX	2:1
Milwhite	Brownsville	TX	2:1
Premier Services Corp	Brownsville	TX	2:1
Tex Mex Cold Storage	Brownsville	TX	2:1
Farstad Oil	Buford	TX	2:1
Lopez Scrap Metal	Buford	TX	2:1
El Paso Valley Cotton Assn	Clint	TX	2:1
T & R Chemicals Inc	Clint	TX	2:1
Valley Feed Mills	Clint	TX	2:1
Citgo Petroleum East Plant	Corpus Christi	TX	2:1
Citgo Petroleum West Plant	Corpus Christi	TX	2:1
Coastal Refining & Marketing	Corpus Christi	TX	2:1
Elementis Chromium	Corpus Christi	TX	2:1
Encycle Texas Inc.	Corpus Christi	TX	2:1
ESCO Distributors Inc	Corpus Christi	TX	2:1
Koch Refining Company, East Plant	Corpus Christi	TX	2:1
Nueces Grain Company	Corpus Christi	TX	2:1
US Interstate Grain Corp., Port Terminal	Corpus Christi	TX	2:1
Zarsky Lumber Co.	Corpus Christi	TX	2:1
Defense Distribution Depot	Defense	TX	2:1
Penreco	Dickinson	TX	2:1
Gulf States Asphalt	Dumont	TX	2:1
Houston L&P #1	Dumont	TX	2:1
Houston L&P #3	Dumont	TX	2:1
South Houston Lumber	Dumont	TX	2:1
General Tire	East Waco	TX	2:1
Amoco Chemical	Eldon	TX	Agreement
Bayer Chemical	Eldon	TX	Agreement
Borden Chemical	Eldon	TX	2:1
Chevron Chemical	Eldon	TX	Agreement
City Public Service Board of San Antonio	Elmendorf	TX	2:1
Richard Bills Feedlot	Fabens	TX	2:1
Romney Implement	Fabens	TX	2:1
Swig Cotton Compress	Fabens	TX	2:1
Ashland Chemical	Genoa	TX	2:1
Pioneer Concrete Texas	Genoa	TX	2:1
Sunbelt Asphalt Materials	Genoa	TX	2:1
Amc Warehouses	Great Southwest	TX	2:1
Boise Cascade	Great Southwest	TX	2:1
Carry Companies	Great Southwest	TX	2:1
Carry Companies (Imperial Sugar)	Great Southwest	TX	2:1
Champion Recycling	Great Southwest	TX	2:1
Coors Brewing	Great Southwest	TX	2:1
D D Recycling	Great Southwest	TX	2:1

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D S Plastics	Great Southwest	TX	2:1
DSC Logistics	Great Southwest	TX	Transload
DSC Logistics (Lever)	Great Southwest	TX	Transload
DSC Logistics (Pillsbury)	Great Southwest	TX	Transload
Frito Lay	Great Southwest	TX	2:1
G E Appliances	Great Southwest	TX	2:1
General Hardwoods	Great Southwest	TX	2:1
Ink	Great Southwest	TX	2:1
Intsel Southwest	Great Southwest	TX	2:1
LMD Warehouse Distribution	Great Southwest	TX	2:1
Mackie Automotive Southwest	Great Southwest	TX	2:1
Matlack Systems	Great Southwest	TX	2:1
McGregor Printing	Great Southwest	TX	2:1
National Gypsum Co	Great Southwest	TX	2:1
National Starch Chemical	Great Southwest	TX	2:1
Packaging Corp of America	Great Southwest	TX	2:1
Pennzoil Prod	Great Southwest	TX	2:1
Pepsi Cola	Great Southwest	TX	2:1
Porter Warner Ind	Great Southwest	TX	2:1
Professional Food Systems	Great Southwest	TX	2:1
Quality Logistics Services	Great Southwest	TX	2:1
Solvay Engineered Polymers (DS Plastics)	Great Southwest	TX	2:1
Texas Plywood Lumber	Great Southwest	TX	2:1
Tucker Housewares	Great Southwest	TX	2:1
Tulco Oil	Great Southwest	TX	2:1
Uvtec	Great Southwest	TX	2:1
Wainwright Ind	Great Southwest	TX	2:1
Western Reclamation	Great Southwest	TX	2:1
Weyerhaeuser	Great Southwest	TX	2:1
Willamette Industries Bag	Great Southwest	TX	2:1
Willamette Industries Corrug	Great Southwest	TX	2:1
LCRA Plant	Halsted	TX	2:1
Alamo Forest Products Inc.	Harlingen	TX	2:1
Cameron Ashley Building Products	Harlingen	TX	2:1
Earthgrains Co	Harlingen	TX	2:1
Georgia Pacific Corp	Harlingen	TX	2:1
Harlingen Valley Compress Co., Inc.	Harlingen	TX	2:1
Joiner Foodservice Inc.	Harlingen	TX	2:1
Rio Grande Oil Mill	Harlingen	TX	2:1
Valley Compress Co., Inc.	Harlingen	TX	2:1
Valley Coop Oil Mill (Valco Chemical)	Harlingen	TX	2:1
Valley Morning Star	Harlingen	TX	2:1
M G Building Materials	Heafer	TX	2:1
Wheelwright & Associates	League City	TX	2:1
Exxon Chemical Americas	Mont Belvieu	TX	Agreement
Allied Signal	Orange	TX	2:1
Bayer Fibers Additives/Rubber	Orange	TX	2:1
Chevron Chemical	Orange	TX	2:1
Dupont De Nemours, E I	Orange	TX	2:1
Equitable Bag	Orange	TX	2:1
Firestone Syn Rubber Latex	Orange	TX	2:1
Lewis Plastics	Orange	TX	2:1
Neches Inc	Orange	TX	2:1
Orange City Of	Orange	TX	2:1
Orange Port Of	Orange	TX	2:1
Orange Ship Building	Orange	TX	2:1
Precinct One Orange County	Orange	TX	2:1
PrintPak (James River)	Orange	TX	2:1
Rescar Inc	Orange	TX	2:1
Sabine Warehouse	Orange	TX	2:1
Schulman Plant (Burnett St)	Orange	TX	2:1
Schulman Plant (Thomas St)	Orange	TX	2:1
Texas Polymer Services	Orange	TX	2:1
West Orange City Of	Orange	TX	2:1

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Wilson Warehouse	Orange	TX	2:1
Alamo Iron Works	San Antonio	TX	2:1
Allen & Allen Co	San Antonio	TX	2:1
BFI (Browning Ferris Industries)	San Antonio	TX	2:1
Big Tex Grain	San Antonio	TX	2:1
Block Distributing, Wine Div	San Antonio	TX	2:1
California Fruit Co	San Antonio	TX	2:1
Crystal Cold Storage	San Antonio	TX	2:1
Dittmar Lumber Corp	San Antonio	TX	2:1
Fiesta Warehousing Distribution	San Antonio	TX	Transload
Fite Distribution Services	San Antonio	TX	2:1
Georgia Pacific Corp	San Antonio	TX	2:1
GLI Distributing	San Antonio	TX	2:1
Halo Distributing	San Antonio	TX	2:1
Hart Lumber	San Antonio	TX	2:1
Hood Clays Vr	San Antonio	TX	2:1
Imperial Bedding	San Antonio	TX	2:1
Lone Star Brewing	San Antonio	TX	2:1
Newell Industries Inc	San Antonio	TX	2:1
Newell Recycling of San Antonio, L.P.	San Antonio	TX	2:1
Pearl Brewing	San Antonio	TX	2:1
Pioneer Flour Mills	San Antonio	TX	2:1
Salt Exchange Inc	San Antonio	TX	2:1
Savage Industries, Industrial Rail Services	San Antonio	TX	Transload
South Texas Liquid Terminal	San Antonio	TX	Transload
Southern Merchandise Stge Co	San Antonio	TX	2:1
Star Seed & Grain	San Antonio	TX	2:1
Superior Tomato-Avocado Co Inc	San Antonio	TX	2:1
Trinity Industries Inc	San Antonio	TX	2:1
Westland Specialty Oil Company Inc	San Antonio	TX	2:1
Wright Oil	San Antonio	TX	2:1
Merco Joint Venture	Sierra Blanca	TX	2:1
San Patricio County Commissioner, Pricinct 1	Sinton	TX	2:1
A E Staley @ Imperial Holly Facility	Sugar Land	TX	2:1
Imperial Holly	Sugar Land	TX	2:1
Nalco Exxon Energy Chemicals	Sugar Land	TX	2:1
J J S Distributing	Texarkana	TX	Agreement
Kerr McGee Chemical Corp	Texarkana	TX	Agreement
Miller Bowie County Farmers (Willis St)	Texarkana	TX	Agreement
Texarkana Milling Supply	Texarkana	TX	Agreement
Drake Enterprises	Tornillo	TX	2:1
American Plant Food Co	Tyler	TX	2:1
Bonar Packaging	Tyler	TX	2:1
Cameron Ashley Building Products	Tyler	TX	2:1
Jewell Concrete Products	Tyler	TX	2:1
Kelly Springfield Tire	Tyler	TX	2:1
Sunbelt Cement	Tyler	TX	2:1
Transit Mix Concrete Material	Tyler	TX	2:1
Kamin Furniture	Victoria	TX	2:1
Cameron Ashley Building Products	Waco	TX	2:1
Central Forwarding Co	Waco	TX	2:1
Central Texas Iron Works	Waco	TX	2:1
Central Warehouse Co	Waco	TX	2:1
Certainfeed	Waco	TX	2:1
Continental General Tire	Waco	TX	2:1
Equalizer	Waco	TX	2:1
Exporters & Traders Compress & Whse Co	Waco	TX	Transload
Fleetwood Homes	Waco	TX	2:1
Fleetwood Trailer Co	Waco	TX	2:1
Gross Yowell Lumber	Waco	TX	2:1
Gulf States Paper	Waco	TX	2:1
Jarvis Paris Murphy	Waco	TX	2:1
Jewell Concrete Products	Waco	TX	2:1
M Lipsitz	Waco	TX	2:1

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M M Mars	Waco	TX	2:1
Metro Lumber Industries	Waco	TX	2:1
Mid State Beverage Inc	Waco	TX	2:1
Owens Brockway	Waco	TX	2:1
Tejas Warehouse System	Waco	TX	2:1
Terra Nitrogen Corp (Terra Intl Inc)	Waco	TX	2:1
Vacant Facility (McCoys Bldg Supply Center)	Waco	TX	2:1
Veterans Administration	Waco	TX	2:1
Houston Shell & Concrete	Webster	TX	2:1
McCoys Bldg Supply Center	Webster	TX	2:1
Sunbelt Asphalt Materials	Webster	TX	2:1
Custom House Manuvering Svcs	Ysleta	TX	2:1
Featherlite Building Products Corp	Ysleta	TX	2:1
International Paper, Container Div	Ysleta	TX	2:1
Rhinehart Oil	American Fork	UT	2:1
Alpine Transfer	Clearfield	UT	2:1
Americold	Clearfield	UT	2:1
Ashland Chemical	Clearfield	UT	2:1
Birmingham Bolt	Clearfield	UT	2:1
Del Monte Foods	Clearfield	UT	2:1
DSC Logistics	Clearfield	UT	2:1
Excel Mining	Clearfield	UT	2:1
FABPRO Oriented Polymers Inc	Clearfield	UT	2:1
Freeport Center	Clearfield	UT	2:1
Freeport Cold Storage	Clearfield	UT	2:1
Gatx Logistics	Clearfield	UT	2:1
Lifetime Products	Clearfield	UT	2:1
Malnove	Clearfield	UT	2:1
Naptech Inc	Clearfield	UT	2:1
Oborn Transfer & Storage	Clearfield	UT	2:1
Poli Twine	Clearfield	UT	2:1
Quintex	Clearfield	UT	2:1
Ryerson Son J T	Clearfield	UT	2:1
Tech Steel	Clearfield	UT	2:1
Thickol	Clearfield	UT	2:1
Watkins Shepard	Clearfield	UT	2:1
Geneva Steel	Geneva	UT	2:1
LaRoche Industries	Geneva	UT	2:1
Western Pipe Coaters (c/o Geneva Steel)	Geneva	UT	2:1
Reilly Industries	Ironton	UT	2:1
Great Salt Lake Minerals	Little Mountain	UT	2:1
Kennecott Utah Copper Corp	Magna	UT	2:1
Flying J Inc	North Salt Lake City	UT	2:1
Red Man Pipe & Supply Co	North Salt Lake City	UT	2:1
American Nutrition	Ogden	UT	2:1
Atlas Steel	Ogden	UT	2:1
Cache Commodities DRGW	Ogden	UT	2:1
Cargill Flour Milling	Ogden	UT	2:1
Cargill Nutrena Feeds	Ogden	UT	2:1
Cereal Food Processors	Ogden	UT	2:1
David Grant Trucking Inc	Ogden	UT	2:1
Defense Depot	Ogden	UT	Transload
Durbano Metals	Ogden	UT	2:1
Dyce Chemical Ind	Ogden	UT	2:1
Great Salt Lake Minerals	Ogden	UT	2:1
Harsac	Ogden	UT	2:1
Kimberly Clark	Ogden	UT	2:1
Koch Agri Services West	Ogden	UT	2:1
L Bloom & Sons	Ogden	UT	2:1
McNabb Grain	Ogden	UT	2:1
Nutrena Feed	Ogden	UT	2:1
Wasatch Distributing	Ogden	UT	2:1
Western Gateway Storage	Ogden	UT	2:1
Pipe Fabricating	Pioneer	UT	2:1

**UP/SP Served Facilities Accessed By BNSF
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A Y Building Supply	Provo	UT	2:1
Atlas Steel	Provo	UT	2:1
Big Four Distributing	Provo	UT	2:1
Pacific States Cast Iron Pipe	Provo	UT	2:1
Pitt Des Moines (PDM)	Provo	UT	2:1
A K Railroad Materials	Salt Lake City	UT	2:1
Alta Industries	Salt Lake City	UT	2:1
American Excelsior	Salt Lake City	UT	2:1
Amerigas Propane Lp	Salt Lake City	UT	2:1
Amoco Oil	Salt Lake City	UT	2:1
Asphalt Systems Inc	Salt Lake City	UT	2:1
Associated Food Stores	Salt Lake City	UT	2:1
Atlas Steel Inc	Salt Lake City	UT	2:1
Baker Hughes Inteq	Salt Lake City	UT	2:1
Bee Hive Brick	Salt Lake City	UT	2:1
Benergy dba Star Carbon Divn	Salt Lake City	UT	2:1
Border Steel	Salt Lake City	UT	2:1
Bruce Transfer & Storage	Salt Lake City	UT	2:1
Capitol Lumber	Salt Lake City	UT	2:1
Cenex Land O Lakes	Salt Lake City	UT	2:1
Cereal Food Processors	Salt Lake City	UT	2:1
Certified Warehouse Transfer	Salt Lake City	UT	2:1
Chevron Products	Salt Lake City	UT	2:1
Chris & Dicks Lbr & Hardware	Salt Lake City	UT	2:1
Church Of Jesus Christ LDS	Salt Lake City	UT	2:1
Conoco Inc	Salt Lake City	UT	2:1
Corp Of The President (LDS Church)	Salt Lake City	UT	2:1
Corporation Of The Presiding	Salt Lake City	UT	2:1
Crawford Door Sales	Salt Lake City	UT	2:1
Crus Distributing	Salt Lake City	UT	2:1
E F Mariani	Salt Lake City	UT	Transload
Eaton Metal Products	Salt Lake City	UT	2:1
Eimco Process Equipment	Salt Lake City	UT	2:1
Engelhard	Salt Lake City	UT	2:1
Farwest Steel	Salt Lake City	UT	2:1
General Distributing	Salt Lake City	UT	2:1
General Felt Industries	Salt Lake City	UT	2:1
Great Western Chemical	Salt Lake City	UT	2:1
Harrington Trucking Inc	Salt Lake City	UT	Transload
Hill Brothers Chemical	Salt Lake City	UT	2:1
Holnam	Salt Lake City	UT	2:1
Liquid Sugars	Salt Lake City	UT	2:1
Mark Steel (W 200)	Salt Lake City	UT	2:1
Marmon Keystone	Salt Lake City	UT	2:1
May Foundry	Salt Lake City	UT	2:1
Metro Group Inc	Salt Lake City	UT	2:1
Mountain Cement	Salt Lake City	UT	2:1
Nalco Chemical	Salt Lake City	UT	2:1
Newspaper Agency	Salt Lake City	UT	2:1
Pacific Steel	Salt Lake City	UT	2:1
Packaging Corp of America	Salt Lake City	UT	2:1
Pax	Salt Lake City	UT	2:1
Peerless Oil	Salt Lake City	UT	2:1
Petrolane	Salt Lake City	UT	2:1
Pioneer Wholesale Supply Inc	Salt Lake City	UT	2:1
Resource Net (aka Western Paper Co)	Salt Lake City	UT	2:1
Salt Lake Auto Auction	Salt Lake City	UT	2:1
Semling Menke	Salt Lake City	UT	2:1
Smurfit Stone Container Corp	Salt Lake City	UT	2:1
Specialized Rail Service	Salt Lake City	UT	Transload
Sport Court	Salt Lake City	UT	2:1
Steelco	Salt Lake City	UT	2:1
Sutherland Lumber	Salt Lake City	UT	2:1
Terminal Freight Handling	Salt Lake City	UT	2:1

UP/SP Served Facilities Accessed By BNSF
Other Than As A Result Of "50/50 Line" '98 Agreement

Thatcher Company	Salt Lake City	UT	2:1
Transwood	Salt Lake City	UT	Transload
United States Postal Service	Salt Lake City	UT	2:1
United States Welding	Salt Lake City	UT	2:1
Utah Barrel	Salt Lake City	UT	2:1
Utah Metal Works	Salt Lake City	UT	2:1
Utah Paper Box	Salt Lake City	UT	2:1
Valley Steel Processing Inc	Salt Lake City	UT	2:1
Van Water Rogers	Salt Lake City	UT	2:1
Westinghouse Electric Co	Salt Lake City	UT	2:1
Weyerhaeuser (Matl Dist)	Salt Lake City	UT	2:1
Weyerhaeuser (Recycling)	Salt Lake City	UT	2:1
Wholesale Stationers Corp	Salt Lake City	UT	2:1
Wholesale Transfer & Whse	Salt Lake City	UT	2:1
Inland Refining Inc	Woods Cross	UT	2:1
Koch Performance Asphalt Co	Woods Cross	UT	2:1
Peak Profile	Woods Cross	UT	2:1
Phillips 66W	Woods Cross	UT	2:1

**"2-To-1" Points Where UP Has Advised BNSF
Has Accessed to "All Customers"**

Customer	Station	State	Status
All Customers	Altamont	CA	2:1
All Customers	Hearst	CA	2:1
All Customers	Livermore	CA	2:1
All Customers	Midway	CA	2:1
All Customers	Niles Jct	CA	2:1
All Customers	Pleasanton	CA	2:1
All Customers	Radium	CA	2:1
All Customers	Trevarno	CA	2:1
All Customers	Alazon	NV	2:1
All Customers	Barth	NV	2:1
All Customers	Beowawe	NV	2:1
All Customers	Carlin	NV	2:1
All Customers	Coin	NV	2:1
All Customers	Deeth	NV	2:1
All Customers	Dunphy	NV	2:1
All Customers	Elburz	NV	2:1
All Customers	Elko	NV	2:1
All Customers	Ellison	NV	2:1
All Customers	Golconda	NV	2:1
All Customers	Hunter	NV	2:1
All Customers	Jayhawk	NV	2:1
All Customers	Kampos	NV	2:1
All Customers	Knight	NV	2:1
All Customers	Nardi	NV	2:1
All Customers	Pardo	NV	2:1
All Customers	Rasid	NV	2:1
All Customers	Redhouse	NV	2:1
All Customers	Rennox	NV	2:1
All Customers	Russells	NV	2:1
All Customers	Ryndon	NV	2:1
All Customers	Tulasco	NV	2:1
All Customers	Weso	NV	2:1
All Customers	Buford	TX	2:1
All Customers	Clint	TX	2:1
All Customers	Dickinson	TX	2:1
All Customers	Dumont	TX	2:1
All Customers	Fabens	TX	2:1
All Customers	Fondren	TX	2:1
All Customers	Ft Hancock	TX	2:1
All Customers	Genoa	TX	2:1
All Customers	Great Southwest	TX	2:1
All Customers	Gypsum Spur	TX	2:1
All Customers	Hulen Park	TX	2:1
All Customers	Iser	TX	2:1
All Customers	La Marque	TX	2:1
All Customers	League City	TX	2:1
All Customers	McDonough	TX	2:1
All Customers	McNary	TX	2:1
All Customers	Olcott	TX	2:1
All Customers	Sierra Blanca	TX	2:1
All Customers	Texas City Jct	TX	2:1
All Customers	Tornillo	TX	2:1
All Customers	Webster	TX	2:1
All Customers	Ysleta	TX	2:1

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**Customers Accessed By BNSF Directly
On Lines Purchased As A Result Of The UP/SP Merger**

Customer	Station	State	Status
Baroid Corp	Berwick	LA	Direct
Ico Tubular	Boeuf	LA	Direct
J Ray McDermott	Boeuf	LA	Direct
M I Drilling Fluids	Boeuf	LA	Direct
Pipe Distributors	Boeuf	LA	Direct
Tuboscope Vetco International	Boeuf	LA	Direct
Monsanto Co	Boutte	LA	Direct
Anchor Drilling Fluids USA Inc	Cade	LA	Direct
J & L Cameco Honiron Div	Jeanerette	LA	Direct
Lafayette Power Plant	Lafayette	LA	Direct
Broussard Rice Mill Inc	Mermentau	LA	Direct
Environmental Treatment Team	Morgan City	LA	Direct
Patterson Truck Lines	Morgan City	LA	Direct
Port of Morgan City	Morgan City	LA	Direct
Tenneco	Morgan City	LA	Direct
Tuboscope	Morgan City	LA	Direct
Texaco Inc	Paradis	LA	Direct

Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers

Customer	Station	State	Serving Carrier	Status
Continental Grain Corp	Danville	AR	LRWN	2:1 SL
Green Bay Pkg Inc Ark Kraft Div	Danville	AR	LRWN	2:1 SL
Wayne Poultry & Feed (Div Continental Grain)	Danville	AR	LRWN	2:1 SL
American Fiber Industries	Little Rock	AR	LRPA	2:1 SL
Ben E Keith of Arkansas	Little Rock	AR	LRPA	2:1 SL
Best Foods Div CPC Intl Inc	Little Rock	AR	LRPA	2:1 SL
Democrat Printing & Lithographing Co	Little Rock	AR	LRPA	2:1 SL
G E Appliances	Little Rock	AR	LRPA	2:1 SL
Interstate Highway Sign Co	Little Rock	AR	LRPA	2:1 SL
Little Rock Distributing	Little Rock	AR	LRPA	2:1 SL
Logistics Services Inc. (LSI)	Little Rock	AR	LRPA	2:1 SL
Logistics Svcs Inc (LSI) (Ryan Walsh Inc)	Little Rock	AR	LRPA	2:1 SL
National By Products	Little Rock	AR	LRPA	2:1 SL
Oneal Steel Inc.	Little Rock	AR	LRPA	2:1 SL
Pind Supply Inc	Little Rock	AR	LRPA	2:1 SL
Recycle America	Little Rock	AR	LRPA	2:1 SL
River Cement	Little Rock	AR	LRPA	2:1 SL
Safety Kleen	Little Rock	AR	LRPA	2:1 SL
Schick Steel	Little Rock	AR	LRPA	2:1 SL
Schueck Steel	Little Rock	AR	LRPA	2:1 SL
Sloane, George Fischer Mfg Co Inc	Little Rock	AR	LRPA	2:1 SL
Southern Bldg Products	Little Rock	AR	LRPA	2:1 SL
Southern Scrap	Little Rock	AR	LRPA	2:1 SL
Southland Products	Little Rock	AR	LRPA	2:1 SL
Vincent Metals Div Rio Algom Inc	Little Rock	AR	LRPA	2:1 SL
Vinyl Building Products	Little Rock	AR	LRPA	2:1 SL
Wheatland Tube - Omega Div	Little Rock	AR	LRPA	2:1 SL
Deltic Timber Corp	Ola	AR	LRWN	2:1 SL
Ameri Gas	Perry	AR	LRWN	2:1 SL
Green Bay Packaging Inc Arkansas Kraft Div	Perry	AR	LRWN	2:1 SL
Collins Pine	Chester	CA	AL	2:1 SL
Miviana Food Inc	Abbeville	LA	LD RR	2:1 SL
Cargill Salt	Baldwin	LA	LD RR	2:1 SL
Morton Salt	Baldwin	LA	LD RR	2:1 SL
Twin Bros Marine	Baldwin	LA	LD RR	2:1 SL
Cabot Corp	Bayou Sale	LA	LD RR	2:1 SL
Columbian Chemicals Co	Bayou Sale	LA	LD RR	2:1 SL
Enterprise Products	Breaux Bridge	LA	LD RR	2:1 SL
Helena Chemical Co	Bunkie	LA	AKDN	2:1 SL
Acadiana Scrap Salvage	Crowley	LA	AKDN	2:1 SL
Falcon Rice Mill	Crowley	LA	AKDN	2:1 SL
Francis Drilling Fluids Ltd	Crowley	LA	AKDN	2:1 SL
G & H Seed	Crowley	LA	AKDN	2:1 SL
Helena Chemical	Crowley	LA	AKDN	2:1 SL
Krielow Bros	Crowley	LA	AKDN	2:1 SL
Liq Quick Fertilizer	Crowley	LA	AKDN	2:1 SL
Riceland Foods (ADM)	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL
Southwest Rice Mill	Crowley	LA	AKDN	2:1 SL
Supreme Rice Mill Inc	Crowley	LA	AKDN	2:1 SL
International Paper Co	Elks	LA	LD RR	2:1 SL
C & E Supply	Eunice	LA	AKDN	2:1 SL
Mowata Farm Supply	Eunice	LA	AKDN	2:1 SL
Rice Co of Eunice	Eunice	LA	AKDN	2:1 SL
Miller Brands	Harahan	LA	NO PB	2:1 SL
Ribelin Distribution Inc	Harahan	LA	NO PB	2:1 SL
Lincoln Big Three	Harvey	LA	NO PB	2:1 SL
M I Drilling Fluids Co	Harvey	LA	NO PB	2:1 SL
Shield Coat Inc	Houma	LA	LD RR	2:1 SL
Cajun Distributing	Jefferson	LA	NO PB	2:1 SL
Distron	Jefferson	LA	NO PB	2:1 SL
Liberty Rice	Kaplan	LA	LD RR	2:1 SL
Transoceanic Shipping/ Intl Export Packers of La	Kenner	LA	NO PB	2:1 SL
A & E Scrap Materials Inc	Lafayette	LA	LD RR	2:1 SL

**Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers**

American Manufacturing	Lafayette	LA	LDRR	2:1 SL
Branch Warehouse	Lafayette	LA	LDRR	2:1 SL
Catalyst Recovery	Lafayette	LA	LDRR	2:1 SL
Chastant Brothers Inc	Lafayette	LA	LDRR	2:1 SL
Elks Concrete Products	Lafayette	LA	LDRR	2:1 SL
Halliburton	Lafayette	LA	LDRR	2:1 SL
Lafayette Distributors	Lafayette	LA	LDRR	2:1 SL
Louisiana Sw Scrap & Salvage	Lafayette	LA	LDRR	2:1 SL
Mike Baker Brick Co	Lafayette	LA	LDRR	2:1 SL
Northpark Industrial Park	Lafayette	LA	LDRR	2:1 SL
Oneal Steel Inc	Lafayette	LA	LDRR	2:1 SL
OSCA Inc	Lafayette	LA	LDRR	2:1 SL
Quality Brands Inc	Lafayette	LA	LDRR	2:1 SL
Schilling Distributing Co Inc	Lafayette	LA	LDRR	2:1 SL
Lockport Thermostats	Lockport	LA	LDRR	2:1 SL
Nicolas Paper	Lockport	LA	LDRR	2:1 SL
Olin	Lockport	LA	LDRR	2:1 SL
Raceland Sugar	Lockport	LA	LDRR	2:1 SL
Allen Tank	New Iberia	LA	LDRR	2:1 SL
Ambar Inc	New Iberia	LA	LDRR	2:1 SL
Bayou Pipe Coating	New Iberia	LA	LDRR	2:1 SL
Carbo Ceramics	New Iberia	LA	LDRR	2:1 SL
Coastal Chemical	New Iberia	LA	LDRR	2:1 SL
Coastal Timbers	New Iberia	LA	LDRR	2:1 SL
Creole Fermentation	New Iberia	LA	LDRR	2:1 SL
Degussa Carbon Black Corp	New Iberia	LA	LDRR	2:1 SL
Iberia Sugar	New Iberia	LA	LDRR	2:1 SL
Iberia Threading	New Iberia	LA	LDRR	2:1 SL
Liberty Connell	New Iberia	LA	LDRR	2:1 SL
Olin	New Iberia	LA	LDRR	2:1 SL
Premiere Casing	New Iberia	LA	LDRR	2:1 SL
A To Z Paper Co	New Orleans	LA	NOPB	2:1 SL
Advance Paper Co Janitorial	New Orleans	LA	NOPB	2:1 SL
Baroid Sales Co (NI Ind)	New Orleans	LA	NOPB	2:1 SL
Barriere Construction Co	New Orleans	LA	NOPB	2:1 SL
Better Boxing	New Orleans	LA	NOPB	2:1 SL
Bourg Wilson Lbr & Bldg Inc	New Orleans	LA	NOPB	2:1 SL
Bubbas Produce	New Orleans	LA	NOPB	2:1 SL
Bulk Materials Transfer	New Orleans	LA	NOPB	2:1 SL
Cargill	New Orleans	LA	NOPB	2:1 SL
Citadel Cement/ Lafcrest Co	New Orleans	LA	NOPB	2:1 SL
Crown Oil Chemical	New Orleans	LA	NOPB	2:1 SL
Dbi R Equine Feed Supply	New Orleans	LA	NOPB	2:1 SL
Deavo Lime Pellican Divn	New Orleans	LA	NOPB	2:1 SL
Depuy Stg & Fwd	New Orleans	LA	NOPB	2:1 SL
Dravo Basic Materials	New Orleans	LA	NOPB	2:1 SL
Equitable Shipyards	New Orleans	LA	NOPB	2:1 SL
Gats Masonry	New Orleans	LA	NOPB	2:1 SL
Glazer Steel and Aluminum	New Orleans	LA	NOPB	2:1 SL
Halter Marine	New Orleans	LA	NOPB	2:1 SL
Holnam	New Orleans	LA	NOPB	2:1 SL
Horizon Intl	New Orleans	LA	NOPB	2:1 SL
Hug Condon & Mayflower Moving & Storing	New Orleans	LA	NOPB	2:1 SL
Lane & Co	New Orleans	LA	NOPB	2:1 SL
Lengsfeld Bros - Lengsfeld Pkg	New Orleans	LA	NOPB	2:1 SL
Levitz Furniture	New Orleans	LA	NOPB	2:1 SL
Liquid Sugars Inc	New Orleans	LA	NOPB	2:1 SL
Marzoni & Associates	New Orleans	LA	NOPB	2:1 SL
Missionary Expeditors Inc	New Orleans	LA	NOPB	2:1 SL
Namasco	New Orleans	LA	NOPB	2:1 SL
Neeb Kearney Inc	New Orleans	LA	NOPB	2:1 SL
New Orleans Cold Storage	New Orleans	LA	NOPB	2:1 SL
New Orleans Distribution	New Orleans	LA	NOPB	2:1 SL
New Orleans Marine Cont	New Orleans	LA	NOPB	2:1 SL
New Orleans Metal Works	New Orleans	LA	NOPB	2:1 SL
North Star Steel Co	New Orleans	LA	NOPB	2:1 SL
Orleans Matls Equipment Co	New Orleans	LA	NOPB	2:1 SL

Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers

Patent Scaffolding	New Orleans	LA	NOPB	2:1	SL
Paulsen-Weber	New Orleans	LA	NOPB	2:1	SL
Pelican Paper	New Orleans	LA	NOPB	2:1	SL
Pelican Tomato Co	New Orleans	LA	NOPB	2:1	SL
Pennzoil Products	New Orleans	LA	NOPB	2:1	SL
Plymouth Cordage	New Orleans	LA	NOPB	2:1	SL
Plywood Panels	New Orleans	LA	NOPB	2:1	SL
Pontchartrain Matl Corp	New Orleans	LA	NOPB	2:1	SL
Port Cargo Service	New Orleans	LA	NOPB	2:1	SL
Public Bulk Terminal	New Orleans	LA	NOPB	2:1	SL
Puerto Rican Marine Mgt	New Orleans	LA	NOPB	2:1	SL
Reily Chemical Co	New Orleans	LA	NOPB	2:1	SL
Reily Wm B - Blue Plate Fine Foods	New Orleans	LA	NOPB	2:1	SL
Ribelen Sales Inc	New Orleans	LA	NOPB	2:1	SL
Rippner Inc	New Orleans	LA	NOPB	2:1	SL
Ryan Timber Co	New Orleans	LA	NOPB	2:1	SL
Sealand	New Orleans	LA	NOPB	2:1	SL
Second Harvester	New Orleans	LA	NOPB	2:1	SL
Sequoia Supply Inc	New Orleans	LA	NOPB	2:1	SL
Sewerage & Water Board of New Orleans	New Orleans	LA	NOPB	2:1	SL
Southeast Recycling	New Orleans	LA	NOPB	2:1	SL
Southern Scrap Matl Co	New Orleans	LA	NOPB	2:1	SL
Southern Steel & Aluminum	New Orleans	LA	NOPB	2:1	SL
Standard Coffee	New Orleans	LA	NOPB	2:1	SL
Tri Ro Pa Mills	New Orleans	LA	NOPB	2:1	SL
Triple E Transport Inc	New Orleans	LA	NOPB	2:1	SL
Turner Marine Bulk Inc	New Orleans	LA	NOPB	2:1	SL
US Army Corp of Engineering	New Orleans	LA	NOPB	2:1	SL
US Gypsum Co	New Orleans	LA	NOPB	2:1	SL
W R Grace	New Orleans	LA	NOPB	2:1	SL
Benhard Warehouse	Opelousas	LA	AKDN	2:1	SL
Cal-Chlor Inc	Opelousas	LA	AKDN	2:1	SL
Emick Prejean & Son Inc	Opelousas	LA	AKDN	2:1	SL
FMC	Opelousas	LA	AKDN	2:1	SL
Gaiennie Lumber	Opelousas	LA	AKDN	2:1	SL
James Corp of Opelousas	Opelousas	LA	AKDN	2:1	SL
Lou Ana Foods	Opelousas	LA	AKDN	2:1	SL
PMG Inc	Opelousas	LA	AKDN	2:1	SL
Prairie Construction Co	Opelousas	LA	AKDN	2:1	SL
Southwest Feed & Farm Supply	Opelousas	LA	AKDN	2:1	SL
Southwest Feed Farm	Opelousas	LA	AKDN	2:1	SL
Patout M A & Son Ltd	Patoutville	LA	LDNR	2:1	SL
Dufrene Building Materials Inc	Raceland	LA	LDNR	2:1	SL
Krielow Brothers	Roanoke	LA	AKDN	2:1	SL
Tri-State Delta Inc	Schriever	LA	LDNR	2:1	SL
Cabot Corp	Tate Cove	LA	AKDN	2:1	SL
National Beverage	Thibodaux	LA	LDNR	2:1	SL
Evangeline Farmers Coop	Ville Platte	LA	AKDN	2:1	SL
Union Tank Car	Ville Platte	LA	AKDN	2:1	SL
BHP Copper	Riepetown	NV	BHP	2:1	SL
Agua Dulce Grain Co	Agua Dulce	TX	TM	2:1	SL
Agua Dulce Co on	Agua Dulce	TX	TM	2:1	SL
Barr Iron & Metal	Alice	TX	TM	2:1	SL
Bell Processing	Alice	TX	TM	2:1	SL
Dowell Schlumberger Inc	Alice	TX	TM	2:1	SL
Halliburton Energy Svc	Alice	TX	TM	2:1	SL
Hammock Distribution	Alice	TX	TM	2:1	SL
Milchem	Alice	TX	TM	2:1	SL
Sanrol	Alice	TX	TM	2:1	SL
Tetra Oil & Gas Svc	Alice	TX	TM	2:1	SL
Tetra Services Inc	Alice	TX	TM	2:1	SL
Titan Services	Alice	TX	TM	2:1	SL
Western	Alice	TX	TM	2:1	SL
ABC Supply	Austin	TX	LHRR	2:1	SL
Acco Waste Paper	Austin	TX	LHRR	2:1	SL
Alar Distribution	Austin	TX	LHRR	2:1	SL
Alliant Foodservice	Austin	TX	LHRR	2:1	SL

**Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers**

Austin Steam Train Assn	Austin	TX	LHRR	2:1	SL
Boonesborough Inc	Austin	TX	LHRR	2:1	SL
Brown Dist	Austin	TX	LHRR	2:1	SL
Capital Beverage	Austin	TX	LHRR	2:1	SL
Foxworth - Galbraith	Austin	TX	LHRR	2:1	SL
Huntsman Chemical Corp	Austin	TX	LHRR	2:1	SL
J Pinelli Corp	Austin	TX	LHRR	2:1	SL
Kraft Food Service	Austin	TX	LHRR	2:1	SL
Shiner	Austin	TX	LHRR	2:1	SL
Warren Furniture	Austin	TX	LHRR	2:1	SL
Banquete Co-op	Banquete	TX	TM	2:1	SL
Banquete Grain & Elevator	Banquete	TX	TM	2:1	SL
McCoy Lumber	Belton	TX	GRR	2:1	SL
Amfels Inc	Brownsville	TX	BRG	2:1	SL
Anbel Corporation	Brownsville	TX	BRG	2:1	SL
Best Group Marine	Brownsville	TX	BRG	2:1	SL
Brownsville Navigation	Brownsville	TX	BRG	2:1	SL
Brownsville Refining	Brownsville	TX	BRG	2:1	SL
Carl & Carol Meyer	Brownsville	TX	BRG	2:1	SL
Chem USA Corp	Brownsville	TX	BRG	2:1	SL
Columbia Western Clay	Brownsville	TX	BRG	2:1	SL
Comercializadora Lajunta	Brownsville	TX	BRG	2:1	SL
Dix Industries Inc	Brownsville	TX	BRG	2:1	SL
Duropaper Bag Mfg	Brownsville	TX	BRG	2:1	SL
Elgo Internacional	Brownsville	TX	BRG	2:1	SL
Frontier Services	Brownsville	TX	BRG	2:1	SL
Galbreath Inc	Brownsville	TX	BRG	2:1	SL
Garva Corp	Brownsville	TX	BRG	2:1	SL
Global Stone Lc	Brownsville	TX	BRG	2:1	SL
Groendyke Transport	Brownsville	TX	BRG	2:1	SL
Gulf Facilities Inc	Brownsville	TX	BRG	2:1	SL
Gulf Stream Marine Of Brownsville	Brownsville	TX	BRG	2:1	SL
Gulmar Inc	Brownsville	TX	BRG	2:1	SL
Inter Transfer	Brownsville	TX	BRG	2:1	SL
Interlube Terminals	Brownsville	TX	BRG	2:1	SL
International Shipbreaking	Brownsville	TX	BRG	2:1	SL
International Stainless Steel	Brownsville	TX	BRG	2:1	SL
Itapco Border Terml	Brownsville	TX	BRG	2:1	SL
Itapco Bville Terml	Brownsville	TX	BRG	2:1	SL
Itapco Tejano Terml	Brownsville	TX	BRG	2:1	SL
John Houlihan	Brownsville	TX	BRG	2:1	SL
Liberty Engr Inc	Brownsville	TX	BRG	2:1	SL
Lower Valley Trans	Brownsville	TX	BRG	2:1	SL
Marine Scrap Corp	Brownsville	TX	BRG	2:1	SL
Oglebay Norton	Brownsville	TX	BRG	2:1	SL
Open Sesame Commodity	Brownsville	TX	BRG	2:1	SL
Penn Octane Corp	Brownsville	TX	BRG	2:1	SL
Petroliquids Terminal	Brownsville	TX	BRG	2:1	SL
Pitt Crane & Equipment Inc	Brownsville	TX	BRG	2:1	SL
Port Elevator-Brownsville	Brownsville	TX	BRG	2:1	SL
Port Of Brownsville	Brownsville	TX	BRG	2:1	SL
Quimica Fluor Sa	Brownsville	TX	BRG	2:1	SL
R M Walsdorf Co	Brownsville	TX	BRG	2:1	SL
Rio Plastic Inc	Brownsville	TX	BRG	2:1	SL
Roll & Hold	Brownsville	TX	BRG	2:1	SL
RR Maintenance & Constru	Brownsville	TX	BRG	2:1	SL
Sanco International Inc	Brownsville	TX	BRG	2:1	SL
Satellite I Inc	Brownsville	TX	BRG	2:1	SL
South Pacific Plywood Lumber	Brownsville	TX	BRG	2:1	SL
South Texas Grain	Brownsville	TX	BRG	2:1	SL
South Texas Grain (Tip O Tex Elevator)	Brownsville	TX	BRG	2:1	SL
Southwest Grain	Brownsville	TX	BRG	2:1	SL
STG Leasing Co	Brownsville	TX	BRG	2:1	SL
Texas International Ry	Brownsville	TX	BRG	2:1	SL
Transforma Marine	Brownsville	TX	BRG	2:1	SL
TransMontaigne Termining Inc	Brownsville	TX	BRG	2:1	SL
Trico Technologies Corp	Brownsville	TX	BRG	2:1	SL

**Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers**

Valley Warehousing	Brownsville	TX	BRG	2:1 SL
Hoover Building Supply	Burnet	TX	LHRR	2:1 SL
Pioneer Concrete of Tx Inc	Burnet	TX	LHRR	2:1 SL
Aimcor (Applied Industrial Materials)	Corpus Christi	TX	CCTR	2:1 SL
Alamo Concrete Products Limited	Corpus Christi	TX	TM	2:1 SL
Alford Refrigerated Whse	Corpus Christi	TX	TM	2:1 SL
Andrews Distributing Company Inc	Corpus Christi	TX	TM	2:1 SL
Atlas Iron & Metal Company	Corpus Christi	TX	TM	2:1 SL
Auto Warehousing Co	Corpus Christi	TX	CCTR	2:1 SL
Baker Hughes Inteq	Corpus Christi	TX	TM	2:1 SL
Barnup & Simms of Texas Inc	Corpus Christi	TX	TM	2:1 SL
BFI Waste Systems	Corpus Christi	TX	TM	2:1 SL
Big Three Welding Co	Corpus Christi	TX	TM	2:1 SL
Block Distributing Company	Corpus Christi	TX	TM	2:1 SL
Burt H E Grocery	Corpus Christi	TX	TM	2:1 SL
City Delivery Service & Storage	Corpus Christi	TX	TM	2:1 SL
Clemtex Inc	Corpus Christi		TM	2:1 SL
Coastal Storage Inc	Corpus Christi		TM	2:1 SL
Commercial Metals Company	Corpus Christi	TX	TM	2:1 SL
Coors Distributing Co of Corpus Christi	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Disposal Service	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Grain Co	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Produce Co Inc	Corpus Christi	TX	TM	2:1 SL
Corpus Christi Public Compress	Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi Public Elevator	Corpus Christi	TX	CCTR	2:1 SL
Corpus Christi Wholesale Mart	Corpus Christi	TX	TM	2:1 SL
Delta Steel Inc	Corpus Christi	TX	TM	2:1 SL
Dix-Fairway Terminals	Corpus Christi	TX	CCTR	2:1 SL
Farrell Cooper Mining	Corpus Christi	TX	CCTR	2:1 SL
Featherlite Building Products	Corpus Christi	TX	TM	2:1 SL
G N I Group (Disposal System)	Corpus Christi	TX	TM	2:1 SL
Griffin Industries	Corpus Christi	TX	TM	2:1 SL
Gulf Coast Bearing & Supply Co	Corpus Christi	TX	TM	2:1 SL
Gulf Compress	Corpus Christi	TX	UP/TM	2:1 SL
Gulf Concrete	Corpus Christi	TX	TM	2:1 SL
Gulf Iron Works	Corpus Christi	TX	TM	2:1 SL
Haas Anderson Construction Inc	Corpus Christi	TX	TM	2:1 SL
Hausman, Sam Meat Packer	Corpus Christi	TX	TM	2:1 SL
Hitox Corp	Corpus Christi	TX	CCTR	2:1 SL
Industrial Stainless & Alloys	Corpus Christi	TX	TM	2:1 SL
Ingram Readymix Inc	Corpus Christi	TX	TM	2:1 SL
Koch Material Co	Corpus Christi	TX	CCTR	2:1 SL
M G Building Materials Inc.	Corpus Christi	TX	TM	2:1 SL
Milwhite Company Inc	Corpus Christi	TX	CCTR	2:1 SL
Mineral Processing & Marketing	Corpus Christi	TX	TM	2:1 SL
National Sanitary Supply Company (Century Paper)	Corpus Christi	TX	TM	2:1 SL
Naylor Farm & Ranch Supply	Corpus Christi	TX	TM	2:1 SL
Omni Fluids Co	Corpus Christi	TX	TM	2:1 SL
Penland Distributing Co	Corpus Christi	TX	TM	2:1 SL
Port of Corpus Christi Authority	Corpus Christi	TX	CCTR	2:1 SL
Port of Corpus Christi Authority - Bulkmaterials Dock	Corpus Christi	TX	CCTR	2:1 SL
Ray West Warehouses Inc	Corpus Christi	TX	TM	2:1 SL
Safety Kleen Corporation	Corpus Christi	TX	TM	2:1 SL
Scholl Forest Industry Inc.	Corpus Christi	TX	CCTR	2:1 SL
Sears Roebuck & Co	Corpus Christi	TX	TM	2:1 SL
Skips Industrial Salvage	Corpus Christi	TX	TM	2:1 SL
South Texas Recycling Co	Corpus Christi	TX	TM	2:1 SL
Southeastern Public Service Co	Corpus Christi	TX	TM	2:1 SL
Star Fire Port Services Inc	Corpus Christi	TX	CCTR	2:1 SL
Sterett Supply Co	Corpus Christi	TX	TM	2:1 SL
Suniland Furniture Co	Corpus Christi	TX	TM	2:1 SL
Swift-Train Company	Corpus Christi	TX	TM	2:1 SL
Texas Industries Inc. (TXI)	Corpus Christi	TX	TM	2:1 SL
Texas Lehigh Cement	Corpus Christi	TX	CCTR	2:1 SL
Thorpe Insulation Co (J. T. Thorpe Company)	Corpus Christi	TX	TM	2:1 SL
Timet	Corpus Christi	TX	CCTR	2:1 SL
United Masonry Supply Inc.	Corpus Christi	TX	TM	2:1 SL

**Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers**

Valls Shipping Company	Corpus Christi	TX	CCTR	2:1 SL
Van Waters & Rogers	Corpus Christi	TX	TM	2:1 SL
Vista Trading	Corpus Christi	TX	CCTR	2:1 SL
Wallace Co Inc	Corpus Christi	TX	TM	2:1 SL
Western Steel Co	Corpus Christi	TX	TM	2:1 SL
Wholesalers, Inc.	Corpus Christi	TX	TM	2:1 SL
Wuersche Grain & Elevator	Corpus Christi	TX	TM	2:1 SL
84 Lumber	Decker	TX	LHRR	2:1 SL
Acme Brick	Elgin	TX	LHRR	2:1 SL
Elgin Butler Brick	Elgin	TX	LHRR	2:1 SL
Elgin Warehousing Corp	Elgin	TX	LHRR	2:1 SL
Greenline Chemical Co	Elgin	TX	LHRR	2:1 SL
U S Brick	Elgin	TX	LHRR	2:1 SL
Valcones Recycling	Elgin	TX	LHRR	2:1 SL
Austin Powder Corp	Elgin	TX	LHRR	2:1 SL
Calcasieu Lumber Co	Feld	TX	GRR	2:1 SL
Dyno Nobel Mid America	Feld	TX	GRR	2:1 SL
Team Track Feld	Feld	TX	GRR	2:1 SL
Austin Marble	Feld	TX	GRR	2:1 SL
Hope Lumber Co	Georgetown	TX	GRR	2:1 SL
McCoy Lumber	Georgetown	TX	GRR	2:1 SL
Transit Mix Inc	Georgetown	TX	GRR	2:1 SL
Ambar Inc	Georgetown	TX	GRR	2:1 SL
Baker Hughes Inteq	Hebbronville	TX	TM	2:1 SL
M I Drilling Fluids Co	Hebbronville	TX	TM	2:1 SL
Brennan & Co	Hebbronville	TX	TM	2:1 SL
Caseo Guerra	Laredo	TX	TM	2:1 SL
Chemical Leaman	Laredo	TX	TM	2:1 SL
Continental Exim (G Bolano)	Laredo	TX	TM	2:1 SL
Despachos del Norte	Laredo	TX	TM	2:1 SL
Fernando Garcia Whse	Laredo	TX	TM	2:1 SL
Flores R L	Laredo	TX	TM	2:1 SL
Galveston Paper Inc	Laredo	TX	TM	2:1 SL
Gateway Transfer	Laredo	TX	TM	2:1 SL
J O Alvarez CHB	Laredo	TX	TM	2:1 SL
Laredo Moving & Storage	Laredo	TX	TM	2:1 SL
MB Forwarding	Laredo	TX	TM	2:1 SL
Mesa Processing	Laredo	TX	TM	2:1 SL
Milwhite Inc	Laredo	TX	TM	2:1 SL
Pasquel Hermanos	Laredo	TX	TM	2:1 SL
Texas Intl Forwarding	Laredo	TX	T	2:1 SL
Cactus Canyon Quarries Inc	Laredo	TX	TM	2:1 SL
Capitol Aggregates (Delta)	Marble Falls	TX	LHRR	2:1 SL
Chemical Lime	Marble Falls	TX	LHRR	2:1 SL
J M Huber	Marble Falls	TX	LHRR	2:1 SL
Texas Granite	Marble Falls	TX	LHRR	2:1 SL
Abbott Labs	Marble Falls	TX	LHRR	2:1 SL
Guthrie Lumber	McNeil	TX	LHRR	2:1 SL
J H Supply	McNeil	TX	LHRR	2:1 SL
Anglo Iron & Metal	McNeil	TX	LHRR	2:1 SL
Brownsville Gulfside Warehouse	McNeil	TX	LHRR	2:1 SL
Duro Bag	Port of Brownsville	TX	BRG	2:1 SL
Garva Corp	Port of Brownsville	TX	BRG	2:1 SL
Gulf Facilities Inc	Port of Brownsville	TX	BRG	2:1 SL
Gulmar Inc	Port of Brownsville	TX	BRG	2:1 SL
Schaefer Stevedoring	Port of Brownsville	TX	BRG	2:1 SL
STF Inc	Port of Brownsville	TX	BRG	2:1 SL
Texas Intl Rwy (Rail Transport Svcs)	Port of Brownsville	TX	BRG	2:1 SL
Union Carbide	Port of Brownsville	TX	BRG	2:1 SL
Westway Terminal (Trading)	Port of Brownsville	TX	BRG	2:1 SL
Wright Materials Inc	Port of Brownsville	TX	BRG	2:1 SL
Calcasieu Lbr Co	Port of Brownsville	TX	BRG	2:1 SL
Alar Distribution	Robstown	TX	TM	2:1 SL
Capital Beverage	Round Rock	TX	GRR	2:1 SL
Foxworth - Galbraith	Scobee	TX	LHRR	2:1 SL
McCoy Corp	Scobee	TX	LHRR	2:1 SL
Top Dollar Cement	Scobee	TX	LHRR	2:1 SL
	Scobee	TX	LHRR	2:1 SL
	Weir	TX	GRR	2:1 SL

**Customers Accessed By BNSF Located
On "2-To-1" Shortlines/Regional Carriers**

Boise Cascade	City Limits	UT	SLGW	2:1 SL
Certified Warehouse	City Limits	UT	SLGW	2:1 SL
Comstar International	City Limits	UT	SLGW	2:1 SL
National Distribution	City Limits	UT	SLGW	2:1 SL
Pacific Cold Storage	City Limits	UT	SLGW	2:1 SL
Sauder Woodworking	City Limits	UT	SLGW	2:1 SL
Pacificorp	Gadsby	UT	SLGW	2:1 SL
Western Zirconium (Westinghouse Electric)	Little Mountain	UT	UCRY	2:1 SL
Butterfield Bldg Matl (Lumber)	Midvale	UT	SL	2:1 SL
Amalgamated Sugar Co LLC	Ogden	UT	UCRY	2:1 SL
BMC West	Ogden	UT	UCRY	2:1 SL
Infiltrator Systems	Ogden	UT	UCRY	2:1 SL
Intermountain Grain	Ogden	UT	UCRY	2:1 SL
Pioneer Door Sales	Ogden	UT	UCRY	2:1 SL
Centennial Gas Liquids	Ogden	UT	UCRY	2:1 SL
Larkin Cattle Co	Ogden Sugar Works	UT	UCRY	2:1 SL
McFarland Cascade Corp	Ogden Sugar Works	UT	UCRY	2:1 SL
Northwest Trading Co	Ogden Sugar Works	UT	UCRY	2:1 SL
Round Butte Products	Ogden Sugar Works	UT	UCRY	2:1 SL
Trinity Industries Inc	Ogden Sugar Works	UT	UCRY	2:1 SL
Constar International	Ogden Sugar Works	UT	UCRY	2:1 SL
Dunn Oil Company	Salt Lake City	UT	SLGW	2:1 SL
Georgia Pacific Corp	Salt Lake City	UT	SL	2:1 SL
Henderson Wheel & Whse Supply	Salt Lake City	UT	SL	2:1 SL
Hudson Printing Blaire	Salt Lake City	UT	SL	2:1 SL
Intermountain Furniture	Salt Lake City	UT	SL	2:1 SL
Intermountain Lumber Co	Salt Lake City	UT	SL	2:1 SL
Mountain Fuel Supply	Salt Lake City	UT	SLGW	2:1 SL
Pacific Cold Storage	Salt Lake City	UT	SLGW	2:1 SL
Pacificorp	Salt Lake City	UT	SLGW	2:1 SL
Sears Roebuck & Co	Salt Lake City	UT	SL	2:1 SL
Standard Builders Supply	Salt Lake City	UT	SL	2:1 SL
Utah State Board Education	Salt Lake City	UT	SLGW	2:1 SL
Valley Oil Transportation	Salt Lake City	UT	SLGW	2:1 SL
Wasatch Metal Salvage	Salt Lake City	UT	SL	2:1 SL
Wasatch Shippers	Salt Lake City	UT	SL	2:1 SL

UP/SP Customers Accessed By NBSF As A Result Of
The "98 "50/50 Line Agreement"

Customer	Station	State	Status
Trailer Marine Transport Corp	Harbor	LA	98 Agreement
City of Lafayette	Lafayette	LA	98 Agreement
Conco Food Distributors	Lafayette	LA	98 Agreement
Butcher Distributors Inc	Lake Charles	LA	98 Agreement
East Lake Oil Inc/Eastlake Oils	Lake Charles	LA	98 Agreement
Milpark Drilling Fluids (Baker Hughes)	Lake Charles	LA	98 Agreement
Spartech Polycom	Lake Charles	LA	98 Agreement
Transit Mix Concrete & Matl Co of LA	Lake Charles	LA	98 Agreement
Century Steps Inc, Sulphur Div	Sulphur	LA	98 Agreement
Entergy Inc/Gulf States Utilities	Sulphur	LA	98 Agreement
B W Services	West Lake	LA	98 Agreement
Certaanteed Corp	West Lake	LA	98 Agreement
Port of Lake Charles Bulk Terminal 1	West Lake Charles	LA	98 Agreement
Betz Dearborn Hydrocarbon	Amelia	TX	98 Agreement
Doguet Rice Milling Co	Amelia	TX	98 Agreement
Koppers Ind	Amelia	TX	98 Agreement
Pipe Distributors	Amelia	TX	98 Agreement
Huntsman Petrochemical Corp	Audrey	TX	98 Agreement
Sunbelt Works Inc	Audrey	TX	98 Agreement
Inman Service Co	Baytown	TX	98 Agreement
International Group Inc	Baytown	TX	98 Agreement
Baxter Oil Co	Beaumont	TX	98 Agreement
Beaumont Brick & Stone	Beaumont	TX	98 Agreement
Beaumont Rice Mills Inc	Beaumont	TX	98 Agreement
Burris Transfer & Storage	Beaumont	TX	98 Agreement
Cargill Steel & Wire	Beaumont	TX	98 Agreement
Chevron Chemical	Beaumont	TX	98 Agreement
Continental Grain Co	Beaumont	TX	98 Agreement
Cowboy Concrete	Beaumont	TX	98 Agreement
Eastex Farm & Home	Beaumont	TX	98 Agreement
Equistar Chemicals LP	Beaumont	TX	98 Agreement
Giglio Distributing Co	Beaumont	TX	98 Agreement
Gilchrist Polymer Center	Beaumont	TX	98 Agreement
L D Construction	Beaumont	TX	98 Agreement
Mobil Chemical, Petrochemical Div	Beaumont	TX	98 Agreement
National Concrete Products Inc	Beaumont	TX	98 Agreement
Port of Beaumont	Beaumont	TX	98 Agreement
Ritter Lumber Co	Beaumont	TX	98 Agreement
Sampson Steel Corp	Beaumont	TX	98 Agreement
Southern Iron & Metal Co	Beaumont	TX	98 Agreement
Transit Mix Concrete & Matl (Dollinger)	Beaumont	TX	98 Agreement
Transit Mix Concrete & Matl (Longhorn Rd)	Beaumont	TX	98 Agreement
Wilson Warehouse Co	Beaumont	TX	98 Agreement
Gulf States Utilities	Bobsher	TX	98 Agreement
A & A Fertilizer	Chaison	TX	98 Agreement
Chemical Waste Management	Chaison	TX	98 Agreement
Econo Rail Corp	Chaison	TX	98 Agreement
Elf Atochem North America	Chaison	TX	98 Agreement
Martin Gas Sales Inc	Chaison	TX	98 Agreement
Mobil Chemical Specialty (Mobil Oil Corp)	Chaison	TX	98 Agreement
Neches Industrial Park	Chaison	TX	98 Agreement
Olin Corp	Chaison	TX	98 Agreement
Poly Glycol (Oxychem)	Chaison	TX	98 Agreement
R J Gallagher Co	Chaison	TX	98 Agreement
Transit Mix Concrete & Matl (South Plant)	Chaison	TX	98 Agreement
Entergy Services	China	TX	98 Agreement
Wedco Inc	China	TX	98 Agreement
Trinity Industries Inc	Connell	TX	98 Agreement
A to Z Terminal Corp	Crosby	TX	98 Agreement
Enfab Industries Inc	Crosby	TX	98 Agreement
KMCO Inc	Crosby	TX	98 Agreement
Seaberg Rice Co	Dayton	TX	98 Agreement

UP/SP Customers Accessed By NBSF As A Result Of
The "98 "50/50 Line Agreement"

Trevor Boyce	Dayton	TX	98 Agreement
Amoco Chemical Co	Dayton SIT	TX	98 Agreement
Chevron Chemical Co	Dayton SIT	TX	98 Agreement
Dayton Plastic Storage	Dayton SIT	TX	98 Agreement
Exxon Chemical Americas	Dayton SIT	TX	98 Agreement
Fina Oil & Chemical Co	Dayton SIT	TX	98 Agreement
Millennium Petrochemicals Inc	Dayton SIT	TX	98 Agreement
Montell USA Inc	Dayton SIT	TX	98 Agreement
Phillips Chemical	Dayton SIT	TX	98 Agreement
Redland Stone Prod	Dayton SIT	TX	98 Agreement
Engineered Carbons (Div of Ameripol Synpol)	Echo	TX	98 Agreement
River Cement Co	Echo	TX	98 Agreement
Baychem International	Eldon	TX	98 Agreement
Engineered Carbons (Div of Ameripol Synpol)	Eldon	TX	98 Agreement
Houston Light & Power Co	Eldon	TX	98 Agreement
Progress Rail Service	Eldon	TX	98 Agreement
U S Ink	Eldon	TX	98 Agreement
G & G Enterprise	Francis	TX	98 Agreement
Transit Mix Concrete & Materials	Francis	TX	98 Agreement
Wilson Warehouse Co of Texas	Francis	TX	98 Agreement
X L Systems	Guffey	TX	98 Agreement
Houston Brick & Tile	Houston	TX	98 Agreement
Texas Steel Compressor	Houston	TX	98 Agreement
Tuboscope Vetco Intl	Houston	TX	98 Agreement
A & R Logistics	Houston (Fauna)	TX	98 Agreement
BMA / Sunrise Plastics	Houston (Fauna)	TX	98 Agreement
Tek Rap Inc	Houston (Fauna)	TX	98 Agreement
Horsehead Resource Development	Korf	TX	98 Agreement
North Star Steel Co	Korf	TX	98 Agreement
Liberty Forge Inc	Liberty	TX	98 Agreement
Mississippi Chemical	Liberty	TX	98 Agreement
Dynegy Inc	Mont Belvieu	TX	98 Agreement
Enterprise Products	Mont Belvieu	TX	98 Agreement
Ferrell North America	Mont Belvieu	TX	98 Agreement
Pcl-Tex International	Mont Belvieu	TX	98 Agreement
Texas Eastern	Mont Belvieu	TX	98 Agreement
Ultramar Diamond Shamrock (Martin Gas)	Mont Belvieu	TX	98 Agreement
Dupont de Nemours, E I (marked whse)	Orange	TX	98 Agreement
Offshore Pipeline	Orange	TX	98 Agreement
Trinity Industries	Orange	TX	98 Agreement
Chevron	Port Arthur	TX	98 Agreement
City of Port Arthur	Port Arthur	TX	98 Agreement
Motiva Enterprises LLC	Port Arthur	TX	98 Agreement
Star Enterprise	Port Arthur	TX	98 Agreement
Transit Mix Concrete & Materials	Port Arthur	TX	98 Agreement
A & A Tubular Services Inc	Sheldon	TX	98 Agreement
Arrow Trucking Co	Sheldon	TX	98 Agreement
Baker Hughes Inteq	Sheldon	TX	98 Agreement
Champion Pipe & Supply	Sheldon	TX	98 Agreement
Cypress Creek Pipe	Sheldon	TX	98 Agreement
Delta Tubular Processing	Sheldon	TX	98 Agreement
Donohue Industries Inc	Sheldon	TX	98 Agreement
Donohue Recycling Corp	Sheldon	TX	98 Agreement
E L Farmer & Co	Sheldon	TX	98 Agreement
Evans Cooperage Co Inc	Sheldon	TX	98 Agreement
Five Star Transportation	Sheldon	TX	98 Agreement
ICO Tubular Services	Sheldon	TX	98 Agreement
J D Fields & Co	Sheldon	TX	98 Agreement
LA Utilities	Sheldon	TX	98 Agreement
Luzenac America	Sheldon	TX	98 Agreement
Mandel Kahn Industries	Sheldon	TX	98 Agreement
North Star Steel of Houston	Sheldon	TX	98 Agreement
Premier Pipe Inc	Sheldon	TX	98 Agreement
Quality Trucking Inc	Sheldon	TX	98 Agreement

**UP/SP Customers Accessed By NBSF As A Result Of
The "98 "50/50 Line Agreement"**

Quality Tubing Inc	Sheldon	TX	98 Agreement
Sheldon Pipe Yard	Sheldon	TX	98 Agreement
T K Pipe & Rail Inc	Sheldon	TX	98 Agreement
Tex Fab Inc	Sheldon	TX	98 Agreement
Texas Oilfield Pipe Svcs	Sheldon	TX	98 Agreement
Total Pipe Service Inc	Sheldon	TX	98 Agreement
Triad Transport Inc	Sheldon	TX	98 Agreement
Tuboscope Vetco Intl Inc	Sheldon	TX	98 Agreement
Turner Brothers Trucking Co	Sheldon	TX	98 Agreement
Uni Form Components	Sheldon	TX	98 Agreement
Union Tank Car	Sheldon	TX	98 Agreement
Venture Trucking	Sheldon	TX	98 Agreement
W M Dewey & Son Inc	Sheldon	TX	98 Agreement
Woodard Transportation	Sheldon	TX	98 Agreement
BASF Corp Ag Prod Div	Viterbo	TX	98 Agreement
County of Jefferson	Viterbo	TX	98 Agreement
Chevron Chemical Co	West Port Arthur	TX	98 Agreement
Clark Refining & Mktg	West Port Arthur	TX	98 Agreement
Gulf Maritime Whse Co	West Port Arthur	TX	98 Agreement
KM Tex/KM Co	West Port Arthur	TX	98 Agreement
L & L Oil Co Inc	West Port Arthur	TX	98 Agreement
Port of Port Arthur	West Port Arthur	TX	98 Agreement
Equistar (Millennium Petrochemical)	Williams	TX	98 Agreement

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Title This jacket . . .

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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' THIRD QUARTER 1999 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS



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October 1, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' THIRD QUARTER 1999 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

Applicants UPC, UPRR and SPR^{1/} hereby submit their third quarter 1999 progress report with respect to the conditions imposed on the Board's approval of the UP/SP merger in Decision No. 44, served August 12, 1996. Submission of this progress report was required by ordering paragraph 10 of Decision No. 44. See also id., p. 146 ("We require as a condition that applicants submit on or before October 1, 1996, a progress report and implementing plan regarding their compliance with the conditions to this merger, and further progress reports on a quarterly basis."); Finance Docket No. 32760 (Sub-No. 21), Decision served Dec. 21, 1998, p. 18 ("UP and BNSF shall continue to report quarterly . . .").

As in our prior quarterly reports, items are included only if there have been developments since the prior report, and the information contained in this report is more

^{1/} Acronyms used herein are the same as those in Appendix B of Decision No. 44.

abbreviated in nature than the more comprehensive presentation that Applicants filed on July 1, 1999.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. BNSF trackage rights traffic continued at high levels during the past quarter. As shown in Charts #1, #2 and #3 in Appendix A, BNSF averaged 746 trackage rights trains per month in June, July and August, compared with 752 in the prior three months. The monthly tonnage handled on those trains averaged slightly more than 3.9 million tons in June, July and August, compared with 3.8 million in the prior three months. And monthly loaded and empty cars on BNSF through trackage rights trains averaged 48,637 in June, July and August, compared with 47,563 in the prior three months. BNSF continued to operate at least daily through trackage rights train service in all major corridors.

Local train volumes of BNSF and its agent, UTAH, remained strong. BNSF and UTAH operated 730 local trains in June, July and August, handling 23,814 loaded and empty cars and 1.9 million tons of freight, compared with the previous three months' totals of 779 trains, 26,462 cars and 2.4 million tons of freight.

UP's expenditures on the lines over which BNSF has trackage rights have continued to exceed substantially the fees received from BNSF. The latest available data, through June 30, 1999, are presented in Appendix B.

Implementation Steps. The UP-BNSF Joint Service Committee met most recently in August. At that meeting, UP and BNSF discussed trackage rights train performance data and data integrity issues involving BNSF's performance reports, and continued to discuss the development of train performance standards. UP and BNSF also discussed operating and service issues relating to the Baytown Branch, including the nature of BNSF's access to Econorail, the status of track leases for BNSF interchange tracks, alternatives to UP's proposal to double-track the north end of the Baytown Branch, and performance measures for reciprocal switching. UP and BNSF also discussed problems relating to BNSF's practice of delivering cars for UP haulage at locations where no haulage arrangement exists, and reviewed issues relating to service levels in the Winnemucca-Elko and Roseville-Sacramento areas. Finally, UP and BNSF reviewed the status of the \$25 million joint capital reserve fund, and the status of the New Orleans line sale.

UP and BNSF personnel also met in Kansas City on September 14, 1999, to discuss various outstanding issues relating to the implementation of the settlement agreement. At that meeting UP and BNSF discussed issues regarding the nature of BNSF's use of former SP Gulf Coast SIT facilities. UP and BNSF also discussed making technical revisions to the settlement agreement to reflect various agreements and STB decisions. Finally, UP and BNSF continued their discussions with respect to the nature of BNSF's access to Econorail. UP and BNSF conducted a follow-up call on September 23, and the two railroads are continuing to make progress on these issues.

Line Sales. All of the UP/SF line sales to BNSF provided for in the merger settlement agreement have closed. UP and BNSF continue to work to finalize their New Orleans line sale, under which BNSF and UP will exchange 50% undivided interests in BNSF's Iowa Junction-Avondale line and UP's line between Iowa Junction and Dawes, Texas.

Connections. UP work on connections to facilitate BNSF trackage rights operations has been completed at all locations.

Definition of "2-to-1" Points. UP continues to respond in a timely fashion to BNSF inquiries in accordance with the applicable protocol.

Opening 50% of Contract Traffic at "2-to-1" Points to BNSF. UP continues to be in compliance with this condition, as clarified in Decision No. 57, served Nov. 20, 1996.

New Facilities and Transloading Condition. UP continues to be in compliance with this condition. In Decision No. 86, served July 12, 1999, the Board addressed a request by BNSF for a determination whether it was entitled to access Four Star Sugar in El Paso, Texas, by providing additional clarification regarding the scope of its new facilities condition but leaving the parties to arbitrate their specific dispute. UP subsequently reached an agreement with BNSF regarding access to Four Star Sugar.

Build-In/Build-Out Condition. On June 30, 1999, Entergy filed a petition for exemption in connection with a proposed build-out from its White Bluff, Arkansas, facility to an island of former SP track located near Pine Bluff, Arkansas, in Finance Docket No.

33782, Petition for an Exemption from 49 U.S.C. § 10901 to Construct and Operate a Rail Line Between White Bluff and Pine Bluff, Arkansas. UP filed comments opposing Entergy's petition on August 31, 1999. UP's opposition showed that the proposed construction was contrary to the public interest because Entergy had no right to obtain BNSF service under its proposed build-out plans, and that any dispute regarding Entergy's right to obtain BNSF service should be resolved by arbitration. Entergy filed a reply to UP's opposition on September 20, 1999. Also on September 20, Entergy filed a petition in the UP/SP merger docket seeking a determination from the Board that Entergy would have the right to obtain BNSF service upon completion of its proposed build-out. UP's response is due on October 12, 1999.

B. Tex Mex

Tex Mex has continued to use its trackage rights to handle significant volumes of traffic, as shown in the charts in Appendix A. As can be seen in Charts #4, #5 and #6, and Charts #7, #8 and #9, traffic levels reflect strong, effective competition by Tex Mex. Tex Mex averaged 60 through trains per month in June, July and August, compared with 54 in the prior three months. The monthly tonnage handled on those trains averaged 278,357 tons in June, July and August, compared with 297,202 tons in the prior three months. Monthly loaded and empty cars on Tex Mex through trackage rights trains averaged 3,951 in June, July and August, compared with 3,870 in the prior three months.

C. Utah Railway

As already discussed, UTAH has moved substantial volumes of local trains as BNSF's agent in the Utah Valley area. In addition, potential UTAH-BNSF coal routings continue to act as a check on UP rates.

II. ABANDONMENTS

In a decision served July 30, 1999, in Docket Nos. AB-3 (Sub-No. 133X), et al., the Board granted UP's request to extend the CITU and NITU negotiation periods in a number of merger-related abandonment proceedings.

III. LABOR PROTECTIVE CONDITIONS

UP has now nearly completed its multi-year process of negotiating hub agreements with UTU and BLE. The Dallas/Ft. Worth hub agreement was implemented on September 1, 1999. The Southwest hub agreement, which encompasses Tucson, El Paso and Dalhart, has been ratified, and implementation is scheduled to occur today. Finally, the Los Angeles hub agreement is scheduled to be implemented in January 2000. Negotiations continue on the second phase of the Portland hub. This is the final new hub planned and any additional New York Dock transactions with UTU and BLE will relate to adjustments to existing hubs.

As previously reported, most agreements for all other crafts are in place. In two instances, involving work equipment mechanics in the southern region and water service employees, conflicts between competing unions are still being negotiated. UP also continues to negotiate with the signalmen to establish a collective bargaining agreement for

the entire system. Issues also remain to be solved in connection with a yardmasters agreement and in some areas with maintenance-of-way employees. Finally, New York Dock notices remain to be served on the boilermakers and blacksmiths.

IV. ENVIRONMENTAL MITIGATION CONDITIONS

The following is a report on steps taken, and plans for future steps, in regard to the environmental mitigation conditions, which are addressed in the order they are listed in Appendix G to Decision No. 11:

A. System-wide Mitigation

1-9. These conditions have been satisfied, as previously reported.

10. Security Forces. As previously reported, UP has extended to SP territory its policy of "zero tolerance" of vagrancy and trespassing on railroad property. UP is participating in a new nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property. UP met with the Reno Police Department regarding a "zero tolerance" program in late June of 1997.

11-13. These conditions have been satisfied, as previously reported.

B. Corridor Mitigation

14. EPA Emissions Standards. EPA's national locomotive emissions rule was published in the Federal Register on April 16, 1998. No appeals were filed, and the rule is now final. UP is working with locomotive industry suppliers to develop its compliance plan.

15. Consultations With Air Quality Officials. UP has held detailed discussions with environmental officials in the states of Arizona, Colorado, Illinois, Nevada, Oregon, Texas, Washington and Wyoming. UP and California officials continue to discuss air quality issues.

16. Noise Impacts. UP has implemented a noise comment hotline and has recently re-notified each affected county and requested comments. UP monitors the noise hotline and will compile and analyze data to determine whether a noise abatement plan is required. UP received no calls to the noise hotline in the third quarter of 1999.

17. Use of Two-Way-End-of-Train Devices. This condition has been satisfied, as previously reported.

C. Rail Line Segment Mitigation

18. Priority List for Upgrading Grade Crossing Signals. UP provides train density information to states on a regular basis, which they use to prioritize their grade crossing improvements.

19. East Bay Regional Park District MOU. The MOU is being implemented in accordance with its specifications. UP is reviewing the Crockett Trail Feasibility Study and is awaiting property descriptions from the District for all trails.

20. Town of Truckee MOU. The MOU is being implemented in accordance with its specifications. UP has completed construction of its portion of the bridge at the I-80 Central Truckee off ramp and is working with the city on roadway

approaches. The railroad continues to work with local and federal agencies in the development of a Truckee River hazardous material spill response plan.

21. Placer County MOU. The MOU is being implemented in accordance with its specifications. UP continues to meet with the City of Roseville on a regular basis to discuss the yard design and operations plan. UP has installed train control mechanisms to facilitate passenger operations. UP jointly funded with the city a feasibility and engineering study, which was accepted by Redevelopment Agency for a pedestrian/bicycle overpass. UP is in the process of conveying property and drafting leases for numerous properties, as specified in the MOU. In one case, UP executed the deed in favor of the city and the conveyance is pending the city's acceptance of the deed. Several improvement projects specified in the MOU have been deferred or canceled at the request of the county and/or city involved.

22. City of Reno. The Board approved an MOU between UP and the City that provides for mitigation of merger effects in lieu of any other mitigation. The MOU is being implemented in accordance with its specifications.

23. City of Wichita/Sedgwick County. The Board approved an MOU among UP and these parties that provides for mitigation of merger effects, as well as other agreements, in lieu of any other mitigation. The MOU is being implemented in accordance with its specifications. UP has conveyed certain property, provided certain rail materials and installed hot box/dragging equipment detectors, as specified in the MOU.

D. Rail Yards and Intermodal Facilities

24. Noise Abatement Plans for Rail Yards. Before UP undertakes any rail yard construction at the specified locations, UP will contact appropriate state and local officials and will report to SEA on the results of those consultations. No construction is planned for these facilities at this time.

25. Intermodal Facilities. Before any changes are made at the specified intermodal facilities, UP will contact appropriate state and local air quality officials in California and Illinois and will report to SEA on the results of those consultations. No construction or operating changes are planned for these facilities at this time.

E. Abandonments

26-61. As abandonments are carried out, UP will comply with all conditions. UP has developed a process to ensure that contractors and railroad personnel comply with all general conditions. Progress on specific abandonment conditions is reported below.

- 41. This condition has been satisfied, as previously reported.
- 43. This condition has been satisfied, as previously reported.
- 44. This condition has been satisfied, as previously reported.
- 46. Sage-Leadville, CO. UP has ceased operations on this line, but is retaining it.
- 47. This condition has been satisfied, as previously reported.
- 48. This condition has been satisfied, as previously reported.
- 49. This condition has been satisfied, as previously reported.

50. This condition has been satisfied.

52. This condition has been satisfied, as previously reported.

55. This condition has been satisfied, as previously reported.

57. This condition has been satisfied, as previously reported.

58. Suman-Benchley, TX. UP has decided to retain this line. The Board vacated the abandonment exemption for the line on June 12, 1998. This condition is no longer applicable.

59. This condition has been satisfied, as previously reported.

60. This condition has been satisfied, as previously reported.

61. This condition has been satisfied, as previously reported.

F. Construction Projects

62-108. As construction projects are carried out, UP will comply with all listed conditions. UP has developed a process to ensure that contractors and railroad personnel comply with all general conditions. A number of projects have been deferred to 1999 or beyond as a result of new priorities established during the service crisis. Progress on specific construction provisions is reported below.

70. This condition has been satisfied, as previously reported.

78. This condition has been satisfied, as previously reported.

79. This condition has been satisfied, as previously reported.

80. This condition has been satisfied, as previously reported.

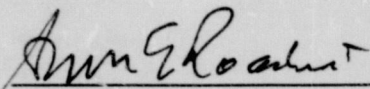
81. This condition has been satisfied, as previously reported.

- 83. This condition has been satisfied, as previously reported.
- 84. This condition has been satisfied, as previously reported.
- 92. This condition has been satisfied, as previously reported.
- 97. This condition has been satisfied, as previously reported.
- 98. This condition has been satisfied.
- 99. This condition has been satisfied.
- 100. This condition has been satisfied.
- 101. This condition has been satisfied, as previously reported.
- 107. This condition has been satisfied, as previously reported.
- 108. This condition has been satisfied, as previously reported.

Respectfully submitted,

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(202) 662-5388

Attorneys for Union Pacific Corporation,
Union Pacific Railroad Company and
Southern Pacific Rail Corporation

October 1, 1999

APPENDIX A

Chart #1
**BNSF Trackage Rights
Number of Through Trains**

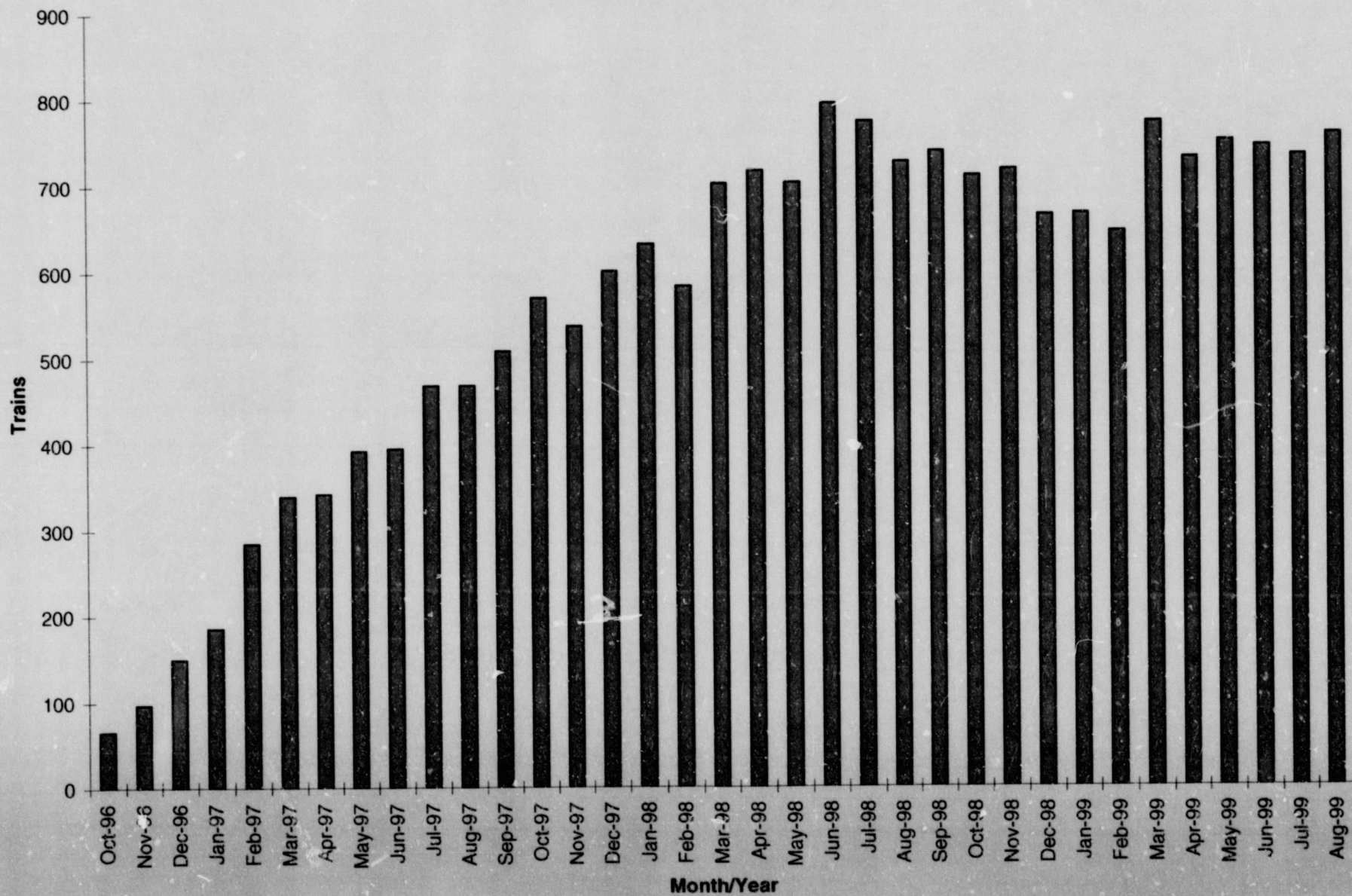


Chart #2
BNSF Trackage Rights
Number of Cars (Through Trains)

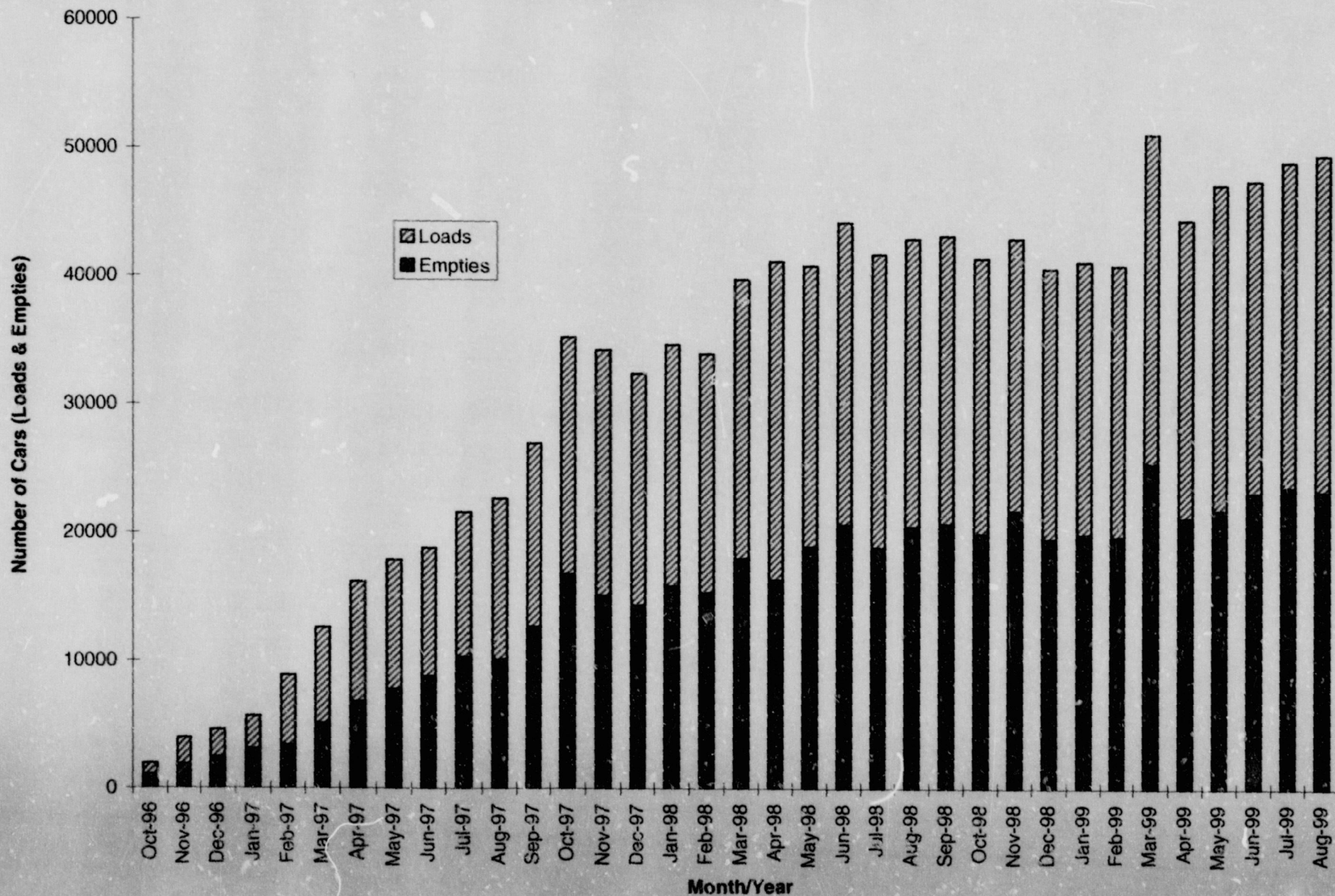


Chart #3

**BNSF Trackage Rights
Gross Tons (Through Trains)**

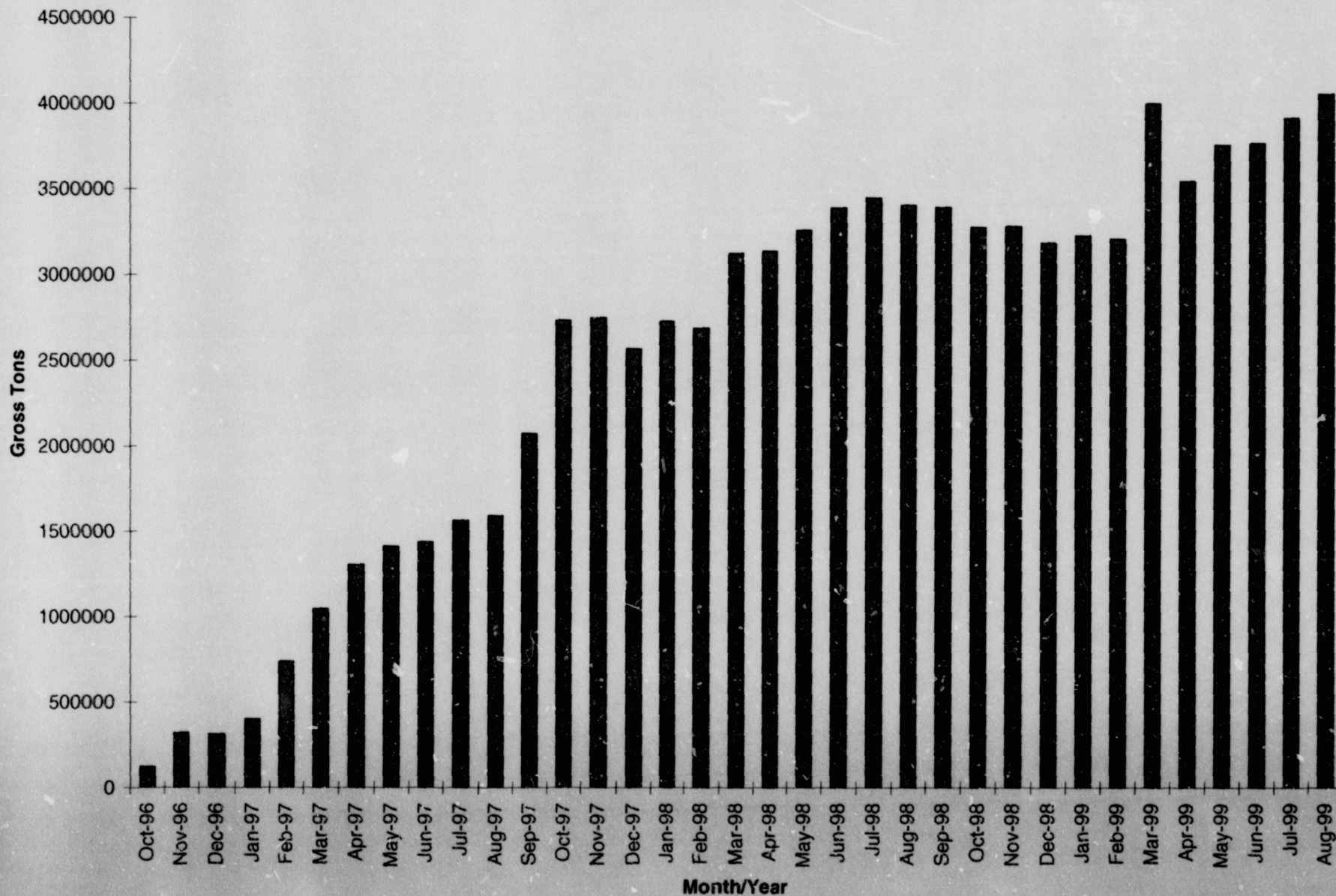


Chart #4
Tex Mex Trackage Rights
Number of Through Trains
(All Traffic Included)

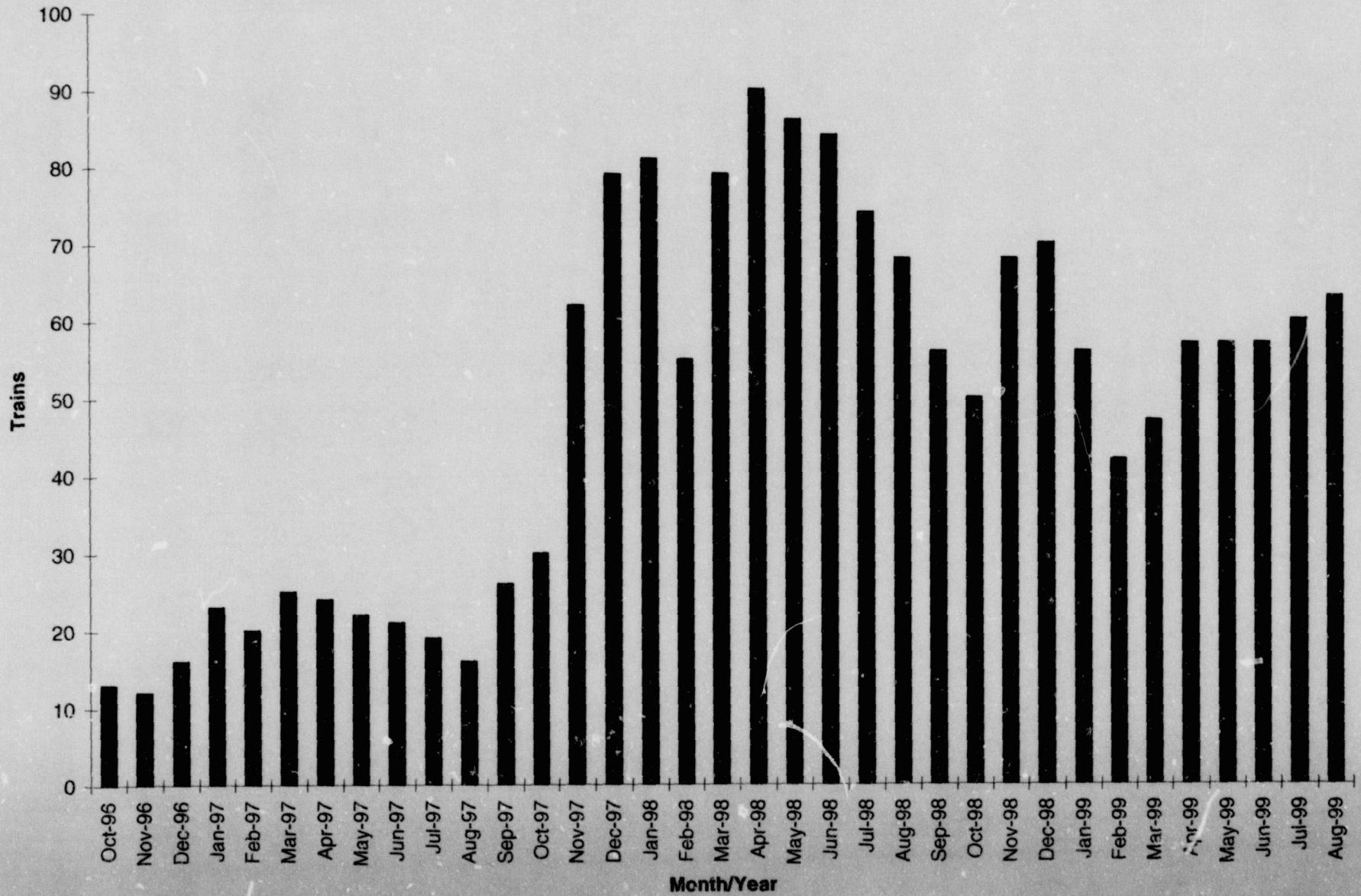


Chart #5
Tex Mex Trackage Rights
Number of Cars (Through Trains)
 (All Traffic Included)

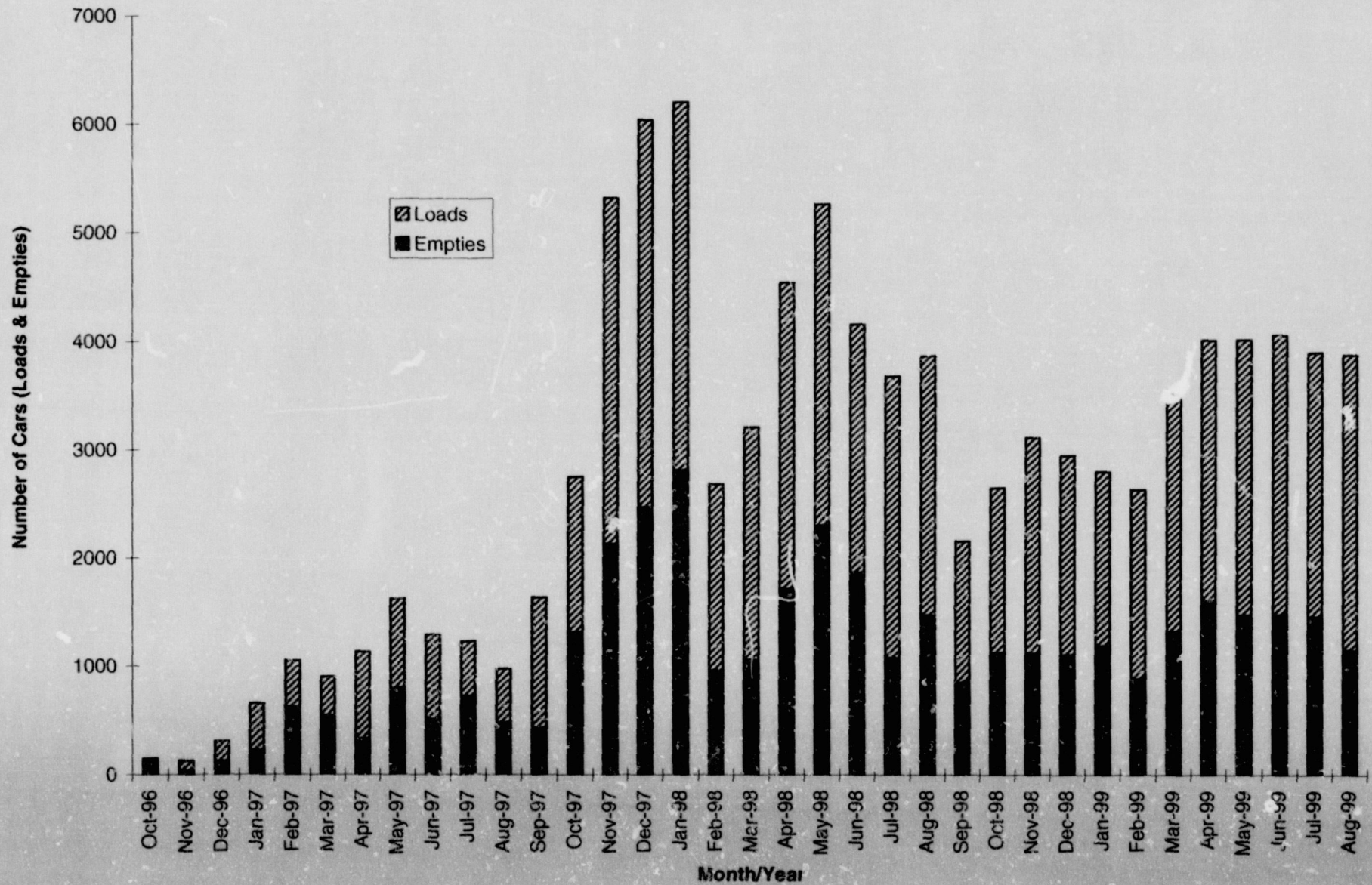


Chart #6
Tex Mex Trackage Rights
Gross Tons (Through Trains)
(All Traffic Included)

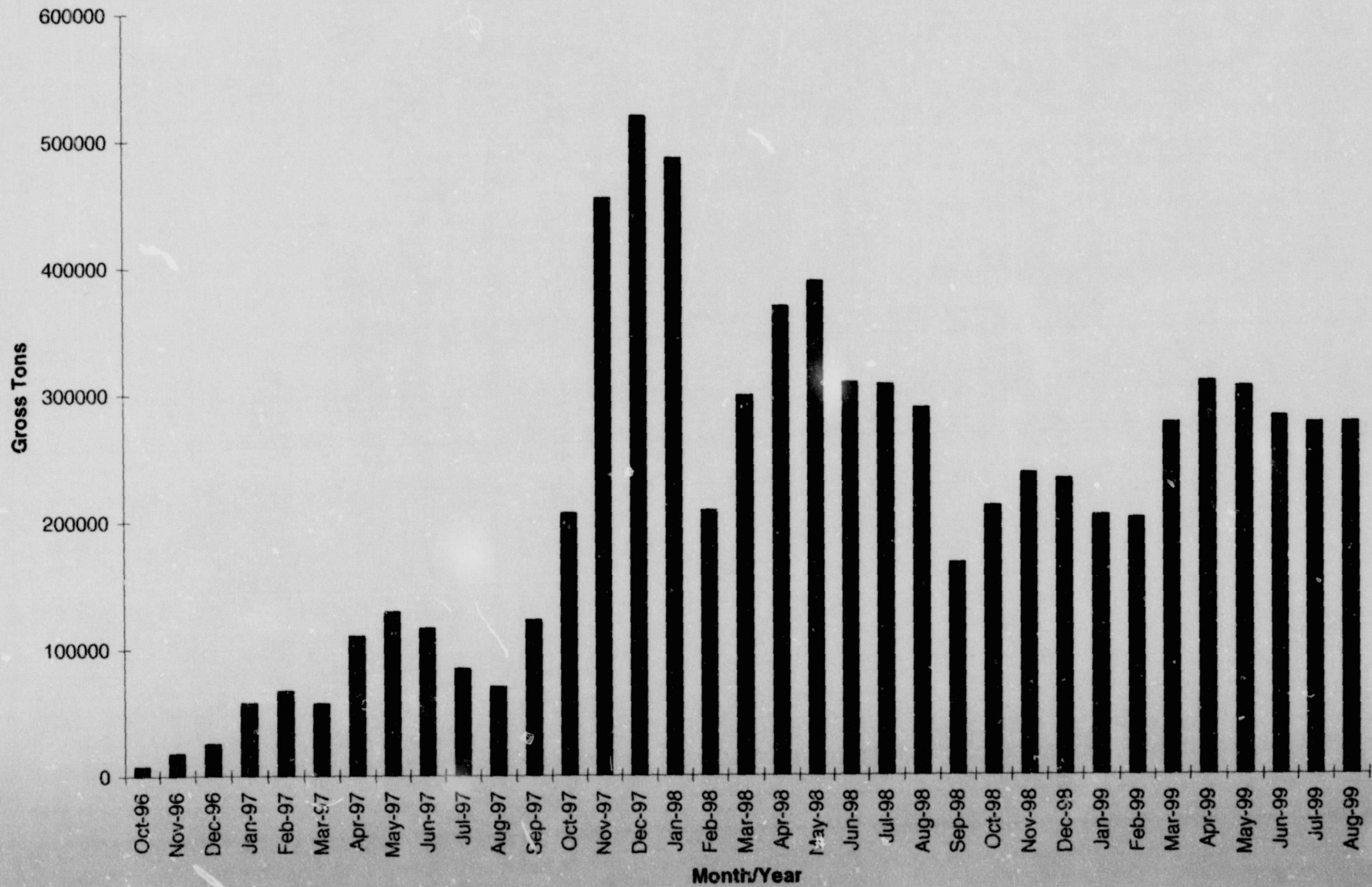


Chart #7

Tex Mex Trackage Rights
Number of Through Trains
(Estimated Service-Order-Related Traffic Excluded)

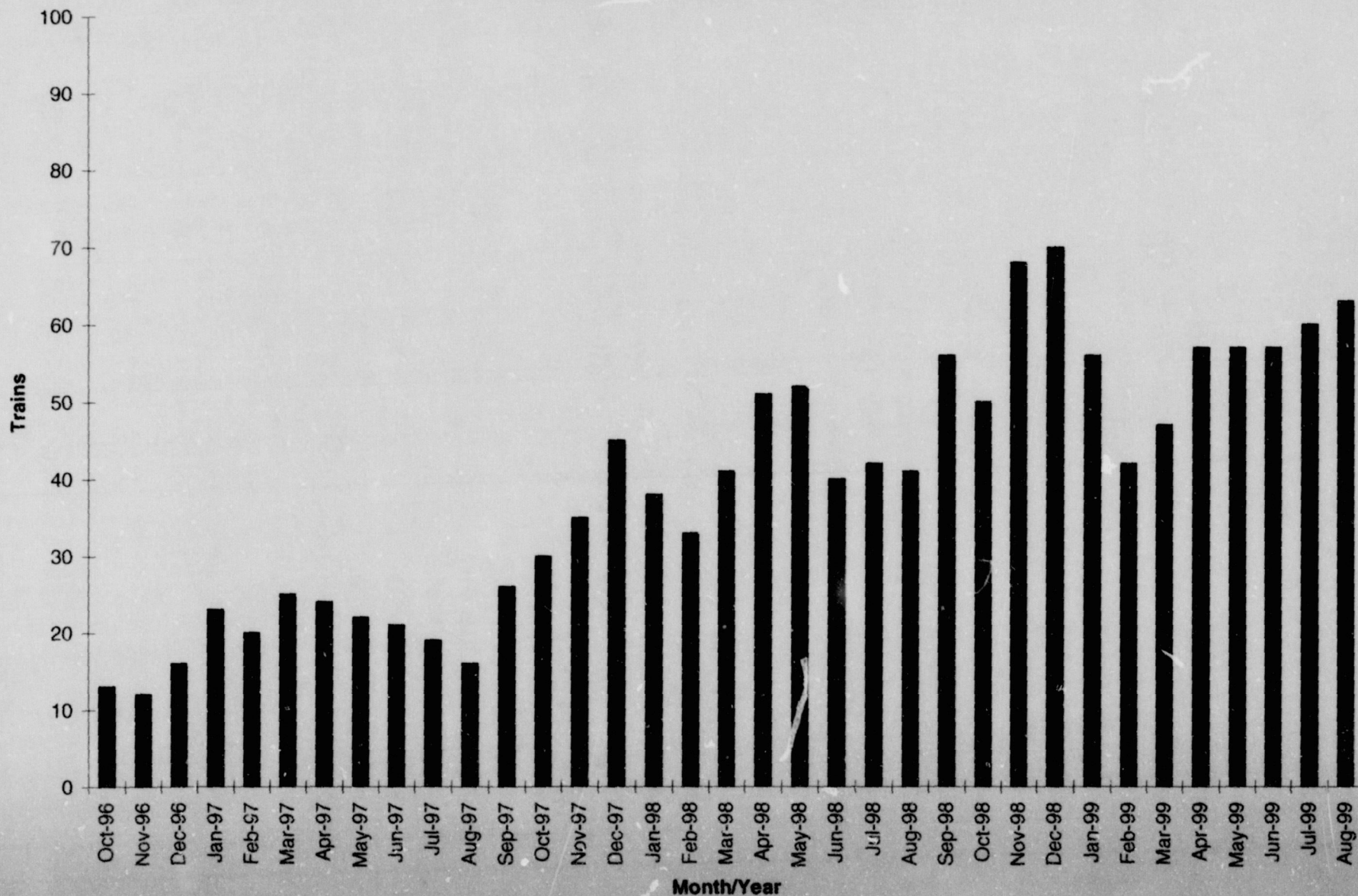


Chart #8

Tex Mex Trackage Rights **Number of Cars (Through Trains)** (Estimated Service-Order-Related Traffic Excluded)

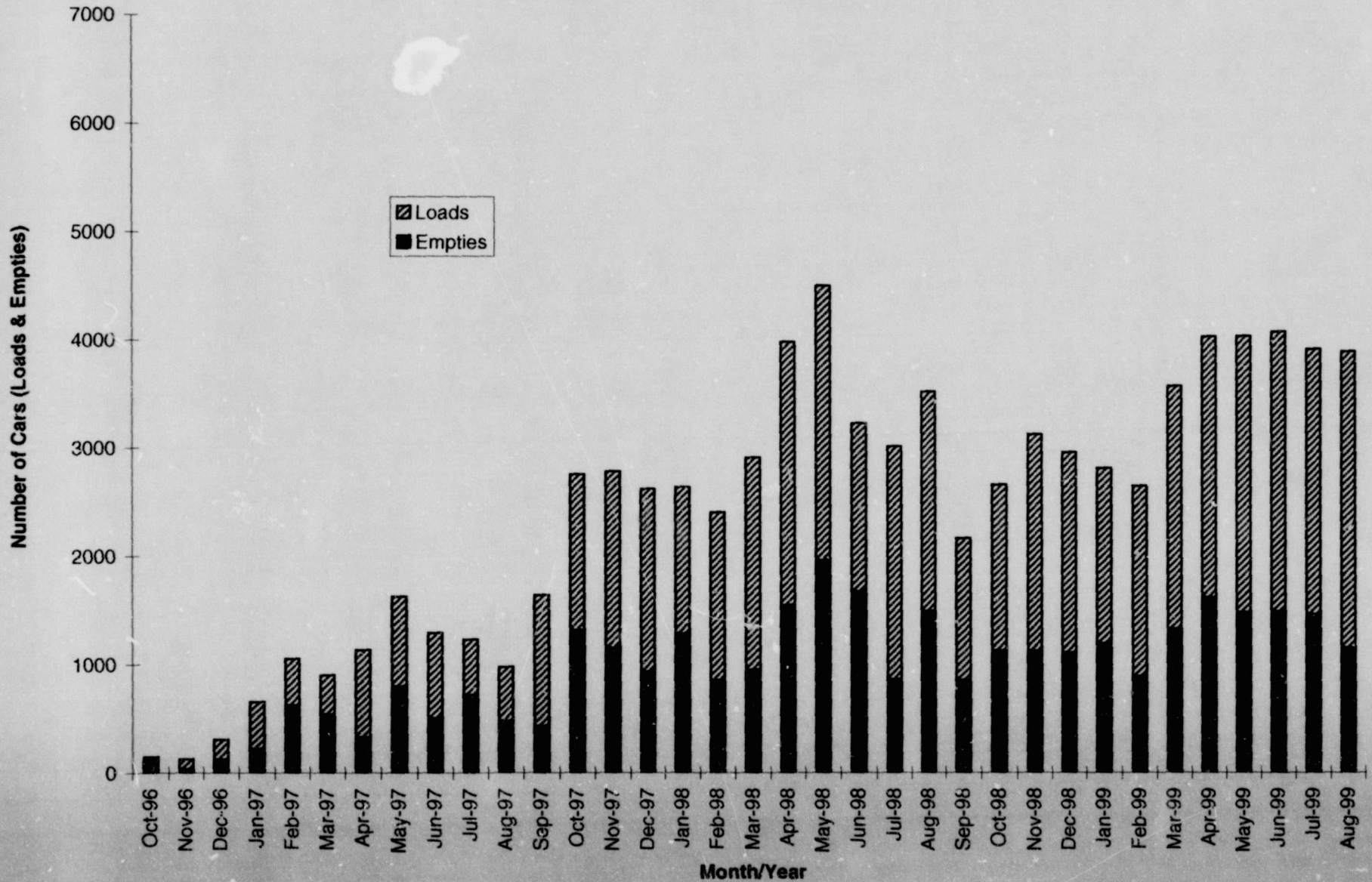


Chart #9
Tex Mex Trackage Rights
Gross Tons (Through Trains)
(Estimated Service-Order-Related Traffic Excluded)

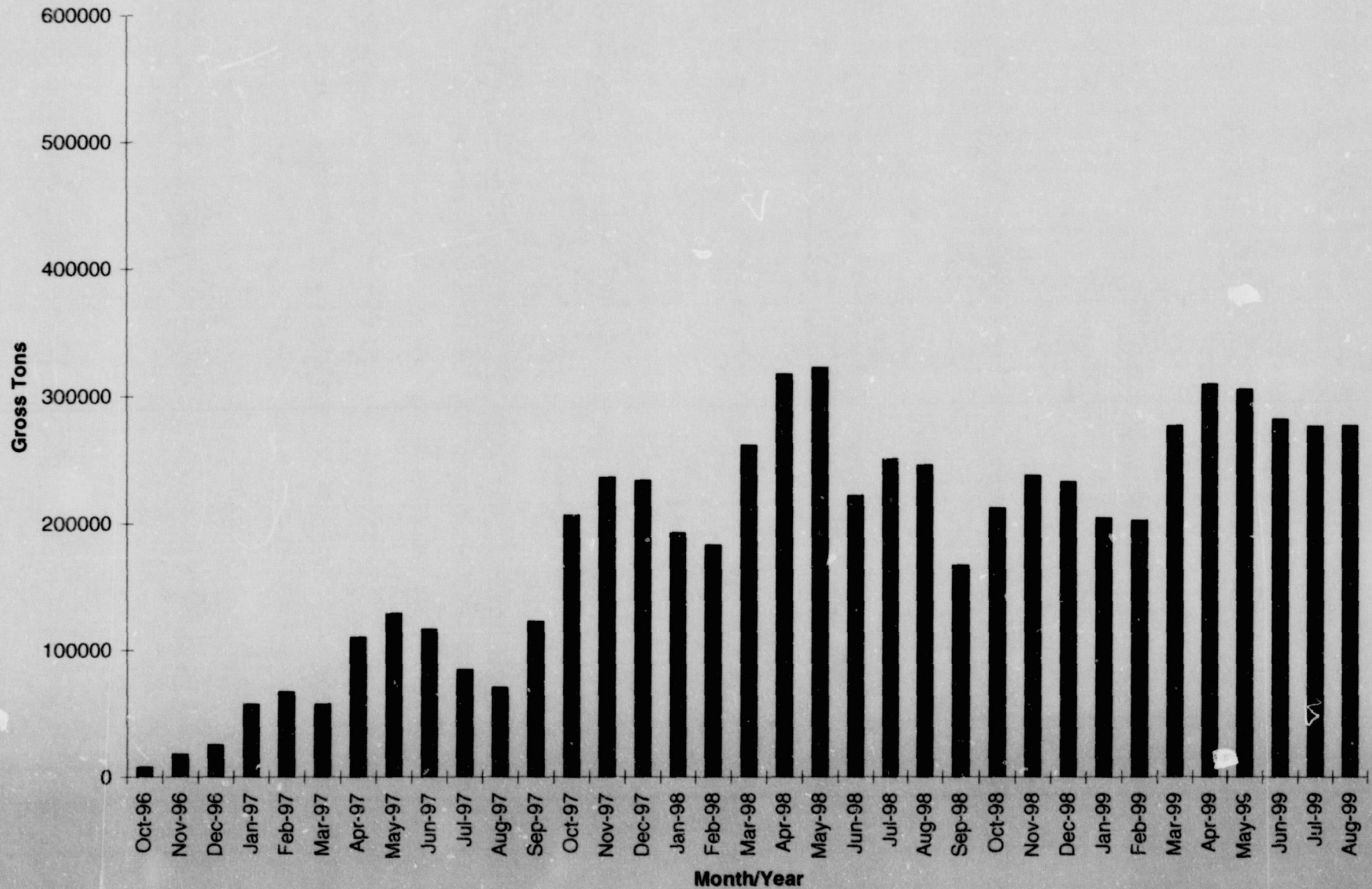


Chart #10
Tex Mex Laredo Traffic
(Loaded Cars)

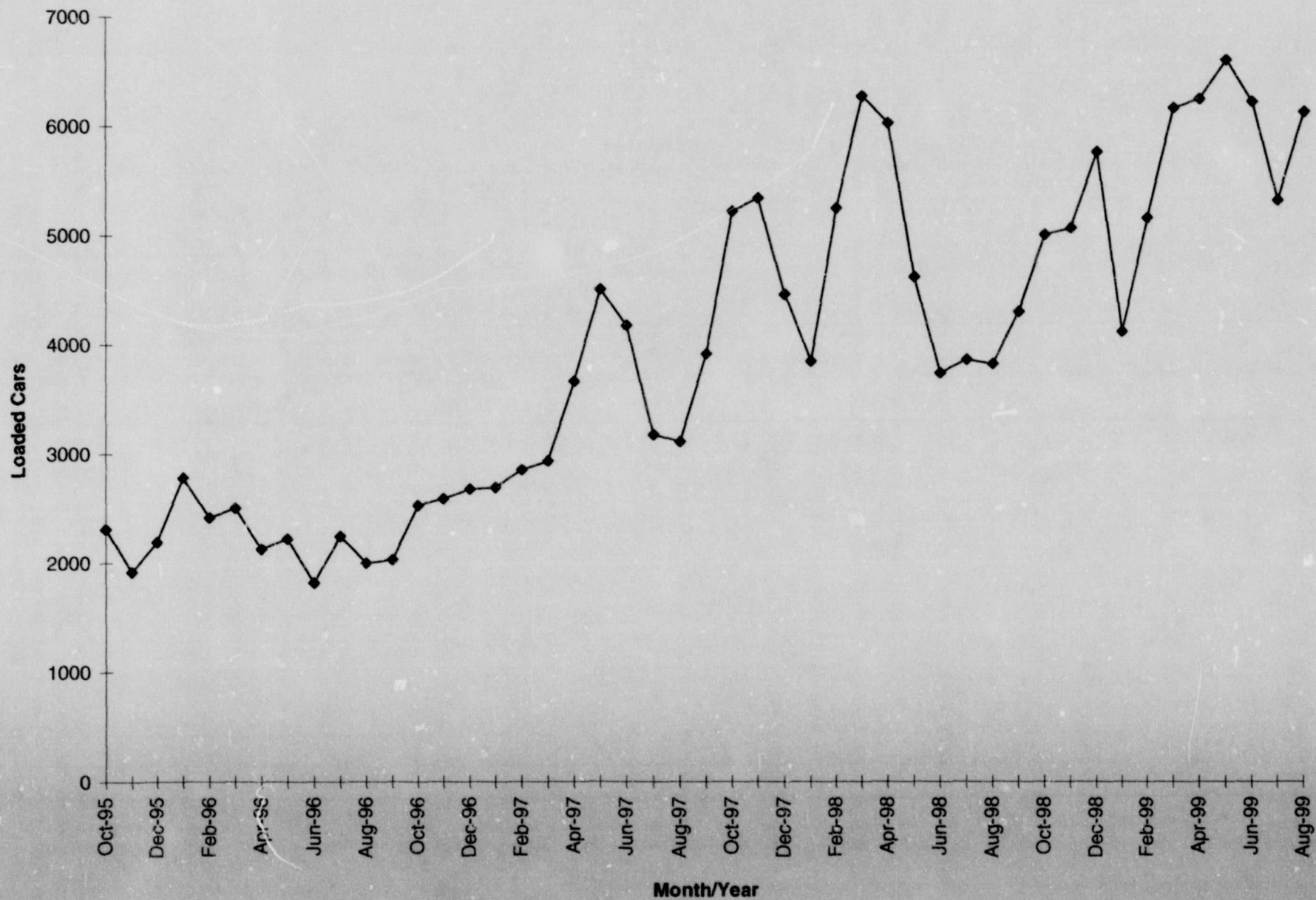
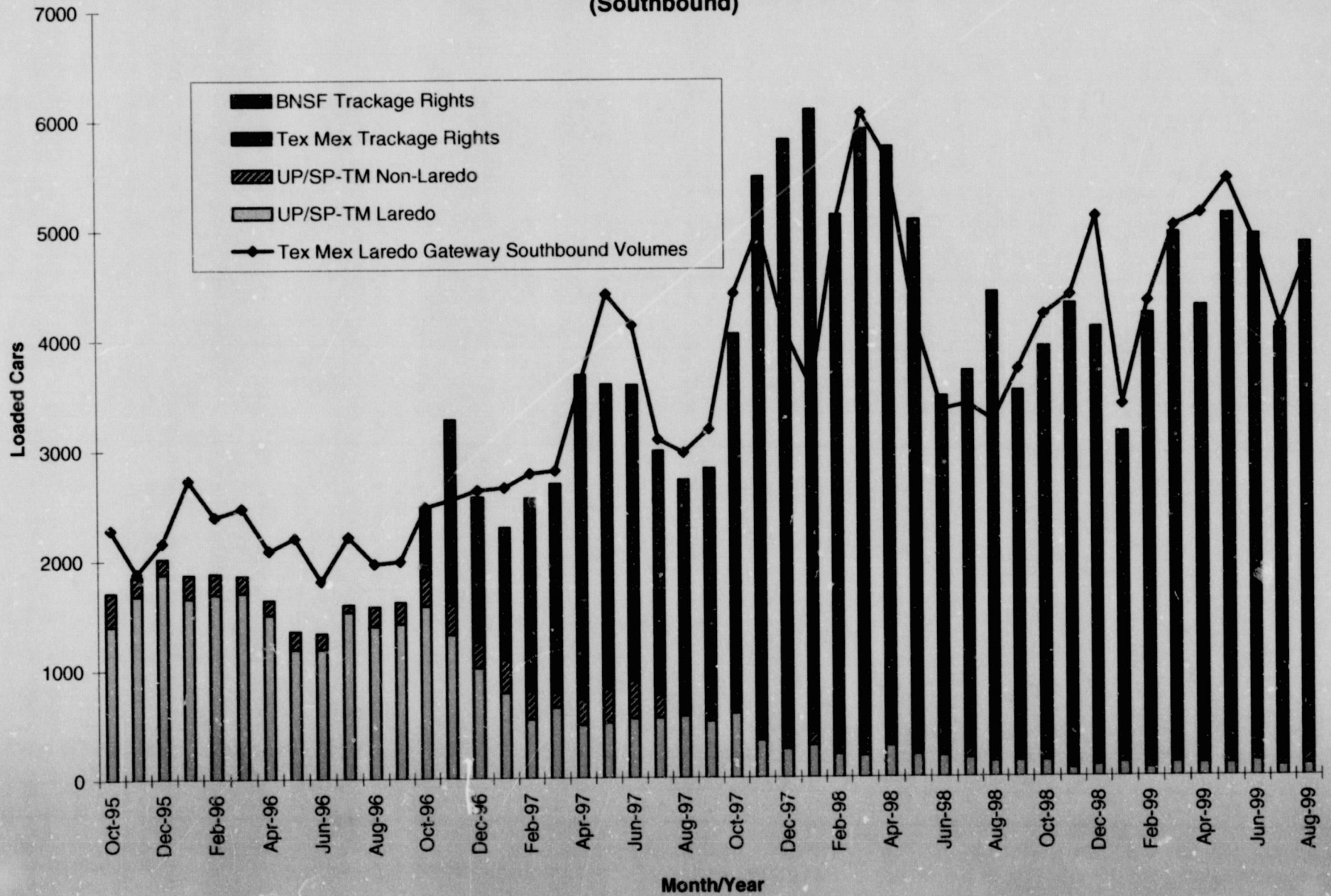


Chart # 11

Tex Mex and BNSF Trackage Rights Traffic to Corpus Christi/Robstown and UP/SP-Tex Mex interline Traffic (Southbound)



APPENDIX B

TRACKAGE RIGHTS FUNDS

In Section 6 of Applicants' settlement agreement with CMA, Applicants agreed to place trackage rights fees received under the BNSF settlement agreement into two dedicated funds, one with respect to the trackage rights lines in Texas, Louisiana, Arkansas, Missouri and Illinois and one with respect to the trackage rights lines in the Central Corridor and California. Applicants agreed that the money in those funds would be spent on (a) maintenance on those lines, (b) offsetting depreciation of those lines, (c) capital improvements on those lines, and (d) costs for accounting necessary to administer the two funds. The following table provides information regarding the two funds through the quarter ending June 30, 1999, the latest date for which the data has thus far been compiled.

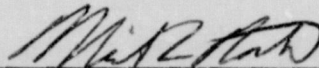
	<u>Texas, Louisiana, Arkansas, Missouri and Illinois</u>	<u>California and Central Corridor</u>
REVENUE		
Trackage Rights Fees	\$43,066,525	\$45,679,161
Capacity Improvement Fees	<u>0</u>	<u>0</u>
Total Revenue	<u>\$43,066,525</u>	<u>\$45,679,161</u>
EXPENSES		
Maintenance	\$95,218,834	\$67,632,507
Depreciation	93,976,597	71,212,064
Capital Expenditures	0	0
Accounting Expenses	<u>59,460</u>	<u>59,460</u>
Total Expenses	<u>\$189,251,891</u>	<u>\$138,903,031</u>

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that on this 1st day of October 1999, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

STB

FD

32760

12-30-99

D

196380

MAYER, BROWN & PLATT

1909 K STREET, N.W.

WASHINGTON, D.C. 20006-1101

ADRIAN L. STEEL, JR.

DIRECT DIAL (202) 263-3237
asteel@mayerbrown.com

ENTERED
Office of the Secretary

DEC 30 1999
Part of
Public Record

December 30, 1999

MAIN TELEPHONE
202-263-3000
MAIN FAX
202-263-3300

By Hand Delivery

196380

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Room 711
Washington, DC 20423-0001



Re: Finance Docket No. 32760 (~~S. 1000~~), Union Pacific Corporation,
et al. -- Control and Merger -- Southern Pacific Rail Corporation, et al.

Dear Secretary Williams:

The purpose of this letter is to request an extension of time of fifteen (15) days to and including January 18, 2000, for The Burlington Northern and Santa Fe Railway Company to file its Quarterly Progress Report in the above-captioned proceeding. The reason for this request is to enable BNSF to collect and include year-end statistics in the report. Please contact me at (202) 263-3237 if you have any questions. Thank you for your assistance.

Sincerely yours,

Adrian L. Steel, Jr.

cc: Mr. David M. Konschnik, Director
Office of Proceedings

All Parties of Record

STB

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MAYER, BROWN & PLATT

1909 K STREET, N.W.

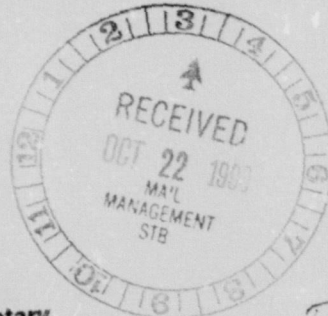
WASHINGTON, D.C. 20006-1101

ERIKA Z. JONES

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October 22, 1999



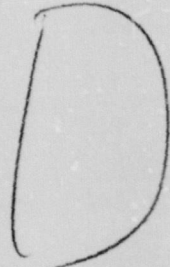
By Hand

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Room 711
Washington, DC 20423

ENTERED
Office of the Secretary

OCT 25 1999

Part of
Public Record



Re: Finance Docket No. 32760, Union Pacific Corporation, et al. -- Control
and Merger -- Southern Pacific Rail Corporation, et al.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and twenty-five (25) copies of the Reply of The Burlington Northern and Santa Fe Railway Company to Union Pacific Railroad Company's Motion for Leave to File Reply (BNSF-89). Also enclosed is a 3.5 inch disk containing the text of the pleading in WordPerfect 6.1 format.

I would appreciate it if you would date-stamp the enclosed extra copy of this submission and return it to the messenger for our files. Thank you for your assistance.

Sincerely,

Erika Z. Jones/als
Erika Z. Jones

Enclosures

cc: All Parties of Record

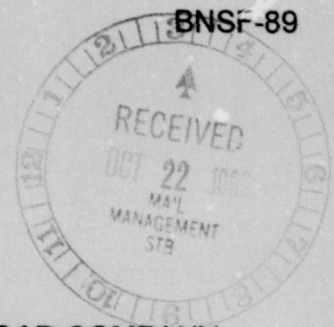
ENTERED
Office of the Secretary

OCT 25 1999

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760



UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

REPLY OF THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY
TO UNION PACIFIC RAILROAD COMPANY'S
MOTION FOR LEAVE TO FILE REPLY

Jeffrey R. Moreland
Richard E. Weicher
Michael E. Roper
Sidney L. Strickland, Jr.

Erika Z. Jones
Adrian L. Steel, Jr.
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and Santa Fe Railway Company
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Mayer, Brown & Platt
1909 K Street, NW
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(202) 263-3000

Attorneys for The Burlington Northern and Santa Fe Railway Company

October 22, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

REPLY OF THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY
TO UNION PACIFIC RAILROAD COMPANY'S
MOTION FOR LEAVE TO FILE REPLY

The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby replies to the "Motion for Leave to File Reply to BNSF's Reply Supporting Entergy's Petition for Enforcement of Merger Condition" ("Motion for Leave") filed by Union Pacific Railroad Company ("UP") in this proceeding on October 15, 1999. As is established below, UP is not entitled to file such a reply under either the Board's regulations or the precedent cited by UP. Further, contrary to UP's assertion, such a reply is not necessary to ensure that the Board has a complete record on which to resolve Entergy's Petition.

Initially, UP asserts that it is not bound by the restriction of Section 1104.13(c) of the Board's regulations (49 C.F.R. § 1104.13(c)) that a "reply to a reply is not permitted" because BNSF's Reply seeks "affirmative relief". Specifically, UP argues that the restriction is not applicable here because BNSF "joins in and presents arguments in



support of Entergy's request that [BNSF] be granted trackage rights" to enable it to serve Entergy's proposed build-out point on the Arsenal Lead. UP Motion for Leave at 1.

In support of its position, UP cites the Board's action in Decision No. 86 in this proceeding when it permitted UP to file a reply to a reply which had been filed by the National Industrial Transportation League ("NITL") in response to BNSF's petition for clarification of the "new facilities" condition. However, in contrast to BNSF's Reply here, NITL's reply in that instance did more than simply support the request for relief set forth in the petition for clarification. It also requested distinct and separate relief in addition to BNSF's specific requested relief. In particular, NITL asked that the Board direct UP to implement a liberal interpretation of the conditions the Board imposed on the UP/SP merger and to cease frustrating their implementation. See Decision No. 86 at 5. It was only because NITL had asked for this separate additional relief -- in the Board's language, "affirmative relief" -- that UP's reply was accepted. Id. at 1 n. 4. Nothing in Decision No. 86 in any way supports UP's position here that a statement of support filed in response to a request for relief which -- like BNSF's Reply -- does not seek any relief other than that sought by the petitioner entitles the opposing party to a right to file a reply to a reply.^{1/}

Further, UP's argument that it will be prejudiced unless its proffered Reply is accepted because it will not otherwise have had the opportunity to address BNSF's arguments is flatly incorrect. In its Reply, BNSF's principal argument was that, under the

^{1/} Indeed, if UP's interpretation of "affirmative relief" were to prevail, a party opposing a petition for relief would be entitled to a further reply whenever a third party makes a filing in support of the petition. Such an interpretation obviously cannot be correct.

Interstate Commerce Act and controlling precedent, SP could not lawfully have limited its ability to provide service on the Arsenal Lead to shippers that it was serving at the time of the 1984 Memorandum of Understanding ("MOU") between UP and SP. See BNSF Reply at 6-7. BNSF's argument was substantially identical to the argument made by Entergy in its Petition for Enforcement at pages 22 to 23. Thus, contrary to UP's assertion, UP had a full and fair opportunity to respond to the substance of the argument BNSF made, and the fact that it did not do so in its Reply to the Petition for Enforcement as fully as it now wishes it had cannot justify giving UP a second opportunity to address that argument.

Finally, apart from the fatal procedural infirmities of UP's Motion for Leave discussed above, acceptance of UP's proffered Reply is not necessary in order to provide the Board with a complete and accurate record on which to rule on Entergy's Petition for Enforcement. Rather, as explained below, what UP seeks to do in its proffered Reply is to graft onto the build-in/build-out condition a requirement that the service BNSF is to provide to a build-out point must be no better than the service SP could have provided before the merger.^{2/} However, nowhere in the language of the CMA Agreement

^{2/} UP describes this additional requirement that it seeks to impose on the build-in/build-out condition in various ways. At times, it asserts that there is a "requirement [in] the UP/SP build-out condition that BNSF step into SP's shoes if it wants to participate in a build-out." UP Reply to Petition for Enforcement (UP/SP-370) at 4. On another occasion, UP asserts that the build-in/build-out condition cannot be interpreted to put BNSF "in a more favored position" than SP would have been to serve a build-out point. UP Proffered Reply at 1. UP, of course, cites no authority for either of these limitations and, as discussed above, no basis for any such limitation can be found in the CMA Agreement or the Board's conditions.

establishing the build-in/build-out condition or in the Board's description or expansion of the condition is there any reference whatsoever to such a limiting principle.^{3/}

It was UP itself that negotiated and executed the CMA Agreement, and, as modified by the Board, the language of that agreement is unqualified: a shipper has "the right to build out from [a solely-served facility on UP] to . . . a point on the former SP" (and vice versa), and BNSF is entitled to "any trackage rights that may be necessary for BN/Santa Fe to reach the Build-In Point". CMA Agreement § 13. UP agreed to this unqualified grant of trackage rights to BNSF to reach a build-in point in order to secure Board approval of the merger, and there is no basis for UP now to try to disavow the broad language that it expressly agreed to and proffered to the Board as resolving all competition issues relating to the potential loss of build-in competition.^{4/}

^{3/} In this regard, while the Board does speak of the purpose of the build-in/build-out condition in terms of enabling BNSF to replicate the competitive options provided by SP to exclusively-served UP shippers (and vice versa) prior to the merger, it does not ever state that BNSF service must physically replicate or be the same as the service SP would have provided. In fact, given the inherent differences between the pre-merger SP system and BNSF's post-merger system, it is inevitable that there will be occasions when the service which BNSF provides pursuant to the build-in/build-out condition will be different than the service which SP would have provided pre-merger. As the CMA Agreement recognizes, what is important is that the shipper's competitive option be preserved and replicated, and to achieve that goal the CMA Agreement provides that the trackage rights routing which BNSF is granted shall "ensur[e] that BN/Santa Fe can provide competitive service." CMA Agreement § 13.

^{4/} Indeed, in none of the numerous pleadings which UP/SP filed with the Board describing the CMA Agreement (and the build-in/build-out provision) and its competition-preserving and even enhancing function did UP ever hint that shippers' build-out rights would be restricted in the manner which UP now suggests. See UP/SP-219 ("Applicants' Submission of Settlement Agreement with CMA"); UP/SP-231 ("Applicants' Rebuttal"); UP/SP-260 ("Applicants' Brief"); and UP/SP-266 ("Applicants' Submission of Final Settlement Agreement and Implementing Agreements with BN/Santa Fe"). Likewise, UP identified no such restriction in the oral argument before the Board held on July 1, 1996.

Accordingly, UP's argument that SP could have served a new facility on the Arsenal Lead before the merger only by reconnecting the Lead to SP's mainline in Pine Bluff or by negotiating a new trackage rights agreement with UP is irrelevant.^{5/} UP expressly agreed that BNSF was entitled to "any trackage rights that are necessary" to reach a build-out point on SP, and the fact that such a grant may in some instances result in BNSF being able to serve a build-out point in a manner different than SP could have done before the merger is attributable to the express language of the CMA Agreement which UP agreed to as a condition of the merger.

Thus, as with previous efforts by UP to limit or narrow the scope of the conditions that it agreed to and/or that the Board imposed (see, e.g., Decision No. 61 (transload condition) and Decision No. 86 (new facilities condition)), the Board should confirm that the build-in/build-out condition is to be given a literal interpretation. Otherwise, the express language of the CMA Agreement will be ignored, the competition-preserving purpose of the

^{5/} Similarly irrelevant is UP's citation of State of Minnesota by Burlington Northern R.R. v. Big Stone-Grant Industrial Development & Transportation, L.L.C., 990 F. Supp. 731 (D. Minn.), aff'd, 131 F.3d 144 (8th Cir. 1997). That case involved the question of whether the Twin Cities & Western Railroad Company's ("TCW") ability to serve shippers located on a proposed line was controlled by the terms of TCW's contractual agreement with BN. The court held that it was. That issue is, however, not the determinative issue here. Rather, even assuming that UP is correct that SP could have somehow lawfully restricted its ability in the MOU to serve new shippers on the Arsenal Lead via UP's Pine Bluff-Little Rock mainline, the critical issue here is simply whether SP could have in some manner served a pre-merger build-out by Entergy to the Arsenal Lead. UP has conceded that SP could have done so. See p. 6, infra. Thus, to the extent the principle applied by the Big Stone court that the parties' contractual agreements control the issue of access is relevant here, it requires that UP be held to the express contractual agreement it undertook in the CMA Agreement that BNSF was entitled to "any trackage rights that may be necessary" to reach a build-out point on SP (or UP).

condition will be undercut, and UP will be able to persist in its efforts to restrict BNSF's ability to compete.^{6/}

Once UP's effort to improperly restrict the application of the build-in/build-out condition is rejected, it is a simple matter to conclude that BNSF is entitled to trackage rights over UP to serve the proposed Entergy build-out point. First, UP itself has conceded that the Arsenal Lead remained a part of the SP system at the time of the merger and that SP could have served an Entergy build-out to the Arsenal Lead prior to the merger. See UP Reply to Petition for Enforcement at 18-19; UP Proffered Reply at 2 n. 2. See also Verified Statement of Richard K. Davidson, Chairman and Chief Executive Officer of UP (Exhibit D to UP Reply to Petition for Enforcement) at 8 ("SP had several options for providing service to new Arsenal Lead shippers after the Pine Bluff relocation project"). As UP has acknowledged, that fact by itself is conclusive as to BNSF's right of access under the CMA Agreement and the Board's condition. See UP/SP-370 at 5 ("Under the build-out condition imposed in the UP/SP merger proceeding, Entergy's right to obtain BNSF service via Entergy's proposed build-out turns on whether SP could have provided service via the build-out prior to the UP/SP merger."). Second, BNSF is entitled to any trackage rights over UP necessary to reach the build-out point (CMA Agreement § 13), and the only trackage rights over UP by which BNSF can reach the proposed Entergy build-out point

^{6/} In fact, the present dispute is not the first occasion on which UP has attempted to impose a restrictive interpretation on a merger condition that would significantly inhibit BNSF's ability to compete. For example, in the post-merger proceedings concerning the transload condition, UP argued that, in order for a new BNSF transload facility to serve an "off-line" shipper, the facility had to be at least as far away from the off-line shipper's facility as the other merging carrier's line was from that facility. Decision No. 61 at 5-6. Quite correctly, the Board rejected UP's effort and held that the transload condition must be interpreted literally. Id. at 7, 12.

and provide competitive service are rights over UP's line between Pine Bluff and Little Rock, the same route used pre-merger by SP for traffic moving to and from customers in this area.

CONCLUSION

For the foregoing reasons, UP's Motion for Leave to File Reply should be denied, and Entergy's Petition for Enforcement of Merger Condition should be granted.

Respectfully submitted,

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October 22, 1999

CERTIFICATE OF SERVICE

I hereby certify that copies of the Reply of The Burlington Northern and Santa Fe Railway Company to Union Pacific Railroad Company's Motion for Leave to File Reply (BNSF-89) have been served on all Parties of Record.

Robert J. Allen

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October 22, 1999



BY HAND DELIVERY

The Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Finance Docket No. 32760, Union Pacific
Corporation, et al. -- Control and Merger --
Southern Pacific Rail Corporation, et al.

Dear Mr. Secretary:

Enclosed for filing in the above-referenced proceeding
please find an original and twenty-five (25) copies of the
following documents:

- (i) Motion for Leave to File Reply of Entergy Services,
Inc. and Entergy Arkansas, Inc. (ESI-31)
- (ii) Reply of Entergy Services, Inc. and Entergy Arkansas,
Inc. (ESI-32).

An additional copy of each filing is enclosed. Kindly
indicate receipt and filing by time-stamping these copies and
returning them to the bearer of this letter.

Thank you for your attention to this matter.

Sincerely,

Frank J. Pergolizzi
An Attorney for Entergy Services,
Inc. and Entergy Arkansas, Inc.

Enclosures

cc: Arvid E. Roach II, Esq.

ENTERED
Office of the Secretary

OCT 25 1999

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Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

ESI-32

UNION PACIFIC CORPORATION, UNION)
PACIFIC RAILROAD COMPANY, AND)
MISSOURI PACIFIC RAILROAD COMPANY)
-- CONTROL AND MERGER -- SOUTHERN)
PACIFIC RAIL CORPORATION, SOUTHERN)
PACIFIC TRANSPORTATION COMPANY,)
ST. LOUIS SOUTHWESTERN RAILWAY)
COMPANY, SPCSL CORP., AND THE)
DENVER AND RIO GRAND WESTERN)
RAILROAD COMPANY)

Finance Docket No. 32760

REPLY OF ENTERGY SERVICES, INC.
AND ENTERGY ARKANSAS, INC.

Entergy Services, Inc. and its affiliate Entergy Arkansas, Inc. (collectively referred to as "Entergy"), hereby respond to Union Pacific Railroad Company's ("UP") October 12 and October 15 Reply filings in this case (hereinafter "UP Reply" and "UP Reply to BNSF Reply").

Through its two replies, UP has attempted to raise a number of misleading impediments to the literal application of the CMA Build-Out Condition. As such, it is necessary for Entergy to correct the record by clarifying the actual issues to be resolved. These issues include: (i) whether UP has offered any legitimate support for its theory that SP voluntarily squandered its valuable right to serve new customers in the vicinity of Pine Bluff, Arkansas; (ii) whether UP is entitled to undermine the decision of the United States Supreme Court prohibiting contractual limitations on a carrier's ability to serve shippers

on its own line; and (iii) whether UP may inject new, unwritten standards regarding the relative burden of providing service (as between SP and BNSF) into the straightforward language of the CMA Build-Out Condition.

A. SP's Rights Under the Memorandum of Understanding

Entergy's witness McClanahan confirmed that SP entered into the 1984 MOU as an accommodation to the City of Pine Bluff, and that SP would not have agreed to the severing of the Arsenal Lead if this would have prevented SP from serving new customers. See Verified Statement of Robert R. McClanahan ("McClanahan V.S.") at 10-11. On reply, UP insists that SP was willing to make this major concession because SP would avoid the cost of reconnecting and maintaining the Arsenal Lead, and because CP would benefit from the sale of the 1.25 miles of track that it subsequently removed. See UP Reply at 19; Verified Statement of Richard K. Davidson ("Davidson V.S.") at 7. UP's arguments, however, are not well-founded.

To begin with, UP's witnesses never claim that there was any explicit discussion or negotiation of this supposed "trade off," but instead suggest only that it was "understood" that SP was making such a trade. See, e.g., Verified Statement of Carl Bradley at 3. Even more importantly, however, UP has not proven that SP needed to make any concession whatsoever in order to "save" the expense of reconnecting its line to the Arsenal Lead. On the contrary, the evidence of record demonstrates that

if SP had been asked to forego its right to serve new shippers, SP would have refused to participate in the relocation project. See McClanahan V.S. at 10-11. If SP had refused to allow the severance of its line, then there necessarily would have been no reconnection to fund. Likewise, it is beyond question that SP did not initiate the Rail Demonstration Project (and willingly cut itself off from the prospect of new business) as a means to save on track maintenance or to generate revenue through the sale of railroad track.

The illogical nature of UP's claim of an "understood" trade-off is further confirmed by the verified statement of UP's witness Davidson. In particular, Mr. Davidson first argues that SP "had to give up" its right to serve new shippers on its own line in exchange for the benefit of "avoid[ing] the costs associated with reconnecting, maintaining and operating the Arsenal Lead," but immediately thereafter, Mr. Davidson insists that "it is clear from the MOU that SP made the decision to remove 1.25 miles of the Arsenal Lead and not to reconnect with Lead independently of the relocation project." Davidson V.S. at 7 & n.1 (emphasis added). Obviously, these two arguments are inconsistent. Consequently, the record in this case lacks any reasonable support for UP's claim that SP agreed to a "trade-off" preventing it from serving new customers.

B. Restrictions on a Carrier's Right to
Serve Shippers on its Own Line are Invalid

Even if the MOU were construed to preclude SP's use of the UP line to serve new shippers on SP's own line, governing precedent would invalidate such a restriction. See Entergy Petition at 22-23 (citing *United States v. Baltimore & O.R.R.*, 333 U.S. 169 (1948)). In response to this point, UP offers a variety of different arguments, none of which allows UP to avoid the inescapable conclusion that its purported MOU limitation would be invalid:

First, UP claims that the question of SP's obligation to provide service to an Entergy build-out would have been governed not by 49 U.S.C. § 11101, but instead by the "switch connections and tracks" provision found at 49 U.S.C. § 11103. See UP Reply at 16. UP thereupon cites the Commission's decision in Finance Docket No. 30858, *K&K Warehouse -- Exemption From 49 U.S.C. § 11104 & 10901(d)*, Decision served April 23, 1987, to support its argument that SP would not have been required to establish a switch connection for Entergy. As an initial matter, UP is incorrect to suggest that § 11103 would have been relevant to a pre-merger request for SP service because the Arsenal Lead was (and is) connected to the existing Arsenal track and no new switch connection would have been required. Moreover, even if § 11103 would have been applicable, the *K&K Warehouse* decision (which was driven largely by procedural irregularities related to the exemption process) only supports the proposition

that a host carrier legitimately may restrict its tenant carrier's right to serve customers on the host carrier's line (e.g., through entering into an agreement that provides it with bridge trackage rights), and does not address the question of whether a carrier may agree to restrict service to a shipper located on its own line where it uses bridge trackage rights to reach its own line.¹

Second, UP endeavors to create a self-help exception to the common carrier obligation, arguing that even if 49 U.S.C. § 11101(a) were applicable to a request to serve Entergy's proposed build-out, SP "would not have violated its common carrier obligation had it declined to provide service to a new shipper locating on the Arsenal Lead after SP had severed the Lead and entered into an agreement that restricted its ability to serve shippers on the Lead." UP Reply at 18 (emphasis added). Under UP's logic, since SP had inhibited its own ability to provide common carrier service to the Arsenal Lead, any request for service would not have been "reasonable." This argument is totally without merit and, if accepted, would eviscerate the Board's jurisdiction over abandonments.

¹ Likewise, in *State of Minnesota by Burlington Northern R.R. v. Big-Stone Grant Industrial Development & Transp., L.L.C.*, 990 F. Supp. 731 (D. Minn.), aff'd, 121 F.3d 144 (8th Cir. 1997), the court considered a similarly irrelevant fact pattern in which a shipper sought to build out to a carrier holding only trackage rights (rather than an ownership interest) at the intended point of connection.

Third, UP argues that the purported MOU limitation did not violate *Baltimore & Ohio* because SP could have discharged its common carrier obligation by reconnecting its Arsenal Lead or by negotiating a modification to the MOU trackage rights. This argument, however, cannot rehabilitate the supposed MOU limitation. On the contrary, *Baltimore & Ohio* precludes any restrictions on a carrier's right to serve shippers on its own line. It is always the case that a carrier agreeing to an improper trackage rights limitation will have some other means of providing the relevant service (e.g., by building an entirely new line to reach the shipper or negotiating a new trackage rights arrangement), but this is not the issue. Instead, under *Baltimore & Ohio*, the Supreme Court asks only whether some contractual limitation on trackage rights discriminates against certain traffic. *Id.* at 175.

Finally, although UP acknowledges the broad scope of the holding in *Baltimore & Ohio* in its second reply,² UP argues that this case does not provide the remedy that Entergy seeks in these circumstances. See UP Reply to BNSF Reply at 5. UP's argument in this regard is both inapposite and incorrect, however, because the remedy that Entergy seeks to invoke is drawn from the CMA Build-Out Condition of Decision No. 44. In any

² As UP itself candidly admits with regard to *Baltimore & Ohio*, "the Supreme Court held that a railroad could not justify its discrimination against a shipper on the basis of a restrictive term imposed by the owner of a segment of track that the railroad had to traverse in order to serve that shipper." UP Reply to BNSF Reply at 5.

event, UP's attempted limitation of *Baltimore & Ohio* is improper because the Court itself approved of the Commission's order requiring five railroads "to abstain from refusing to deliver interstate shipments of livestock" to an individual shipper. *Id.* at 177. Moreover, as to UP's argument that it could have entirely canceled SP's trackage rights, the Supreme Court's earlier decision in *Thompson v. Texas Mexican Railway*, 328 U.S. 134, 147 (1946), confirms that a railroad cannot simply evict a tenant carrier; rather, the landlord must first seek and obtain authorization for its tenant to abandon the operations of which the trackage rights are a part.

C. The Literal Application of the Build-Out Condition

The CMA Build-Out Condition set forth in Decision No. 44 presents a simple inquiry; namely, whether Entergy could have built out to a point on SP's line before the UP/SP merger. If so, then BNSF is entitled to all trackage rights necessary to serve the point in question post-merger.

In this regard, UP now argues that Entergy is not entitled to relief under the CMA Build-Out Condition because if UP were required either to: (i) rebuild the Arsenal Lead; or (ii) allow BNSF to access Entergy via UP's Pine Bluff to Little Rock mainline, BNSF would obtain access to the Entergy build-out without incurring the expense that SP would have incurred to do so prior to the merger. These considerations, however, are

inappropriate under the Build-Out Condition and governing Board precedent.

Before the UP/SP merger, Entergy could have demanded pursuant to *Busboom Grain Co., Inc. v. ICC*, 830 F.2d 72, 76 (7th Cir. 1987) that SP provide service to a point on its common carrier line. Entergy would not have been responsible for any of the costs that SP would have incurred to restore its ability to provide that service. Instead, SP would have been required to absorb those costs. Consequently, while Entergy will be obligated to pay the cost of constructing its build-out to the former SP line, Entergy is under no obligation to restore the SP line to proper condition. Cf. Finance Docket No. 32760, *Union Pacific Corp. -- Control and Merger -- Southern Pacific Rail Corp.*, Decision No. 61 served November 20, 1996, at 11-12 (declining to restrict shippers' rights to utilize the New Facilities and Transload Conditions on the basis of the ease (relative to SP) with which BNSF could provide competitive service).³ UP should not be entitled to shield itself from competition as a result of

³ See also Section 13(a) of the CMA Agreement (providing that the routes over which BNSF should receive trackage rights shall be determined in a manner that will minimize the operating inconvenience to UP/SP and will ensure that BNSF can provide competitive service).

the fact that its corporate predecessor removed part of its line without abandonment authorization.

Respectfully submitted,

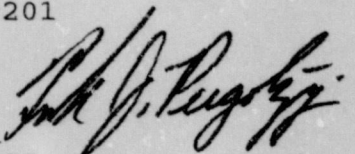
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DATED: October 22, 1999

Their Attorneys

CERTIFICATE OF SERVICE

I hereby certify that this 22nd day of October, 1998, I have caused a copy of the foregoing document to be served by first-class mail, postage-prepaid, upon all parties to the service list in this proceeding.



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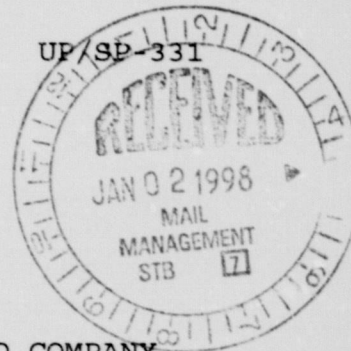
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BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

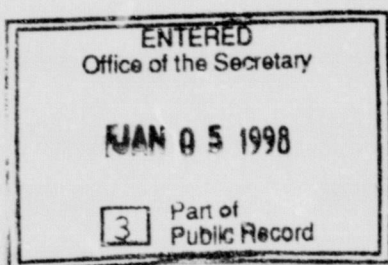
APPLICANTS' FOURTH QUARTER 1997 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

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January 2, 1998

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' FOURTH QUARTER 1997 PROGRESS
REPORT WITH RESPECT TO MERGER CONDITIONS

Applicants UPC, UPRR, SPR and SPT^{1/} hereby submit their fourth quarter 1997 progress report with respect to the conditions imposed on the Board's approval of the UP/SP merger in Decision No. 44, served August 12, 1996. Submission of this progress report was required by ordering paragraph 10 of Decision No. 44. See also id., p. 146 ("We require as a condition that applicants submit on or before October 1, 1996, a progress report and implementing plan regarding their compliance with the conditions to this merger, and further progress reports on a quarterly basis."); Finance Docket No. 32760 (Sub-No. 21), Decision served Oct. 27, 1997 ("Oversight Decision"), p. 19 ("UP and BNSF shall continue to report quarterly, with comprehensive summary presentations included in their progress reports due on July 1, 1998.").

^{1/} Acronyms used herein are the same as those in Appendix B of Decision No. 44.

As in our prior quarterly reports, items are included only if there have been developments since the prior report, and the information contained in this report is more abbreviated in nature than the more comprehensive presentation that Applicants will file on July 1, 1996. See Oversight Decision, p. 18. Applicants are not reporting on service issues, which were discussed in detail in reports filed last month and have been supplemented by weekly data submissions.

PRELIMINARY NOTE

Before turning to developments with respect to specific conditions, Applicants wish to address briefly two points with respect to their merger implementation progress.

On December 1, 1997, UP/SP completed the third phase Transportation Control System ("TCS") implementation on the SP system. This third phase, much more complex than the first two, extended TCS to former SP territory extending from New Mexico east through the Texas-Louisiana Gulf Coast. UP/SP had accelerated its plans, which had called for this cutover to take place in February 1998, in order to bring the benefits of TCS to the critical Gulf Coast region. In addition to giving personnel on SP lines more sophisticated management tools, this expansion provides UP/SP managers in Gulf Coast locations with more reliable and integrated information about traffic flows into that area, improving their ability to plan operations and reduce unnecessary movements. UP/SP

anticipates completing the final phase of TCS expansion, covering all SP western lines from Arizona up the West Coast to Portland and east to Elko, by this spring.

On December 17, UP/SP and BNSF agreed to new trackage rights for BNSF between Caldwell and Placedo, TX, for BNSF's southbound traffic to Brownsville and Laredo to accommodate directional operations. UP/SP initiated directional running south of Houston on November 10 with BNSF's cooperation; trains are operated southbound over former SP lines through Flatonia and Victoria, Texas, and northbound on UP's Brownsville Subdivision between Placedo and Houston, which has helped relieve congestion on lines south of Houston. At the Board's December 3 hearing in conjunction with Service Order No. 1518, UP/SP had indicated that it would grant BNSF trackage rights between Caldwell and Placedo for its southbound operations to accommodate directional operations.

I. BNSF, TEX MEX AND UTAH RAILWAY CONDITIONS

A. BNSF

BNSF Trackage Rights and Haulage. Notwithstanding congestion problems on the UP/SP system, BNSF trackage rights traffic has continued to grow dramatically. As shown in the charts in Appendix A, BNSF averaged more than 520 through trackage rights trains in each of September, October and November, compared to 468 in July and August. The tonnage handled on those trains exceeded 2.0 million tons in

September, and exceeded 2.6 million in October and November, compared to 1.6 million tons in July and August. And carloads on BNSF through trackage rights trains reached 34,223 in November, compared to 22,630 in August and 21,568 in July. BNSF continued to operate at least daily through trackage rights train service in all major corridors. In addition, BNSF and its agent, Utah Railway, operated 389 local trains in October and November, handling over 9,000 loaded and empty cars and 750,000 tons of freight, compared with July and August totals of 325 trains, 6,500 cars and 520,000 tons of freight.

Congestion problems have not kept BNSF from continuing to compete vigorously with UP/SP. BNSF continues to win substantial business from UP/SP in competition for "2-to-1" traffic. For example, BNSF recently secured a major contract for the movement of plastics from Houston to several "2-to-1" points, including Orange, Texas, and Fremont, California, and a major contract for the movement of chemicals in the Salt Lake City area.

Implementation Steps. The UP/SP-BNSF Joint Service Committee met on December 12 and dealt with a range of issues, including: approval of a set of measurements for performance of trackage rights trains, as provided for in the UP/SP-BNSF dispatching protocol; institution of Houston-Beaumont and Houston-Memphis directional operations; possible joint

dispatching on UP/SP and BNSF lines in the Gulf Coast area; construction of a new siding at Iowa Junction, Louisiana; maintenance of grade crossing protection devices at the connection at Avondale, Louisiana; and plans for the connection at Stockton, California. BNSF also advised that it intended to convert its Pine Bluff-Little Rock haulage to trackage rights on or about January 6, and the parties discussed BNSF's request for UP consent to allow the Port of Little Rock to act as BNSF's agent for certain Little Rock traffic.

Further Voluntary Agreements. UP/SP has continued throughout this past quarter to work cooperatively with BNSF to ensure the effectiveness of the BNSF trackage rights. For example, as discussed above, UP/SP has agreed to grant BNSF rights between Caldwell and Placedo, Texas, to be operated directionally, which provide BNSF with a significantly shorter route to Brownsville and Laredo for most traffic. In addition, UP/SP has offered to allow BNSF to use SP's line between Harlingen and Brownsville on a temporary basis in order to ease congestion at the Brownsville border crossing. BNSF has not yet responded to this offer.

Line Sales. All of UP/SP's line sales to BNSF have closed. In December, UP/SP and BNSF agreed to settle their dispute relating to the sale to BNSF of SP's line between Iowa Junction and Avondale, Louisiana. The parties have not yet

signed a written settlement agreement, but we do not anticipate any difficulties in completing the settlement process.

Connections. UP/SP work on connections to facilitate BNSF trackage rights operations has been completed in the New Orleans area, including most recently the connection at Westwego, Louisiana. Planning for the connection at Stockton, California, is continuing, and it is anticipated that construction will begin in the first quarter of 1998.

Definition of "2-to-1" Points. Pursuant to the Board's Oversight Decision, pp. 7-8, UP/SP and BNSF attempted to reach an agreement on a protocol to govern the resolution of disputes as to the list of "2-to-1" facilities that BNSF is entitled to serve pursuant to the UP/SP-BNSF Settlement Agreement and the Board's decisions in the UP/SP merger proceeding. UP/SP and BNSF were able to reach agreement on most provisions of a protocol and submitted the remaining issues to the Board for resolution on November 26, 1997.

Opening 50% of Contract Traffic at "2-to-1" Points to BNSF. UP/SP is in compliance with this condition, as clarified in Decision No. 57, served Nov. 20, 1996. In the Oversight Decision, pp. 8-11, the Board rejected requests by several parties to reinterpret and broaden the contract reopener condition.

New Facilities and Transloading Condition. UP/SP is in compliance with this condition. In the Oversight Decision, pp. 11-12, the Board declined a BNSF request to determine, in advance, the exact parameters of the new facilities condition. UP/SP and BNSF continue to address new facilities and transload issues on a case-by-case basis. UP/SP is not aware of any disputes with respect to the new facilities or transloading conditions.

New Orleans. On November 14, 1997, BNSF filed a petition seeking new access to New Orleans-area shippers that are open to reciprocal switching. UP/SP replied to BNSF's petition on December 4, 1997, and the issue is presently before the Board.

B. Tex Mex

Tex Mex has continued to use its trackage rights to handle significant volumes of traffic, as shown in the charts in Appendix A. Tex Mex traffic figures for November may have been affected somewhat by the Board's service order, but the overall picture is clear. This year, Tex Mex has averaged 26 trackage rights trains and nearly 950 loaded cars of trackage rights traffic per month. As the charts show, although Tex Mex had seen some decline in Laredo volumes (which were still above pre-merger levels), reflecting UP/SP congestion problems and the transition to a privatized rail system in Mexico, Tex Mex's Laredo volumes have resumed their growth.

Tex Mex is currently operating southbound traffic using the trackage rights it obtained in the UP/SP merger over SP's Flatonia line, and northbound traffic over UP's line between Placedo and Algoa pursuant to the Board's Service Order No. 1518. UP has offered to make the Placedo-Algoa rights available for as long as UP continues directional operations, if Tex Mex agrees to continue directional running.

Tex Mex has asked to use UP/SP's West Belt line in Houston for its trackage rights operations, and UP/SP has advised Tex Mex that it is prepared to agree to these rights on a permanent basis in lieu of Tex Mex's present rights on the East Belt line, so long as Tex Mex or PTRRA will arrange for the movement of cars between PTRRA's lines and a track designated by UP/SP on the West Belt line.

C. Utah Railway

Utah Railway has used the rights it gained in the UP/SP merger to operate 44 loaded and empty coal trains under a contract among Utah Railway, BNSF and Sierra Pacific Power and Idaho Power, owners of the North Valmy Station at Valmy, Nevada, in Utah Railway-BNSF interline service from Utah Railway origins to Valmy. Additionally, Utah Railway and BNSF are moving upwards of 6,000 tons per month of industrial coal to California cement plants.

II. ABANDONMENTS

Service over the Hope-Bridgeport, KS, line (Docket No. AB-3 (Sub-No. 131)) was discontinued on November 1, 1997.

Service from milepost 0.0 to milepost 11.0 near Little Mountain Junction (Docket No. AB-33 (Sub-No. 99X)) was discontinued on December 1, 1997. The one-mile portion of line extending from milepost 11.0 to milepost 12.0, which the Board also authorized UP/SP to abandon, was reclassified to yard trackage.

Service over the Sage-Leadville, CO, line (Docket Nos. AB-8 (Sub-No. 36X) and AB-12 (Sub-No. 189X)) was discontinued on December 18, 1997.

Service from milepost 747.0 near Towner, CO, to milepost 869.4 near NA Junction, CO, over the Towner-NA Junction, CO, line (Docket No. AB-3 (Sub-No. 130) and AB-8 (Sub-No. 38)) was discontinued on December 22, 1997. Service has not been discontinued over the 0.5 mile portion of the line between milepost 747.0 and milepost 747.5 near Towner, which has been leased to the Central Kansas Railway.

III. LABOR PROTECTIVE CONDITIONS

During the past quarter, the following additional implementing agreements were reached:

- BLE (Engineers) and UTU (Trainmen) -- Agreements involving the Longview Hub and the North Little Rock/Pine Bluff Hub have been negotiated and ratified. These agreements, along with the previously negotiated Houston Hub agreements, will allow directional running

between Houston and Dexter Junction, Missouri, to begin on February 2, 1998. Roseville Hub agreements have been negotiated and initialed, and have been submitted to members for ratification. Negotiations are in progress for the St. Louis Hub and the Portland Hub.

- BMWE (Maintenance of Way Employees) -- An agreement was reached to consolidate the SSW, SPCSL and SP-Eastern Lines Agreements in the Missouri Pacific Agreement. A New York Dock arbitration award placed the DRGW and SP-Western Lines under the UP System Gang Agreement. The BMWE appealed the referee's decision to the Board.
- TCU (Clerks) -- The TCU Implementing Agreement was modified to accelerate the transfer of clerks in order to meet the new TCS implementation schedule. In addition, an agreement was negotiated and ratified that provides for the transfer of Pacific Fruit Express work from Tucson to Pocatello.

IV. ENVIRONMENTAL MITIGATION CONDITIONS

The following is a report on steps taken, and plans for future steps, in regard to the environmental mitigation conditions, which are addressed in the order they are listed in Appendix G to Decision No. 44:

A. Systemwide Mitigation

1. Track Inspection. This condition has been satisfied.
2. Tank Car Inspection. This condition has been satisfied.
3. Signal Crossing Devices. This condition has been satisfied.

4. Emergency Response Phone Number. This condition has been satisfied.

5. TRANSCAER Participation. This condition has been satisfied.

6. Hazardous Materials Supervision. This condition has been satisfied.

7. Training Programs for Emergency Response Personnel. This condition has been satisfied. The next tank car training program will be held in Pueblo in June 1998.

8. UP/SP Training and Operating Practices. This condition has been satisfied.

9. Closing Boxcar Doors. This condition has been satisfied.

10. Security Forces. As previously reported, UP/SP has extended to SP territory its policy of "zero-tolerance" of vagrancy and trespassing on railroad property. UP/SP is participating in a new nationwide initiative by Operation Lifesaver to reduce trespassing on railroad property. UP/SP met with the Reno Police Department regarding a "zero-tolerance" program in late June; these discussions are on hold pending a City of Reno legal determination.

11. Visible Smoke Reduction. This condition has been satisfied.

12. Use of Head-Hardened Rail on Mountain Curves. This condition has been satisfied.

13. Compliance with FRA Rules and Regulations.

This condition has been satisfied, and UP/SP is working closely with FRA on a number of new safety initiatives.

B. Corridor Mitigation

14. EPA Emissions Standards. On January 21, 1997,

EPA released proposed rules that would establish nationwide regulatory requirements for the control of emissions from locomotives. EPA issued its final rules on December 17, 1997. They include standards for oxides of nitrogen, hydrocarbons, carbon monoxide, particulate matter and smoke. UP/SP is reviewing the rules.

15. Consultations With Air Quality Officials.

Discussions have been held with officials in the states of Arizona, California, Colorado, Illinois, Oregon, Texas, Washington, and Wyoming. UP/SP is engaged in ongoing discussions in California. UP/SP has initiated discussions with the State of Nevada.

16. Noise Impacts. UP/SP has implemented a noise comment hotline and has advised each affected county and requested comments. UP/SP monitors the noise hotline and will compile and analyze data to determine if a noise abatement plan is required.

17. Use of Two-Way End-of-Train Devices. This condition has been satisfied.

C. Rail Line Segment Mitigation

18. Priority List for Upgrading Grade Crossing Signals. UP/SP provides train density information to states on a regular basis, which they use to reprioritize their grade crossing programs. Train density information was sent to the states of Arizona, California, Kansas, Nevada, Oregon, Texas, and Colorado in August/September 1997. These states were also furnished anticipated train volumes following complete implementation of the merger.

19. East Bay Regional Park District MOU. The MOU is being implemented in accordance with its specifications. A new pedestrian crossing at Crockett, CA, has been installed. UP/SP is waiting on the District to provide property descriptions and other documentation to complete conveyance of properties.

20. Town of Truckee MOU. The MOU is being implemented in accordance with its specifications. UP/SP has obtained permits for its bridge at the western undercrossing and is waiting for the town to obtain permits for its activities. The railroad is actively working with local and federal agencies in the development of a Truckee River hazardous material spill response plan.

21. Placer County MOU. The MOU is being implemented in accordance with its specifications. UP/SP is meeting with the City of Roseville on a regular basis to

discuss the yard design and operations plan. UP/SP officials conducted an inspection trip in connection with development of an emergency response plan in November. UP/SP will install CTC or similar train control mechanisms during the first quarter of 1998 to facilitate passenger operations. UP/SP is in the process of conveying property and drafting leases for numerous properties as specified in the MOU. Several improvement projects specified in the MOU have been differed or canceled at the request of the county and/or city involved.

22. City of Reno. UP/SP is in compliance with the limit of 14.7 through freight trains per day through Reno.

23. City of Wichita/Sedgewick County. UP/SP is in compliance with the limit of 6.4 through freight trains per day on the Rock Island line through Wichita. UP/SP is negotiating actively with the City and County.

D. Rail Yards and Intermodal Facilities

24. Noise Abatement Plans for Rail Yards. Before UP/SP undertakes any rail yard construction at the specified locations, UP/SP will contact appropriate state and local officials and will report to SEA on the results of those consultations. No construction is planned for these facilities at this time.

25. Intermodal Facilities. Before any changes are made at the specified intermodal facilities, UP/SP will contact appropriate state and local air quality officials in

the states of California and Illinois and will report to SEA on the results of those consultations. No construction or operating changes are planned for these facilities at this time.

E. Abandonments

26-61. As abandonments are carried out, UP/SP will comply with all conditions. UP/SP has developed a process to ensure that all general conditions are complied with by contractors and railroad personnel. On November 3, 1997, a meeting was held involving senior railroad personnel involved in abandonment activities to ensure that this process is communicated and complied with. Progress on specific abandonment conditions is reported below.

41. Gurden-Camden, AR. Coordinate with agencies. This condition has been satisfied.

43. Gurden-Camden, AR. Confirm remediation complete. This condition has been satisfied.

44. Magnolia Tower, Melrose CA. Complete section 106 process. This condition has been satisfied.

47. Towner - NA Junction, CO. Coordinate with agencies. This condition has been satisfied.

52. Seabrook - San Leon, TX. Coordinate with US Fish & Wildlife. This condition has been satisfied.

55. Seabrook - San Leon, TX. Contact TNRCC prior to abandonment. This condition has been satisfied.

60. Sumann - Bryan, TX. Complete section 106 process. This condition has been satisfied.

F. Construction Projects

62-108. As construction projects are carried out, UP/SP will comply with all listed conditions. UP/SP has developed a process to ensure that all general conditions are complied with by contractors and railroad personnel. A number of projects have been deferred to 1998 or beyond as a result of new priorities established during the service crisis. Progress on specific construction provisions is reported below.

78. Arkansas - Fair Oaks. Provide plans to agencies. This condition has been satisfied.

79. Arkansas - Pine Bluff (east). Provide plans to agencies. This condition has been satisfied.

80. Arkansas - Pine Bluff (west). Provide plans to agencies. This condition has been satisfied.

81. Arkansas - Texarkana. Provide plans to agencies. This condition has been satisfied.

84. Colorado - Denver. Complete section 106 process. This condition has been satisfied.

97. Missouri - Dexter. Complete section 404 process. This condition has been satisfied.

101. Missouri - Dexter. Coordinate with agencies on gold-striped darter. This condition has been satisfied.

Respectfully submitted,

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Pacific Rail Corporation and
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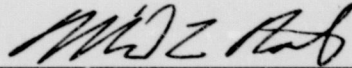
January 2, 1998

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 2nd day of January, 1998, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

APPENDIX A

Chart #1
BNSF Trackage Rights
Number of Through Trains

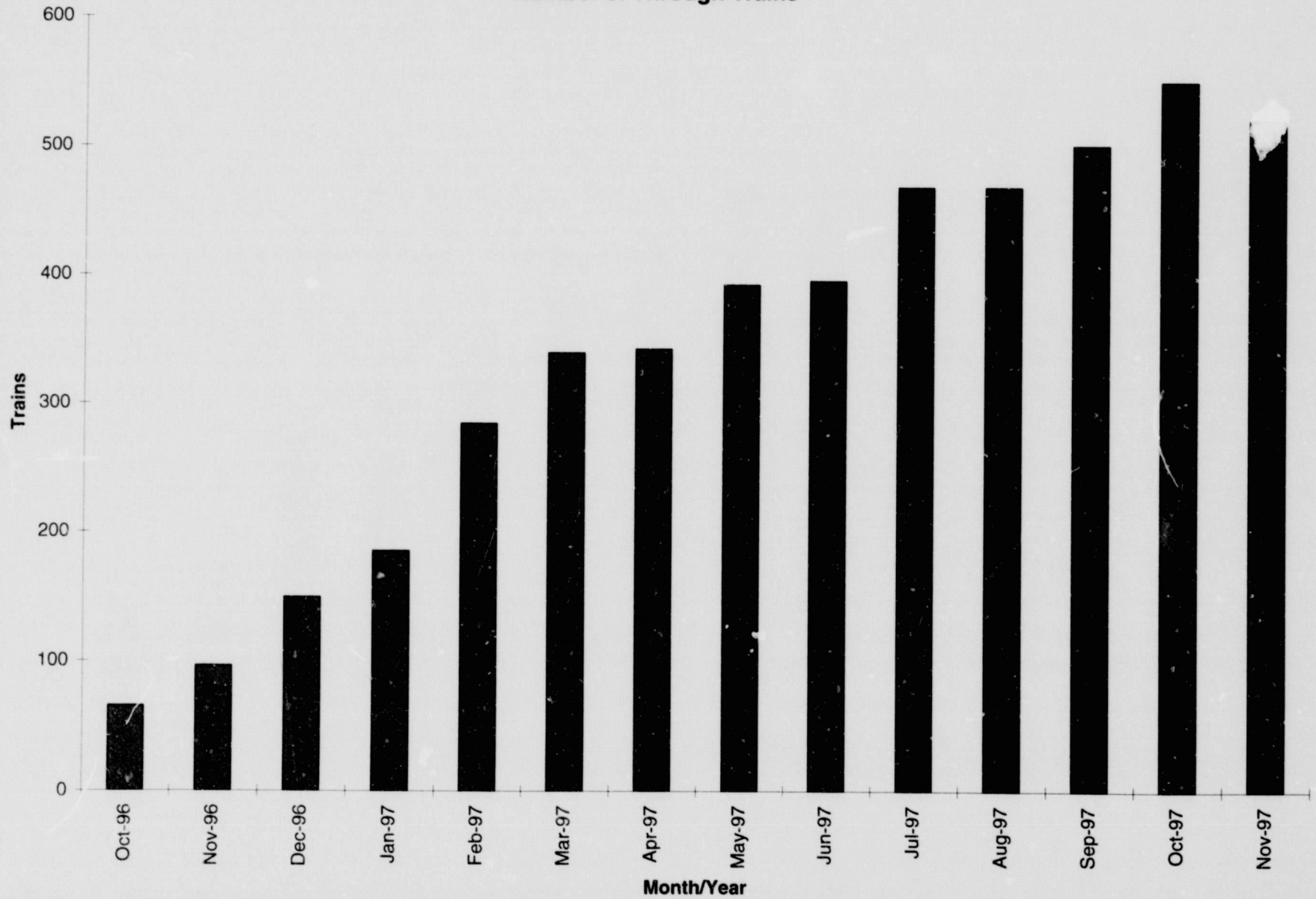


Chart #2
BNSF Trackage Rights
Number of Cars (Through Trains)

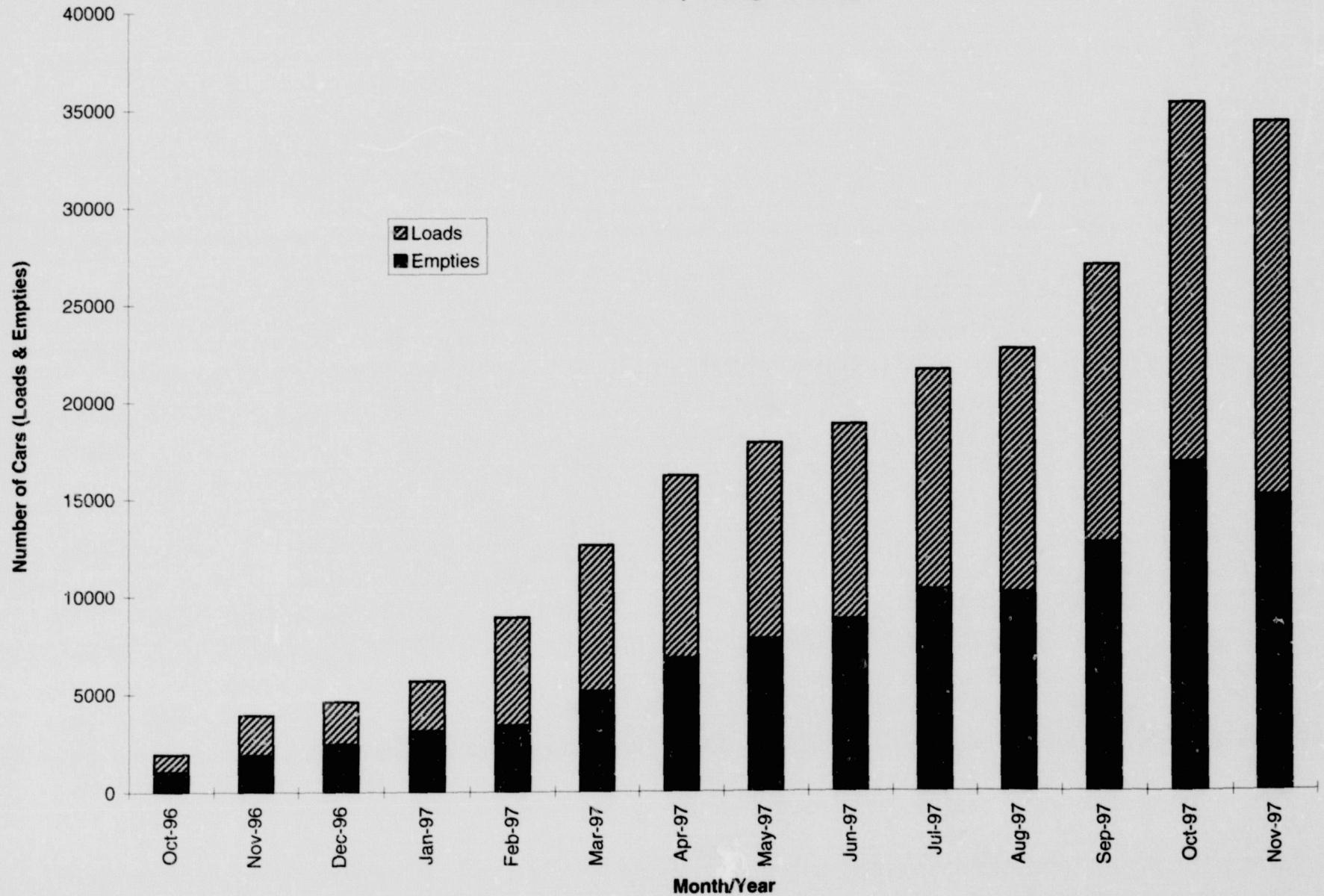


Chart #3
BNSF Trackage Rights
Gross Tons (Through Trains)

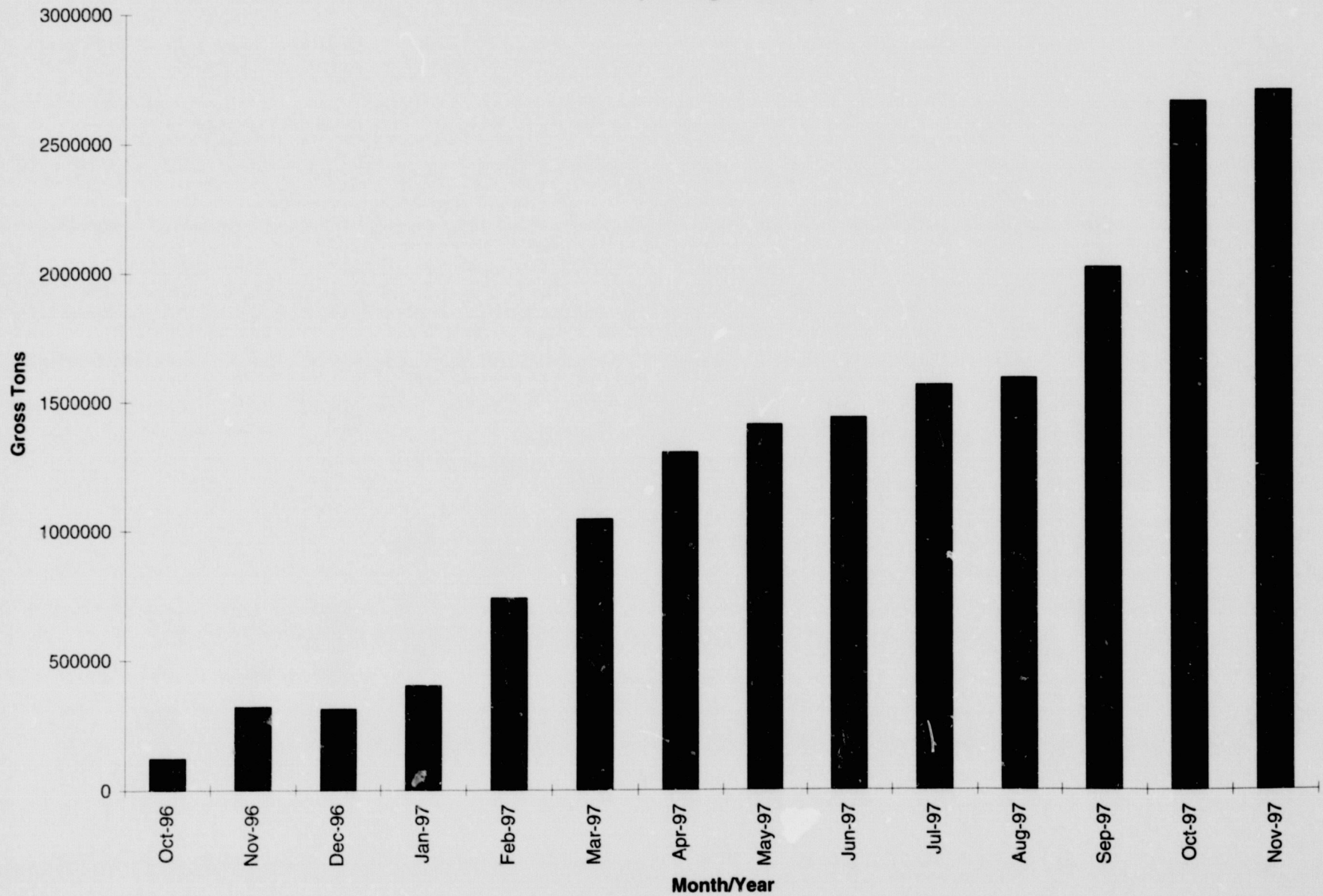


Chart #4
Tex Mex Trackage Rights
Number of Through Trains

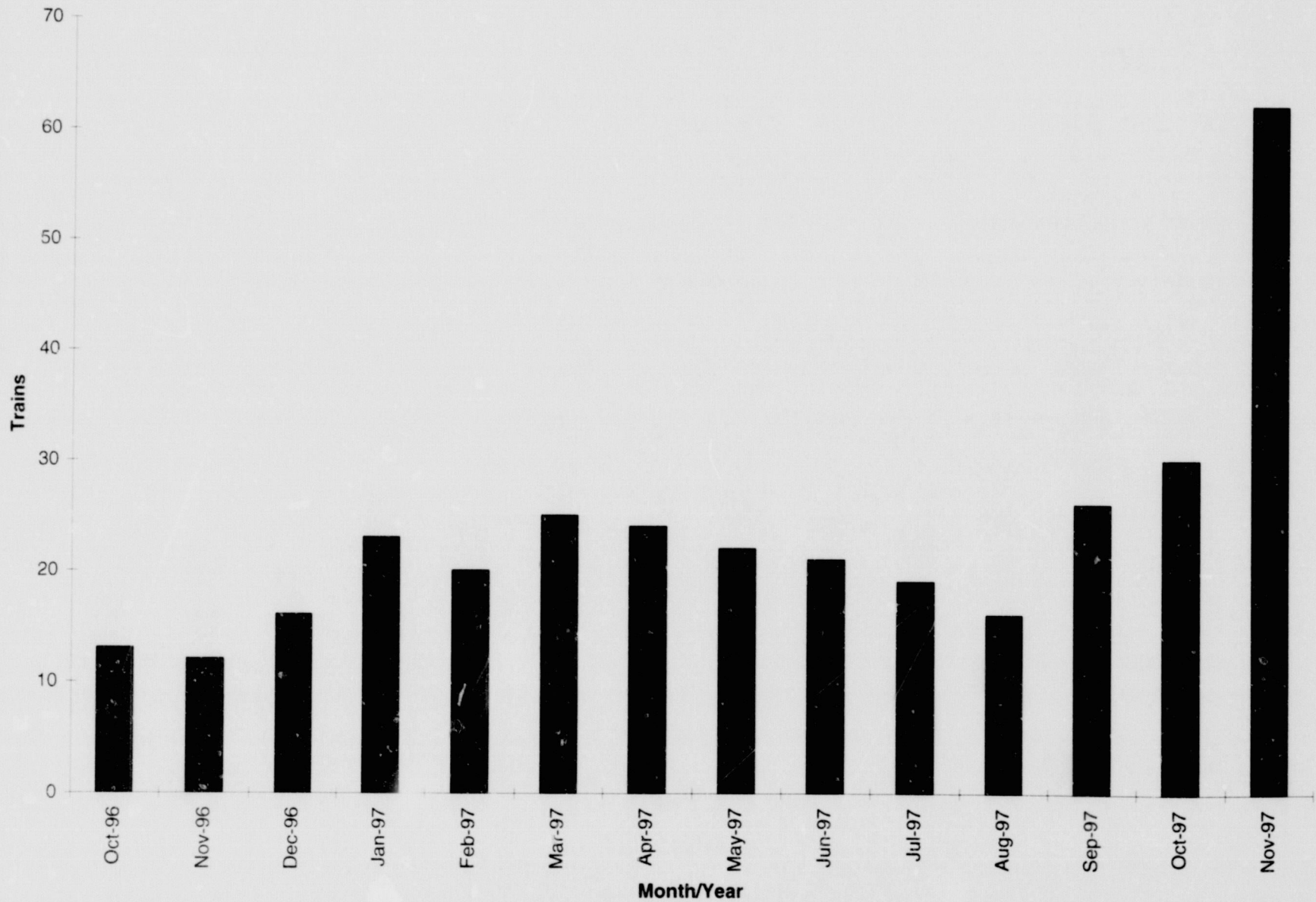


Chart #5
Tex Mex Trackage Rights
Number of Cars (Through Trains)

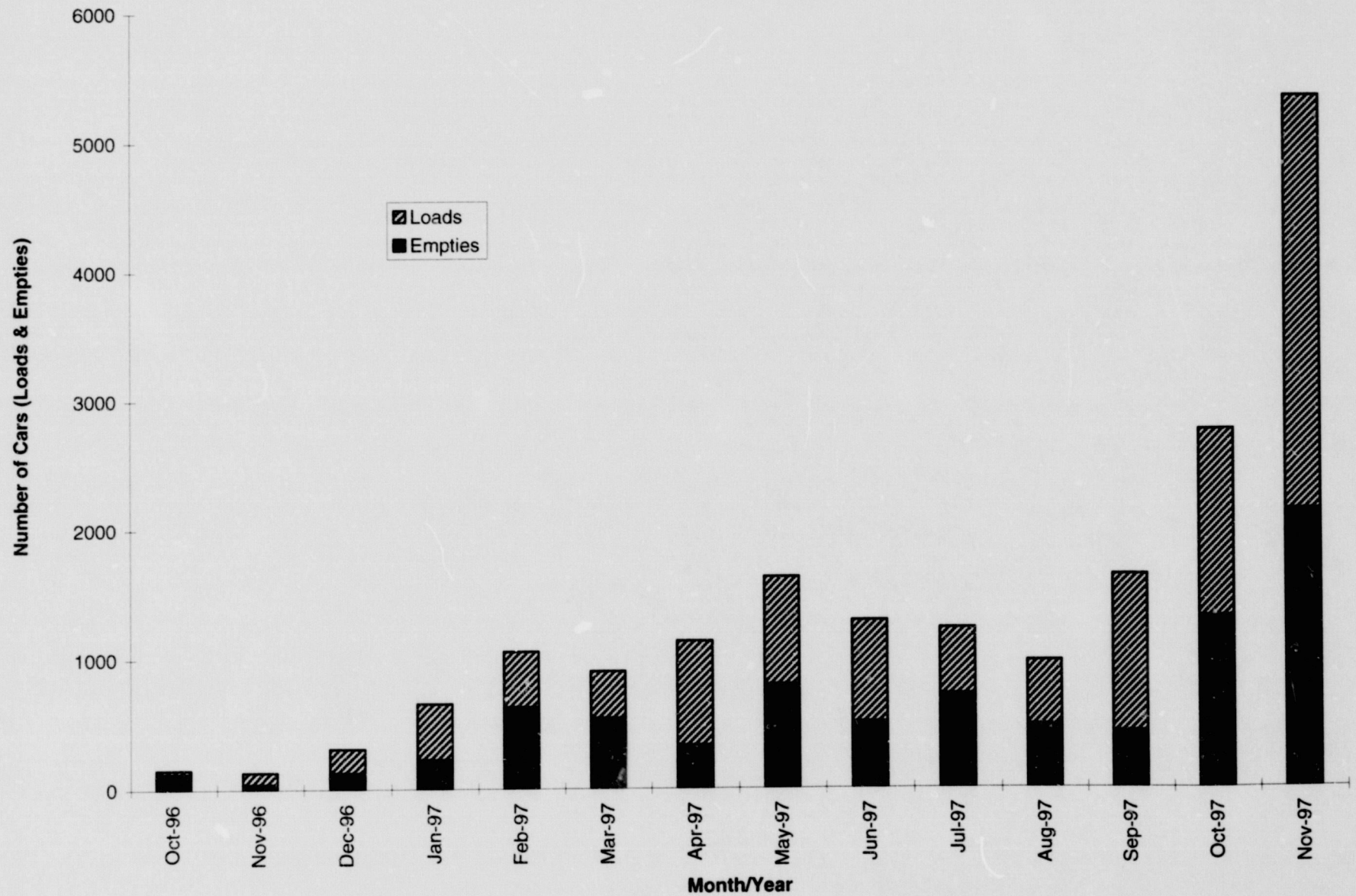


Chart #6
Tex Mex Trackage Rights
Gross Tons (Through Trains)

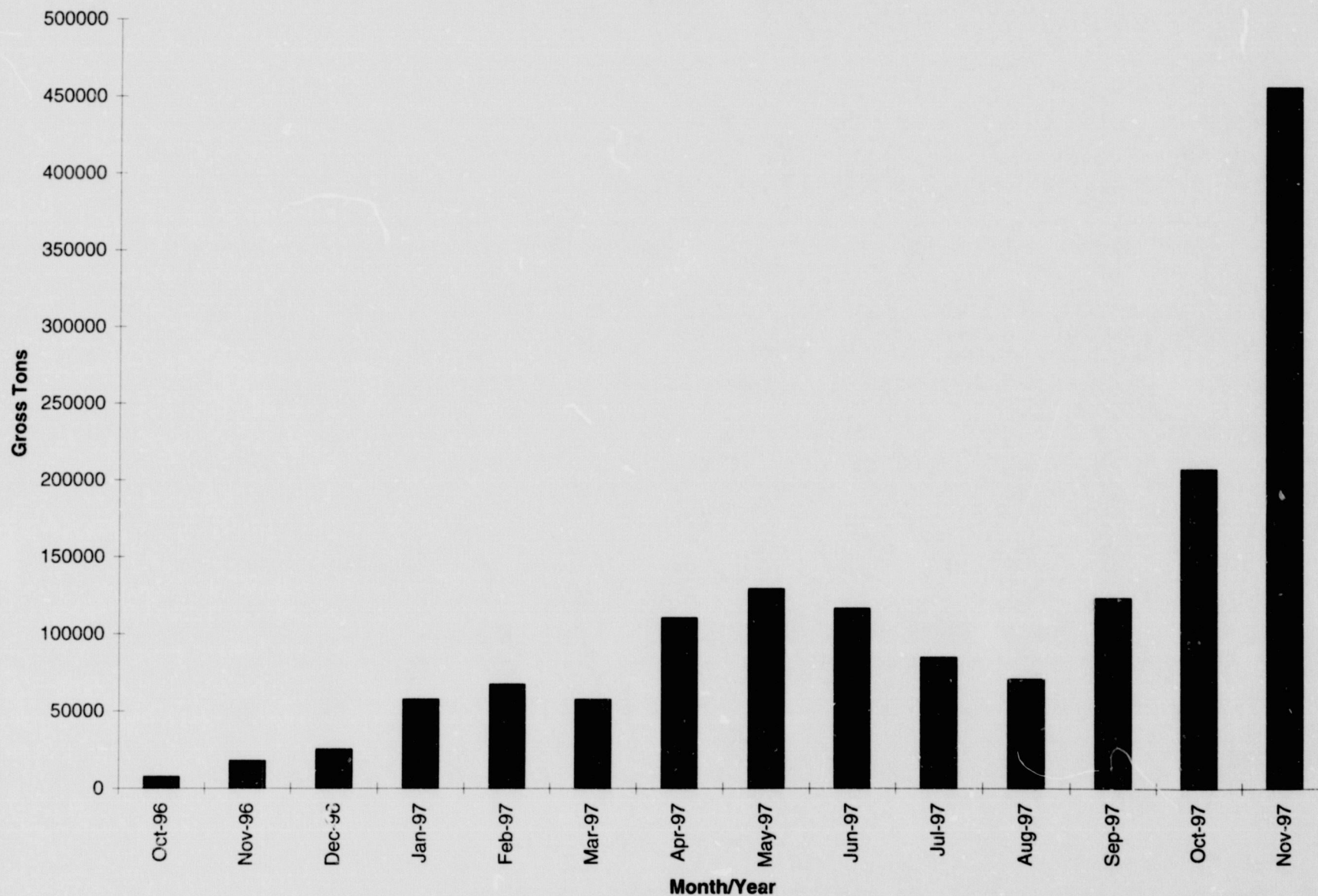


Chart #7
Tex Mex Laredo Traffic
(Loaded Cars)

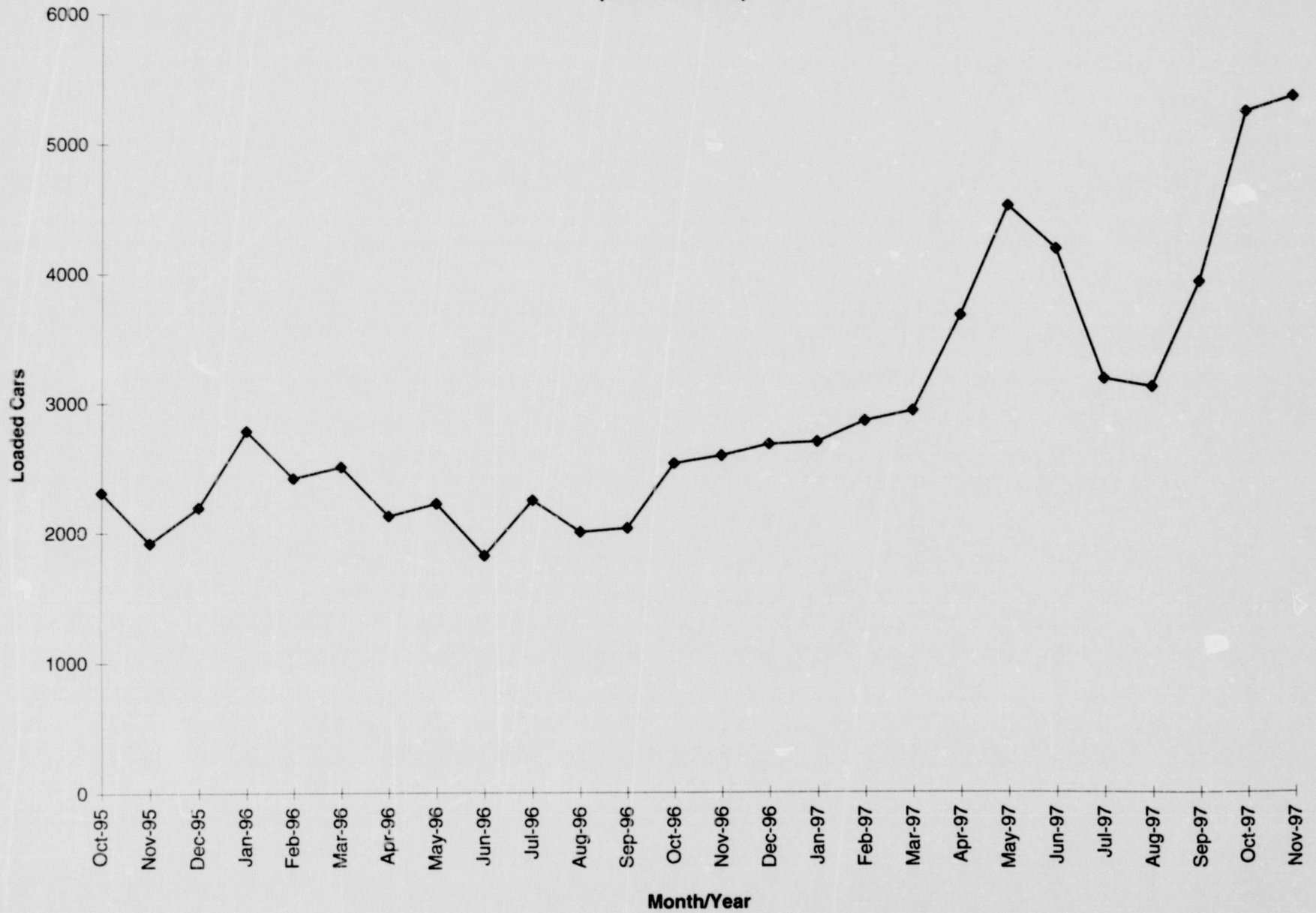
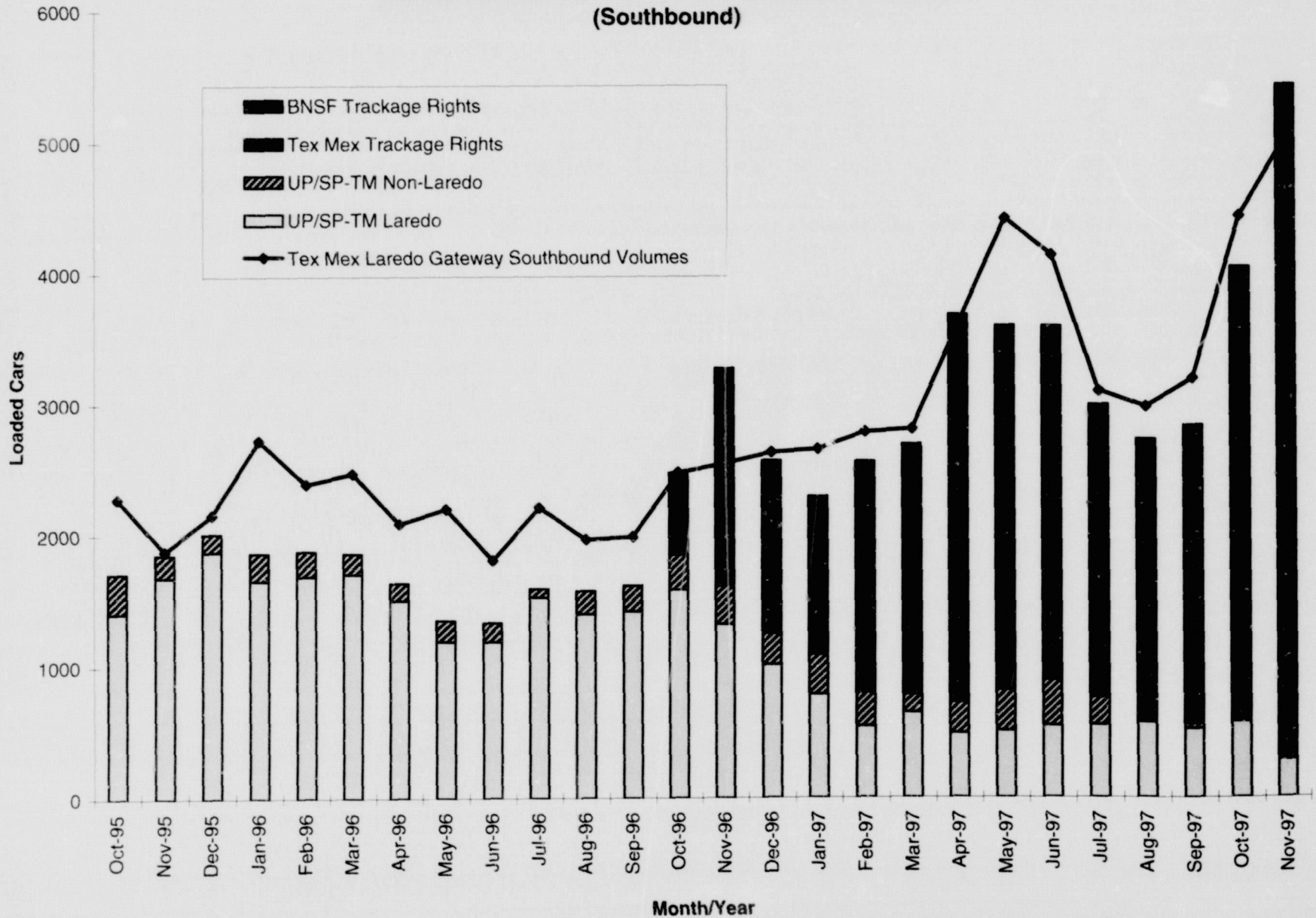


Chart # 8

Tex Mex and BNSF Trackage Rights Traffic to Corpus Christi/Robstown and UP/SP-Tex Mex Interline Traffic (Southbound)



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Put this jacket . . .

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89383

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82
83
84
Covers letter

February 3, 1997

202 347-7170

BY HAND DELIVERY

D
Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Branch
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

RECEIVED
FEB 2 1997
2-3-97

Re: Finance Docket No. 32760, Union Pacific Corporation, et al. -- Control and Merger --
Southern Pacific Rail Corporation, et al.

Dear Mr. Secretary:

Enclosed for filing please find an executed original and twenty (20) copies of pleadings denominated TUE-21, TUE-22 and TUE-23. An extra copy of each pleading is enclosed. Kindly indicate receipt and filing by time-stamping this copy and returning it to the bearer of this letter.

Also enclosed is a diskette in Word Perfect 5.1 format containing the text of these pleadings.

Thank you for your attention to this matter.

Sincerely,

John H. LeSeur

John H. LeSeur
ENTERED Attorney for Texas Utilities
Office of the Secretary Company

JHL:mfw
Enclosures

FEB 4 1997
Part of
Public Record

89383

TUE-23

BEFORE THE
SURFACE TRANSPORTATION BOARD

UNION PACIFIC CORPORATION, UNION
PACIFIC RAILROAD COMPANY, AND
MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER -- SOUTHERN
PACIFIC RAIL CORPORATION, SOUTHERN
PACIFIC TRANSPORTATION COMPANY,
ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP., AND THE
DENVER AND RIO GRANDE WESTERN
RAILROAD COMPANY

2-3-97
Finance Docket No. 32760

REPLY TO APPLICANTS'
TUE CONDITION SUBMISSION

ENTERED
Office of the Secretary
FEB 4 1997
Part of Public Record

OF COUNSEL:

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Dated: February 3, 1997

By: John W. McReynolds
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Attorneys for Texas Utilities
Electric Company

CERTIFICATE OF SERVICE

I hereby certify that I have served copies of the foregoing Reply to Applicants' TUE Condition Submissions on counsel for UP/SP, BNSF and KCS via hand delivery.

Dated this 3rd day of February, 1997 at Washington,
D.C.



John H. LeSeur

STB FD

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*ADMITTED IN MARYLAND ONLY

ARU-18

June 25, 1996

By Hand Delivery

Vernon Williams, Secretary
Surface Transportation Board
1201 Constitution Avenue, N.W.
Room 2223
Washington, D.C. 20423



Re: Finance Docket No. 32760 Oral Argument

Dear Mr. Williams:

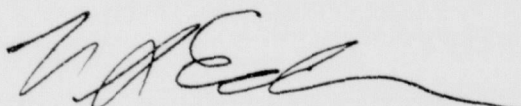
This letter is a revision to the May 24, 1996 letter on behalf of the Allied Rail Unions" (American Train Dispatchers Department/BLE, Brotherhood of Maintenance of Way Employees and Brotherhood of Railroad Signalmen) in response to the Board's Order No. 36 in the above-referenced proceeding. The oral argument presented in this case on behalf of the Allied Rail Unions will be presented by Donald F. Griffin, rather than by Richard S. Edelman.

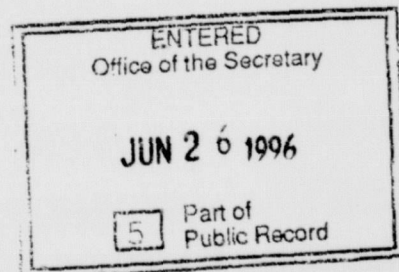
Respectfully,

Item No. _____

Page Count 1

JUNE, 1996 #180


Richard S. Edelman



STB

FD

32760

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6-3-96

83934

UP/SP-264

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' REPLY TO THE "SUPPLEMENTAL RESPONSE OF
INTERESTED PARTIES" CONCERNING ORAL ARGUMENT TIME

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Attorneys for Union Pacific
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Railroad Company and Missouri
Pacific Railroad Company

June 12, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' REPLY TO THE "SUPPLEMENTAL RESPONSE OF
INTERESTED PARTIES" CONCERNING ORAL ARGUMENT TIME

Union Pacific Corporation ("UPC"), Union Pacific
Railroad Company ("UPRR"), Missouri Pacific Railroad Company
("MPRR"),^{1/} Southern Pacific Rail Corporation ("SPR"),
Southern Pacific Transportation Company ("SPT"), St. Louis
Southwestern Railway Company ("SSW"), SPCSL Corp. ("SPCSL"),
and The Denver and Rio Grande Western Railroad Company
("DRGW"),^{2/} collectively, "Applicants," submit this reply to
the "Supplemental Response of Interested Parties to Motion of
Western Shippers' Coalition for Clarification or Reconsidera-
tion of Decision No. 36," filed June 7, 1996.

As Applicants have previously indicated, the
management of oral argument is a matter for the discretion
of the Board. However, should the Board elect to adopt the

^{1/} UPC, UPRR and MPRR are referred to collectively as "Union
Pacific." UPRR and MPRR are referred to collectively as "UP."

^{2/} SPR, SPT, SSW, SPCSL and DRGW are referred to
collectively as "Southern Pacific." SPT, SSW, SPCSL and DRGW
are referred to collectively as "SP."

proposal in the "Supplemental Response," or something similar to it, Applicants would respectfully request that their time be increased by an amount commensurate with the increase in time for opponents of the merger. Also, in light of the withdrawal by WSC of its request to participate in oral argument and the withdrawal by many of WSC's members, including Andalex, ARCO, Coastal, Geneva Steel, Intermountain Power Project, Kennecott and Moroni Feed, of their opposition to the merger, the Board may wish to consider whether it is appropriate to permit WSC's counsel to substitute a request to participate in oral argument on behalf of new parties.

Respectfully submitted,

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Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

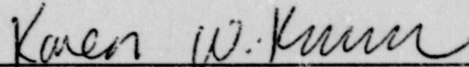
June 12, 1996

CERTIFICATE OF SERVICE

I, Karen W. Kramer, certify that, on this 12th day of June, 1996, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

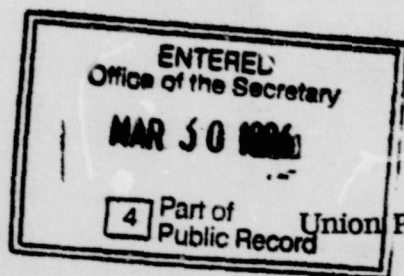
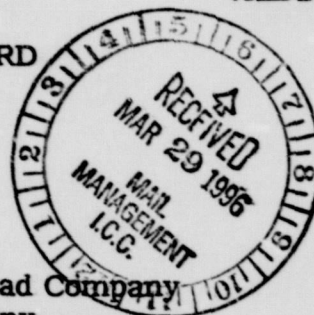
Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Karen W. Kramer

BEFORE THE
SURFACE TRANSPORTATION BOARD
Washington, D.C.



Finance Docket No. 32760

Union Pacific Corporation, Union Pacific Railroad Company
and Missouri Pacific Railroad Company

-- Control and Merger --

Southern Pacific Rail Corporation Southern Pacific
Transportation Company, St. Louis Southwestern
Railway Company, SPCSL Corp. and the Denver and Rio Grande
Western Railroad Company

STATEMENT OF VAIL ASSOCIATES, INC.

Vail Associates, Inc. ("Vail"), by its undersigned counsel, hereby submits this statement of intent to acquire, through a combination of the Trails Act and offer of financial assistance ("OFA") procedures,¹ the line proposed to be abandoned by the Southern Pacific Transportation Co. ("SP") and the Denver and Rio Grande Western Railroad Co. ("DRGW") in Docket Nos. AB-8 (Sub-No. 36X) and AB 12 (Sub-No. 189X) from Sage, CO to Leadville, CO. The proposed abandonment by SP is part and parcel of the merger proceeding in this docket.²

¹ Conversion of rail lines to trail use is governed by 16 U.S.C. § 1247(d) and 49 C.F.R. § 1152.29. Because the abandonment exemption notice was filed prior to December 31, 1995, offers of financial assistance are governed by former 49 U.S.C. § 10905 (now 49 U.S.C. § 10904, by virtue of the ICC Termination Act of 1995, P.L. 104-88) and 49 C.F.R. § 1152.28.

² By Decision No. 9, served December 27, 1995, the former Interstate Commerce Commission ordered that all Trails Act statements be filed by March 29, 1996. See *UP et al. - Control and Merger - SP et al.*, Finance Docket No. 32760, Decision No. 9, at

Specifically, Vail expresses intent to begin negotiations with the SP to acquire the right of way from Milepost 335.0 near Sage, CO to Milepost 271.0 near Malta, CO and from Milepost 271 near Malta to Milespost 276.1 near Leadville, CO for use as trails under the Trails Act procedures found at 49 C.F.R. § 1152.29. As discussed below, Vail understands that the State of Colorado, Eagle County and other local governmental authorities³ may also wish to acquire the property either for continued rail service or for trail use. Vail's statement of interest to acquire the line is not intended to be competitive or inconsistent with any proposals offered by the Colorado state and local entities. Instead, Vail anticipates working with these entities to structure a transaction in which all parties' interests can be served. To the extent, however, that the Colorado state and local entities do not seek or are not able to acquire the line, Vail intends to move forward on its own to negotiate an agreement with the SP. Vail also expresses an intent here subject to negotiation with the SP and receipt of more specific information about net liquidation value, to acquire all or a portion of the right of way and the tracks of the Sage to Leadville line under the OFA procedures so that it might continue rail service along the segment.

DISCUSSION

Vail Associates, Inc. is a Colorado corporation and indirect subsidiary of Gillett Holdings, Inc., a Delaware corporation formed in 1985 as a holding

n. 16 (served December 27, 1995). Vail's statement is being filed in accordance with that decision.

³ Vail will refer to these entities, which includes the State of Colorado, the Boards of County Commissioners of the Counties of Eagle and Lake and the Towns of Avon, Eagle, Gypsum, Minturn, Red Cliff and Vail, as the "Colorado state and local entities."

company. Vail is in the business of operating ski resorts located in Colorado -- on Vail Mountain, Beaver Creek Mountain and Arrowhead Mountain -- and developing real estate in the area. Vail is the largest employer in Eagle County, with approximately eight hundred year-round and thirty-five hundred seasonal employees. Vail attracts over two million skiers annually to its Vail Mountain and Beaver Creek Mountain resorts. The line proposed to be abandoned by SP from Milepost 335.0 near Sage, CO to Milepost 271.0 near Malta, CO and from Milepost 271.0 near Malta to Milepost 276.1 near Leadville, CO runs in the area of Vail's ski resorts and use of a portion of the line for passenger service would provide enhanced transportation services for commuters and guests in the Vail valley. The remaining portion of the line could serve clients of these resorts and others as a nature or hiking trail, or for other non-rail purposes.

Vail is aware that the Colorado state and local entities have expressed an interest in this line, primarily to preserve the possibility of some future rail service on the line. Vail anticipates working with these entities to negotiate a deal with SP to acquire the line for all parties to use for continued rail service or for trail purposes. Vail has stated in a public hearing held by the County Commissioners of Eagle County on March 25, 1996, that it would be amenable to the creation of a public-private partnership to acquire the interests in the line and that Vail would be a willing financial participant in such a partnership. Vail believes that its interests along the line are consistent with those of the Colorado state and local entities and that a suitable agreement can be negotiated among the parties that will allow them to jointly use the line, or portions thereof, and accommodate all interests. In the event that the Colorado state and local entities

do not seek or are not able to acquire the line, Vail is prepared to move forward and acquire the line for trail and potentially rail purposes on its own. To begin the process of acquiring the line for trail use, Vail attaches hereto as Exhibit 1 a Statement of Willingness to Assume Financial Responsibility as required by 49 C.F.R. § 1152.29(a)(3).⁴

In addition, Vail would now like to express an intent to purchase all or a portion of the proposed line to be abandoned between Sage and Leadville under the Board's OFA procedures to allow for continued rail service along the line. As noted above, Vail would like to institute rail passenger service to provide enhanced transportation services to commuters and guests in the Vail valley. Acquisition of a segment of the abandoned line via the OFA procedures will allow it to do that. Vail would like to make an offer, subject to receipt from SP, and acceptance by Vail of, a more definite statement of the net liquidation value for the line and portions thereof.

CONCLUSION

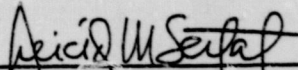
For all of the reasons stated herein, Vail Associates, Inc. respectfully requests the Board to find that it has met the requirements of the Trails Act, 16 U.S.C. § 1247(d), and that SP may and should commence negotiations with Vail for the acquisition of the Sage to Leadville line that is the subject of Docket Nos AB-8 (Sub-No. 36X) and AB-12 (Sub-No. 189X) for trail use. Vail also respectfully requests the Board to treat its statement as an expression of intent to acquire all

⁴ Prior to this filing, Vail conveyed its interest in acquiring the line and its proposed course of action directly to two members of the Board of County Commissioners of Eagle County.

or a portion of the right of way and tracks from Sage to Leadville under 49 U.S.C. § 10905 and this Board's regulations at 49 C.F.R. § 1152.28, subject to the receipt from SP, and acceptance by Vail of, a more definite statement of the net liquidation value for the line and portions thereof.

Dated: March 29, 1996

Respectfully submitted,


Robert P. vom Eigen
Charles A. Spitulnik
Alicia M. Serfaty
HOPKINS & SUTTER
888 Sixteenth Street, NW
Washington, D.C. 20006
(202) 835-8000

Counsel for Vail Associates, Inc.

EXHIBIT 1

BEFORE THE
SURFACE TRANSPORTATION BOARD
Washington, D.C.

Finance Docket No. 32760

Union Pacific Corporation, Union Pacific Railroad Company
and Missouri Pacific Railroad Company

-- Control and Merger --

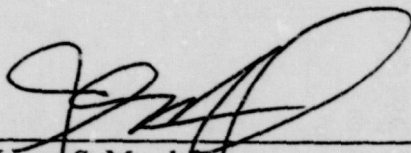
Southern Pacific Rail Corporation, Southern Pacific
Transportation Company, St. Louis Southwestern
Railway Company, SPCSL Corp. and the Denver and Rio Grande
Western Railroad Company

Statement of Willingness to Assume Financial Responsibility

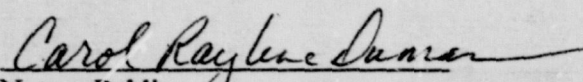
In order to establish interim trail use and rail banking under 16 U.S.C. 1247(d) and 49 CFR 1152.29, Vail Associates, Inc. is willing to assume full responsibility for: (1) management of the described segment of right-of-way owned and operated by Southern Pacific Transportation Company ("SP"); (2) any legal liability arising out of the transfer or use of the right-of-way; and (3) payment of any and all taxes that may be levied or assessed against the right-of-way. The property extends from railroad mile post 335.0, near Sage, CO to mile post 271.0 near Malta, CO and from mile post 271.0 near Malta, CO to mile post 276.1 near Leadville, CO, a distance of 69.1 miles in Eagle and Lake Counties, Colorado. The right-of-way is part of a line of railroad proposed for abandonment in Docket Nos. AB-8 (Sub-No. 36X) and AB-12 (Sub-No. 189X). A map of the property depicting the right-of-way is attached.

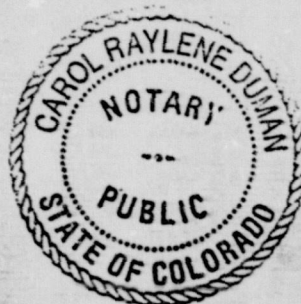
Vail Associates, Inc. acknowledges that use of the right-of-way is subject to Vail Associates, Inc. continuing to meet its responsibilities described above and subject to

possible future reconstruction and reactivation of the right-of-way for rail service. A copy of this statement is being served on the railroad(s) on the same date it is being served on the Board.

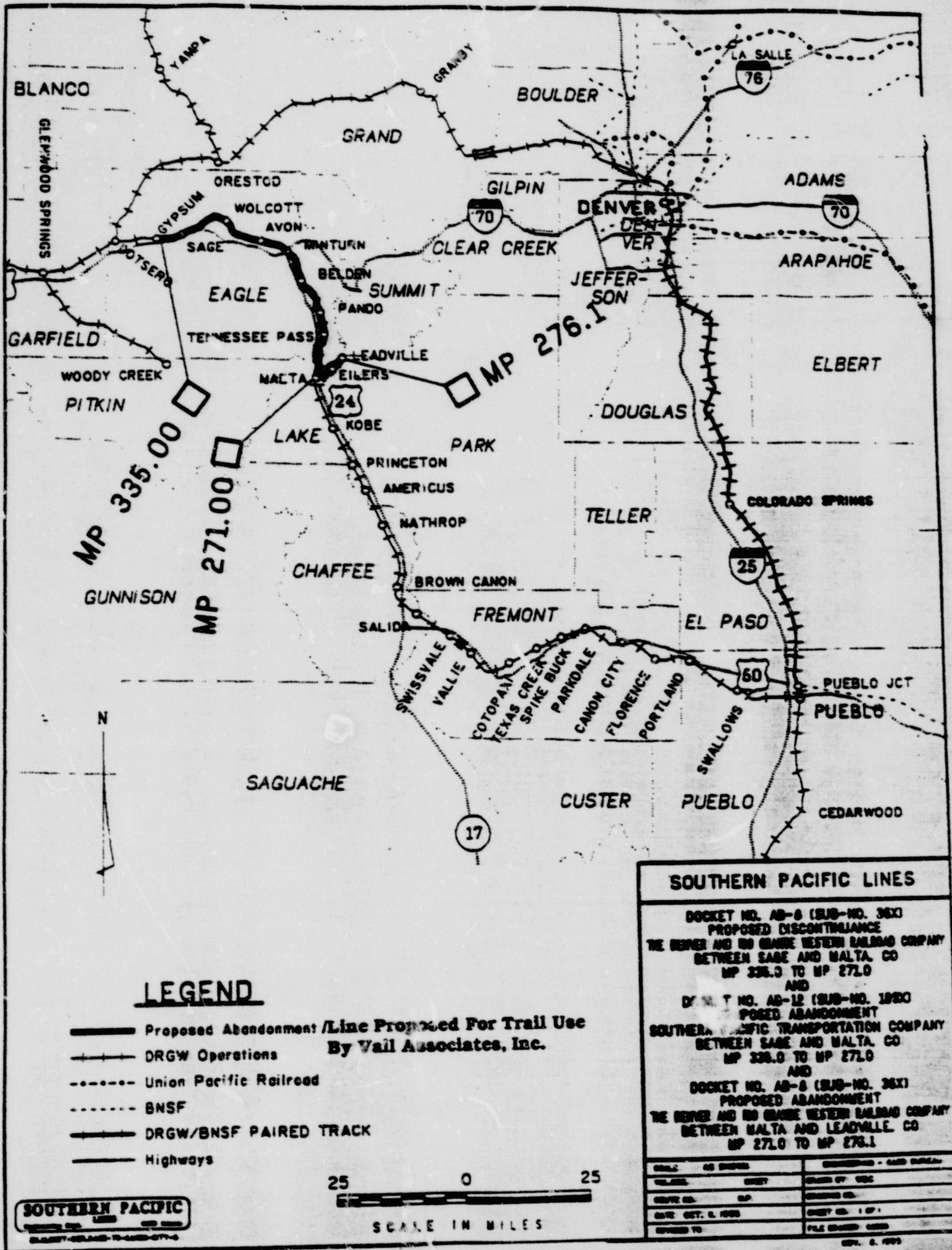

James S. Mandel
Senior Vice President
Vail Associates, Inc.

Subscribed and sworn to
before me this 28th
day of March, 1996.


Notary Public



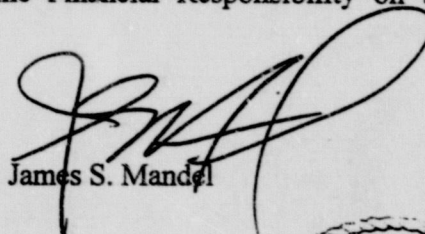
My commission expires: Sept. 28, 1998



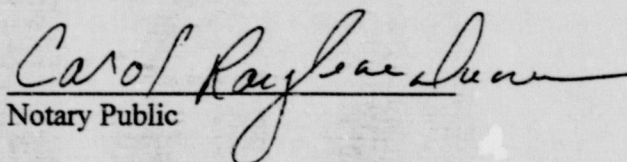
VERIFICATION

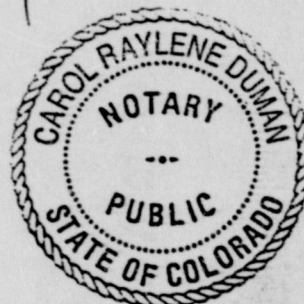
County of Eagle)
) ss.
State of Colorado)

JAMES S. MANDEL, being duly sworn,
deposes and attests to the following: (1) that he has read the foregoing statement of Vail
Associates, Inc., knows the facts asserted therein and that the same are true as stated; and
(2) that as Senior Vice President of Vail Associates, Inc., he has full authority to execute
the Statement of Willingness to Assume Financial Responsibility on behalf of the
company.


James S. Mandel

Subscribed and sworn to
before me this 28th
day of March, 1996.


Notary Public



My commission expires:
Sept. 28, 1998

CERTIFICATE OF SERVICE

I hereby certify that on March 29, 1996, a copy of the foregoing Statement Of Vail Associates, Inc. (VAIL-2) was served by first-class U.S. mail, postage prepaid upon all parties of record in this proceeding.

I further certify that two copies of the aforementioned pleading were served by Federal Express, unless otherwise indicated, upon the following:

Erika Z. Jones (By Hand)
Adrian L. Steel, Jr.
Roy T. Englert, Jr.
Kathryn A. Kusske
Mayer, Brown & Platt
2000 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

James V. Dolan
Paul A. Conley
Louise A. Rinn
Union Pacific Railroad Company
Missouri Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

Jeffrey R. Moreland
Richard E. Weicher
The Atchison, Topeka and Santa Fe
Railway Company
1700 East Golf Road
Schaumburg, IL 60173

Cannon Y. Harvey
Southern Pacific Transportation
Company
18609 Lincoln Street, 14th Floor
Denver, CO 80295

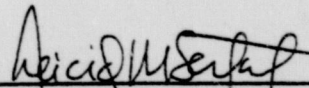
Janice G. Barber
Michael E. Roper
Burlington Northern Railroad
Company
3800 Continental Plaza
777 Main Street
Ft. Worth, TX 76102-5384

Cannon Y. Harvey
Louis P. Warchot
Carol A. Harris
Southern Pacific Railroad Company
One Market Plaza
San Francisco, CA 94105

I also certify that three copies of the aforementioned pleading were served by hand upon the following:

David E. Roach II
J. Michael Hemmer
Michael L. Rosenthal
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566

Paul A. Cunningham
Richard B. Herzog
James M. Guinivan
Harkins, Cunningham
Suite 600
1300 Nineteenth Street, N.W.
Washington, D.C. 20036



Alicia M. Serfaty

STB

FD

32760

5-13-96

83618

D

w Department

UNION PACIFIC RAILROAD COMPANY

83618 D
1416 DODGE STREET
ROOM 830
OMAHA, NEBRASKA 68179-0001
FAX (402) 271-5610



May 8, 1996



Elaine K. Kaiser, Chief
Section of Environmental Analysis
Surface Transportation Board
12th and Constitution Avenue, N.W.
Washington, DC 20423-0001

Re: Finance Docket No. 32760

Dear Ms. Kaiser:

At your request, we are providing additional information concerning the connection proposed to be constructed in Kinder, Louisiana. Enclosed is a print and project report prepared by the Union Pacific Engineering Department. The project report reflects an on-site inspection and determination that one residential property will be affected by the proposed construction.

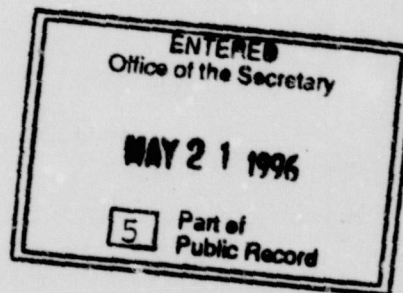
If you have further questions or require additional information, please phone me.

Very truly yours,

Thomas E. Greenland
Environmental Counsel

cc: S. William Livingston

**ADVISE OF ALL
PROCEEDINGS**



UP/SP CONSOLIDATION PROJECTS

Location/Station: Kinder
 Subdivision: Lake Charles

State: LA Date: 9/13/95
 Milepost: 544.5 (Beaumont), 660.6 (Lake Charles)

Brief description and desired result: Connection in Northeast quadrant of Lake Charles/ Beaumont
subdivision crossing. Will provide connection for train movements from Lake Charles, LA to Livonia, LA.

Property: Will need to purchase residential property and possibly residence. Estimated value of property is 20K. Residence value 70K tops.

Utilities: fiber optics on Beaumont side. UP field phone on Lake Charles side. No public utilities evident.

Horizontal and Vertical Clearance: Trees, which will probably be purchased with land.
 Side clearance (structures, fences, etc.) N/A
 Overhead clearance N/A

Track: Condition of tracks: Good X Fair Bad Rail Crossing: Y
 Weight of rail? 115# on Beaumont, 90# on Lake Charles
 Other:

Turnouts: Size: 14's
 LH/RH 1 each
 Power? Yes

Speed Desired? 25

Control Type? CTC on Beaumont
 Polelines? Yes Location? on north side of Beaumont sub

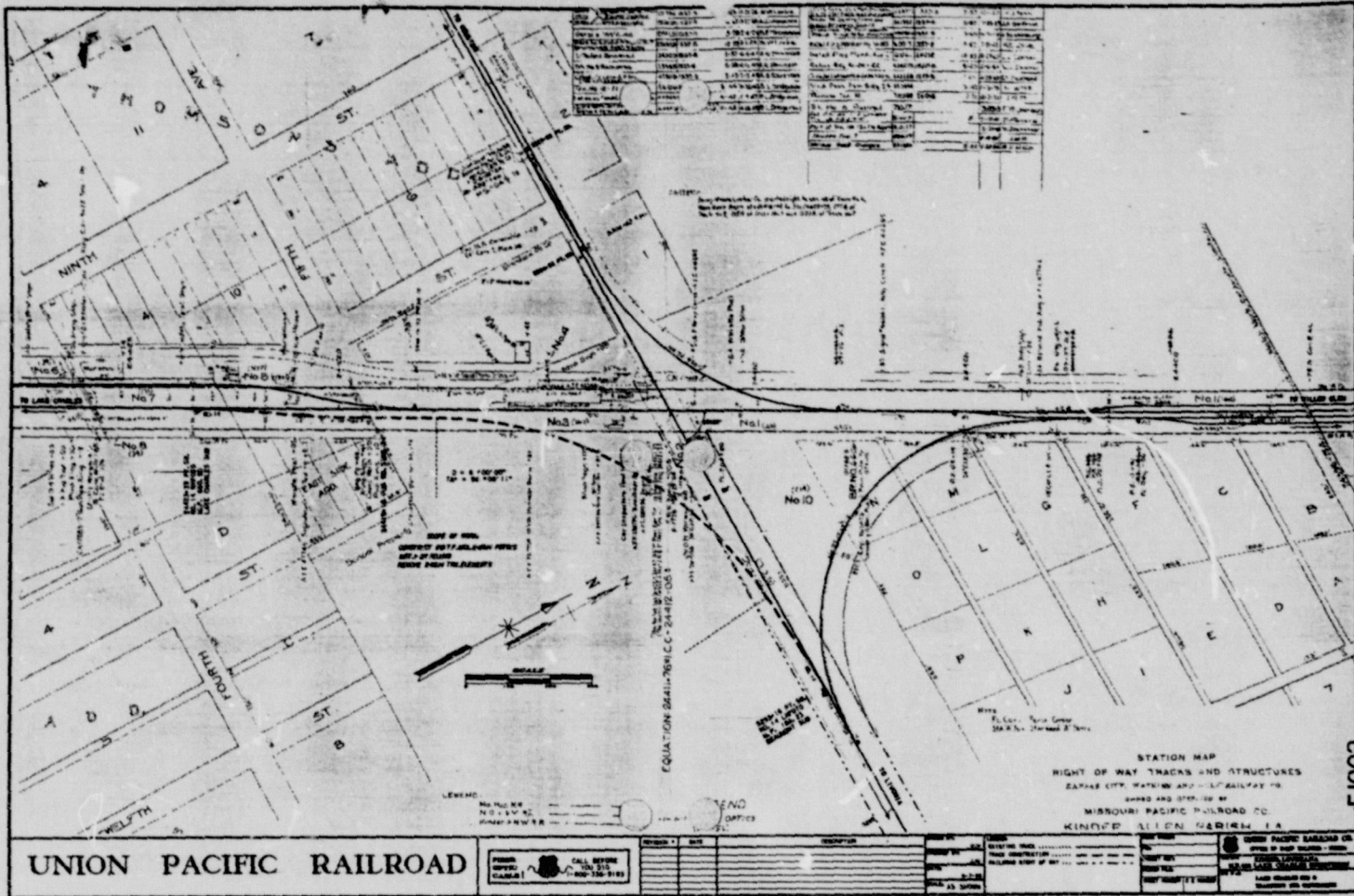
Drainage: Culverts? no
 Structures? no

Grading: Distance from rail to ground: 5 feet
 Brush, trees, swamps? minimal

Road Crossings: Warning devices: no
 Crossing surfaces: no
 Lanes of traffic/ median: none

Copy 9.11.95

DICK RYKER 5217



STB

FD

32760

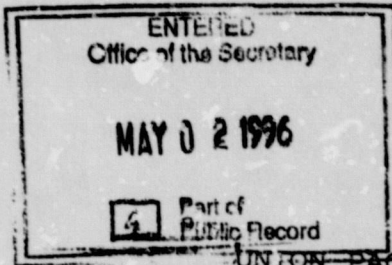
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D

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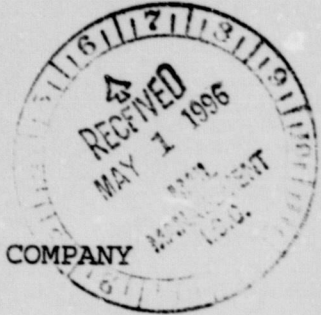
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UP/SP-238



BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760



UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' SUBMISSION OF SETTLEMENT AGREEMENT WITH CSX

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(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

May 1, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' SUBMISSION OF SETTLEMENT AGREEMENT WITH CSX

Applicants Union Pacific Corporation ("UPC"), Union Pacific Railroad Company ("UPRR"), Missouri Pacific Railroad Company ("MPRR"), Southern Pacific Rail Corporation ("SPR"), Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp. ("SPCSL"), and The Denver and Rio Grande Western Railroad Company ("DRGW"),^{1/} hereby submit copies of the settlement agreement that they have reached in this proceeding with CSX Corporation, CSX Transportation, Inc. and Sea-Land Service, Inc. (collectively, "CSX") (Exhibit A hereto).

The agreement commits Applicants to negotiate with CSX in the event that they are required to sell or provide access to UP/SP properties and conduct such negotiations with any Eastern carrier. As explicitly noted in the recitals to

^{1/} UPC, UPRR, and MPRR are referred to collectively as "Union Pacific." UPRR and MPRR are referred to collectively as "UP." SPR, SPT, SSW, SPCSL and DRGW are referred to collectively as "Southern Pacific." SPT, SSW, SPCSL and DRGW are referred to collectively as "SP."

the agreement, Applicants firmly believe that the BN/Santa Fe settlement agreement resolves all legitimate competitive issues, and have no intention to enter voluntarily into any such negotiations with Eastern carriers. The agreement also modifies a joint facility arrangement in Illinois and contains confidential commercial terms for the handling of traffic of CSX affiliates Sea-Land and CSXI.^{2/} CSXI had previously filed a statement in support of the merger. UP/SP-25, Pt. 1, p. 141.

^{2/} Commercially sensitive provisions of the agreement have been redacted from the public version of the agreement, which is attached hereto. A full copy of the agreement, classified "Highly Confidential" pursuant to the protective order in this proceeding, is being served on parties that have requested it and have indicated that they will adhere to the restrictions of the protective order, and is being separately filed with the Board under seal.

Respectfully submitted,

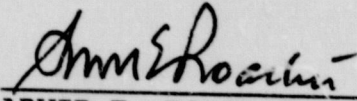
CANNON Y. HARVEY
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Southern Pacific
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One Market Plaza
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1300 Nineteenth Street, N.W.
Washington, D.C. 20036
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Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
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Washington, D.C. 20044-7566
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Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company and Missouri
Pacific Railroad Company

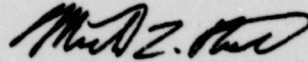
May 1, 1996

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 1st day of May, 1996, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

EXHIBIT A

SETTLEMENT AGREEMENT

This Agreement ("Agreement") is entered into as of this 26th day of April 1996, between Union Pacific Corporation, Union Pacific Railroad Company, Missouri Pacific Railroad Company (collectively referred to as "UP"), on the one hand, and CSX Corporation, CSX Transportation, Inc., CSX Intermodal, Inc. and Sea-Land Service, Inc. (hereinafter separately referred to as "CSXT", CSXI, and "S-L", respectively, and collectively referred to as "CSX"), on the other hand, concerning the proposed acquisition of Southern Pacific Rail Corporation (which with Southern Pacific Transportation Company, The Denver & Rio Grande Western Railroad Company, St. Louis Southwestern Railway Company and SPCSL Corp. are collectively referred to as "SP", with both UP and SP also hereinafter referred to collectively as "UP/SP"), by UP Acquisition Corporation, and the resulting common control of UP and SP pursuant to the application pending before the Surface Transportation Board ("STB") in Finance Docket No. 32760, Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company -- Control and Merger -- Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company (hereinafter the "Control Case").

WHEREAS, CSX is participating in the Control Case in order to ensure that its interests are not adversely affected by the merger proposal itself or as a consequence of conditions and divestiture proposals being sought by opponents to the merger proposal;

WHEREAS, UP/SP has advised CSX of its view that (a) the Settlement Agreement dated September 25, 1995 and the Supplemental Agreement dated November 18, 1995 between UP and Burlington Northern Railroad Company and the Atchison, Topeka and Santa Fe Railway Company (the "BN/Santa Fe Agreement") fully addresses all competition issues in the Control Case, (b) no competition issues in the Control Case justify transfer of or a grant of access to any Eastern Carrier, and (c) it does not intend to voluntarily transfer or grant access to its properties to CSX or any other Eastern Carrier in connection with the Control Case; and

WHEREAS, UP and CSX desire to enter into certain understandings with respect to the Control Case as hereinafter set forth.

NOW, THEREFORE, in consideration of their mutual promises, UP and CSX agree as follows:

1. Transfer and Access to Properties.

UP represents and warrants that it will not agree to voluntarily transfer or grant access to UP's or SP's properties to any Eastern Carrier or entity affiliated therewith in connection with the Control Case. In the event that (a) UP/SP is required as a condition to approval of the Control Case to transfer or provide access to its properties, (b) UP/SP decides to proceed with the transactions notwithstanding such requirement, and (c) as a result, UP/SP negotiates for said transfer or access with any Eastern Carrier or

entity affiliated therewith, then UP/SP shall negotiate with CSXT and UP/SP shall furnish CSXT the opportunity to acquire such properties or have access thereto on terms and conditions substantially similar to those offered any other Eastern Carrier or entity affiliated therewith. UP/SP shall (i) provide CSXT information and traffic data in a timely manner; (ii) make such properties or access available to CSXT on terms and conditions substantially similar to those offered any other Eastern Carrier or entity affiliated therewith; and (iii) negotiate with CSXT at arms length on a competitive bid basis with any interested Eastern Carrier; and, subject to STB approval, UP shall select the carrier whose overall offer is, in the reasonable judgment of UP, in the best economic interests of UP/SP. In making such selection however, UP shall use its best efforts to not upset the rail competitive balance in the East. For purpose of the foregoing, "Eastern Carrier" shall mean Conrail, Norfolk Southern, Canadian Pacific or Canadian National. The foregoing shall be enforceable by specific performance. CSXT understands that, under Agreements heretofore filed in the Control Case, UP/SP has also agreed with BN/SF and IC to afford those carriers certain negotiating rights that may require negotiation with those carriers in advance of CSXT.

2. Sea-Land and CSXI

3. Woodland Jct-Chicago

UP and CSXT agree that the relevant sections of the Joint Facility Agreement between Woodland Jct. and Thornton (Zones 1B and 2) which cover the cost of any additions and betterments will be amended to provide for allocating costs of additions and betterments which are used by both parties on the basis of each party's percent of total car miles in the twelve month period preceding commencement of construction of the addition or betterment, with CP Rail car miles included in CSXT's count. The parties shall form a committee of senior operating officials to consider and make recommendations to assure the equitable handling of existing and future traffic based on their analysis of the impact on the joint facility of changes in UP/SP's and CSXT's train movements.

4. Term

This Agreement shall be effective upon execution. This Agreement and all agreements between or among the parties hereto entered into pursuant or in relation hereto shall terminate, and all rights conferred pursuant thereto shall be canceled and deemed

void ab initio, if, in a Final Order, the application for authority for UP to control SP has been denied or has been approved on terms unacceptable to the applicants and not consummated. For purposes of this Section 4, "Final Order" shall mean an order of the STB, any successor agency, or a court with lawful jurisdiction over the matter which is no longer subject to any further direct judicial review (including a petition for writ of certiorari) and has not been stayed or enjoined.

5. Assignability

This Agreement shall be binding upon the parties and their successors and assigns.

6. Government Approvals

The parties agree to cooperate with each other and make whatever filings or applications, if any, are necessary to implement the provisions of this Agreement and whatever filings or applications may be necessary to obtain any approval that may be required by applicable law for the provisions of such agreements. Except as provided in Section 1 hereof and below, CSX agrees not to oppose the primary application or any related applications in Control Case, and not to seek any conditions in the Control Case, not to support any requests for conditions filed by others, and not to assist others in pursuing their requests. CSX has filed a statement on March 29, 1996 with the STB supporting approval of the Control Case as conditioned by the BN/Santa Fe Agreement.

CSX shall remain a party in the Control Case, but shall not further participate other than (a) to support this Agreement, (b) to protect the commercial value of the rights granted to CSX by this Agreement, (c) to oppose requests for conditions by other parties which adversely affect CSX, including any divestiture proposal now or hereafter made by any party, including UP/SP, in the Control Case other than those divestiture proposals heretofore specifically agreed to and made part of the application by UP/SP, and (d) to take any other action in support of CSX's interests except as prohibited by this Agreement. CSX's obligations under this section extend to all contacts of CSX with third parties (including, but not limited to customers; federal, state and local governmental officials and representatives of the media). CSX may, without violating its obligations under this section, respond to criticism, if any, directed at CSX in the Control Case by other parties to the Control Case.

7. Arbitration

Unresolved disputes and controversies concerning any of the terms and provisions of this Agreement or the application of charges hereunder shall be submitted for binding arbitration under Commercial Arbitration Rules of the American Arbitration Association which shall be the exclusive remedy of the parties.

8. Further Assurances

The parties agree to execute such other and further documents and to undertake such acts as shall be reasonable and necessary to carry out the intent and purposes of this Agreement. UP/SP will provide CSX notice of any settlement agreement between it and Conrail, Norfolk Southern and/or Canadian Pacific involving the Control Case, and will offer to CSX comparable, additional terms and conditions that are made available to such other carriers.

9. No Third Party Beneficiaries

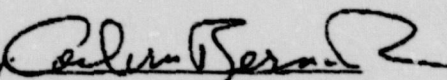
This Agreement is intended for the sole benefit of the signatories to this Agreement. Nothing in this Agreement is intended or may be construed to give any person, firm, corporation or other entity, other than the signatories hereto, their successors and assigns, and their affiliates any legal or equitable right, remedy or claim under this Agreement.

10. Confidentiality

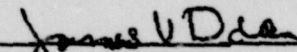
Except as provided below, the parties may make all terms of this Agreement known to the public through a press release previously reviewed and approved by the other parties, and may address it in subsequent communications to the STB or others. The parties agree, however, that the terms of any agreement referred to in Section 2 are confidential and shall not be disclosed, without the consent of the other party, to

individuals not employed by or acting as counsel for or consultants to UP/SP or CSX, except as required by law, provided the parties may make appropriate disclosure of such terms to government entities or as required in connection with the process of seeking government approval of the Control Case, or of this Agreement under applicable STB confidentiality procedures.

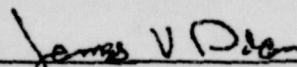
UNION PACIFIC CORPORATION

By: 
Title: Senior Vice President
and General Counsel

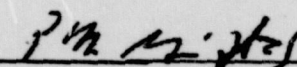
UNION PACIFIC RAILROAD
COMPANY

By: 
Title: Senior Vice President - Law


MISSOURI PACIFIC
RAILROAD COMPANY

By: 
Title: Vice President - Law

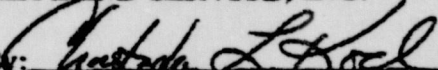
CSX TRANSPORTATION, INC.

By: 
Title: Sr. VP & General Counsel

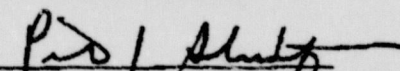
CSX INTERMODAL, INC.

By: 
Title: General Counsel

SEA-LAND SERVICE, INC.

By: 
Title: Sr. VP Law & General Counsel

CSX CORPORATION

By: 
Title: General Counsel

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UP/SP-205

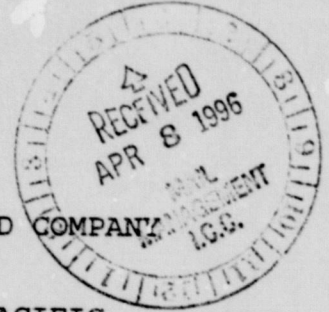
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Office of the Secretary

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Public Record
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760



UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY
-- CONTROL AND MERGER --
SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' SUBMISSION OF VERIFIED STATEMENT
CONCERNING SETTLEMENT AGREEMENT WITH WISCONSIN CENTRAL

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April 8, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

APPLICANTS' SUBMISSION OF VERIFIED STATEMENT
CONCERNING SETTLEMENT AGREEMENT WITH WISCONSIN CENTRAL

Applicants submit herewith the Verified Statement of
Richard B. Peterson concerning Applicants' settlement with
Wisconsin Central Ltd.

Respectfully submitted,

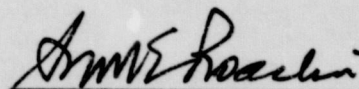
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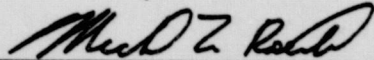
April 8, 1996

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 8th day of April, 1996, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties of record in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premarmer Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

VERIFIED STATEMENT

OF

RICHARD B. PETERSON

My name is Richard B. Peterson. I am Senior Director-Interline Marketing of UP. My educational background and relevant work experience are set forth in my verified statement in Volume 2 of the merger application (UP/SP-23).

This statement is submitted in response to a letter dated March 5, 1996 from the Chief of the Section of Environmental Analysis ("SEA") of the Surface Transportation Board concerning possible environmental effects of executed settlement agreements. The letter states: "[Applicants] may file a Verified Statement [rather than a Preliminary Draft Environmental Assessment ("PDEA")] for a settlement agreement if the agreement involves no substantive operational changes and no abandonment or construction projects. If after reviewing the operating plans for each settlement agreement, you determine that a Verified Statement is appropriate, you must certify that the agreement meets the exemption criteria under 49 CFR 1105.6(c)(2). Each Verified Statement must include supporting operating data."

This statement discusses the settlement agreement that Applicants executed with Wisconsin Central Ltd., which was entered into on March 29, 1996 and submitted to the Board on April 8, 1996.

As explained below, the agreement with Wisconsin Central does not involve substantive operational changes or rail line abandonments or construction projects. Applicants hereby certify that the agreement meets the exemption criteria under 49 C.F.R. § 1105.6(c)(2).

In general, the settlement provides that in the event Applicants were required to divest trackage in the Central Corridor as a result of this proceeding, Applicants would provide Wisconsin Central with an opportunity to negotiate to purchase those lines if no agreement were reached with BN/Santa Fe or Illinois Central.

The settlement agreement does not provide for or require any rail line abandonments or construction projects, and none is planned as a result of the agreement. We do not anticipate that Wisconsin Central will acquire trackage as a result of the agreement, and thus we do not expect the agreement to result in any operational changes or any increases (or decreases) in traffic on the UP/SP line segments affected by the agreement.

VERIFICATION

DISTRICT OF COLUMBIA) ss:

I, Richard B. Peterson, being duly sworn, state that I have read the foregoing statement, that I know its contents, and that those contents are true as stated.

Richard B. Peterson
Richard B. Peterson

Subscribed and sworn to before me
this 8th day of April, 1996.

Charles Balaurd
Notary Public

My Commission expires:

My Commission Expires July 14, 2000

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Item No. _____

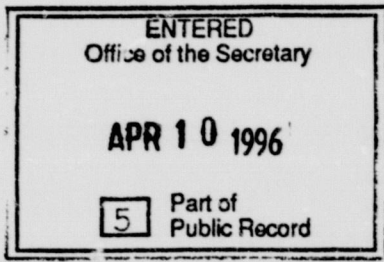
Page Count 1

APR # 224

STATE OF COLORADO

DEPARTMENT OF TRANSPORTATION

4201 East Arkansas Avenue
Denver, Colorado 80222
(303) 757-9011



April 3, 1996



Honorable Vernon Williams
Secretary
Surface Transportation Board
12th Street & Constitution Ave., N.W.
Washington DC 20423

Attn.: Case Control Branch
Finance Docket No. 32760

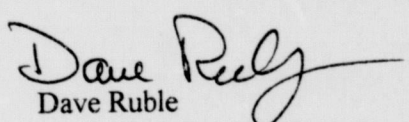
Dear Mr. Williams,

Please find enclosed a computer disk copy of the "Branch Line Analysis" the State of Colorado conducted on the proposed rail line abandonments in Colorado which are a part of the UP-SP merger proposal currently pending before the Surface Transportation Board.

A hard copy of this analysis was presented by Darrell Hanavan of the Colorado Wheat Administrative Committee to the STB in a filing in opposition to the merger. I know Mr. Paul Markoff of the STB is working on the matter.

I hope this disk is of some use to you.

Sincerely,


Dave Ruble
Intermodal Branch Manager
303-757-9819

STB

FD

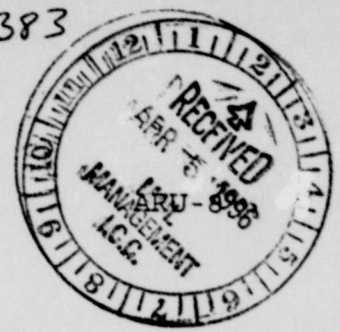
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

MOTION OF THE ALLIED RAIL UNIONS FOR ORDER
DESIGNATING THE BURLINGTON NORTHERN RAILROAD AND THE
ATCHISON TOPEKA AND SANTA FE RAILWAY AS CO-APPLICANTS
OR ALTERNATIVELY FOR IMPOSITION OF NEW YORK DOCK
CONDITIONS ON UP/SP--BNSF SETTLEMENT AGREEMENT

INTRODUCTION

The Allied Rail Unions ("ARU")¹ hereby move the Board for an Order designating the Burlington Northern Railroad and the Atchison, Topeka and Santa Fe Railroad (referred to herein as "BNSF") as a co-applicants with Applicants (referred to herein as "UP/SP") in this proceeding; alternatively, the ARU request that

¹ The organizations filing under the ARU acronym are: American Train Dispatchers Department/BLE; Brotherhood of Maintenance of Way Employees; and Brotherhood of Railroad Signalmen.

the *New York Dock* conditions be imposed on the settlement agreement between UP/SP and BNSF ("UP/SP--BNSF Agreement" or "Settlement").²

DISCUSSION

The ARU submit that the record in this case demonstrates that BNSF is not an adverse or even a neutral party in this proceeding. Rather, UP/SP and BNSF have entered the UP/SP--BNSF Agreement which was made a part of the Application itself (Volume 1 at 318, et seq.), which explicitly requires BNSF to cooperate in filings regarding the parties' Settlement, and the Settlement is a key component of the Application itself. *Id.* ¶14. Significantly, the UP/SP--BNSF Agreement also bars BNSF from opposing the Application and from assisting others or cooperating with others. *Id.* Additionally, UP/SP and BNSF are not willing to rely on their bilateral agreement, instead they seek explicit Surface Transportation Board imposition of the agreement as an express condition of an approval of the common control and merger of UP and SP ("Transaction"). *Id.* And on their own behalf, Applicants have relied heavily on the UP/SP--BNSF Agreement as resolving all

² In their Comments filed on March 29, 1996, the ARU have urged the Board to treat BNSF as a co-applicant or to subject the UP/SP--BNSF to the *New York Dock* conditions, the ARU now formally move the Board to grant such an order or condition.

competitive concerns flowing from the proposed transaction. According to UP/SP and its witnesses, this settlement is a complete cure to any competitive problems posed by the Transaction such that the STB should find that it would have no adverse competitive impacts. Application Vol. 1 at 20, *Rebensdorf V.S.* at 315.

Additionally, as is demonstrated in the ARU Comments, BNSF will obtain substantial benefits from the settlement with UP/SP and both parties will extend their systems in ways which are not inherently related to the UP/SP transaction. UP/SP and BNSF witnesses have conceded that the arrangement was unprecedented in that each system granted the other access to key markets, and in that UP/SP gave BNSF trackage rights over the heart of its system for thousands of miles. See e.g., *Rebensdorf Dep.* at 59-60, 172-173, 266-268, 308; *Owen Dep.* at 264. The ARU submit that these concessions were entirely dependant on the Transaction. Indeed, witnesses for Applicants and BNSF even acknowledged that such concessions were, at best, highly improbable in the absence of the Transaction. *Id.*

Additionally, Applicants' witnesses conceded that the deal with BNSF was entered specifically to ameliorate the anti-competitive effects of the proposed common control and merger, and

that a carrier would not ordinarily grant a competitor such access across the heart of its system. Rebensdorf Dep. at 59-60, 172-173, 266-267, 307-308; King/Ongerth Dep. at 697-700. Furthermore, UP officials testified that UP sought out BNSF for this deal; this was not a case of a potential opponent proposing an arrangement whereby there would be no opposition in return for certain considerations. Davidson Dep. at 51-54. Thus, unlike other merger-related trackage rights settlements, this arrangement was sought by the Applicants in order to persuade shippers to support the Applicants' plans and to enhance prospects for approval of their plans. Accordingly, the BNSF-UP/SP settlement is entirely a creature of the proposed common control/merger transaction and is clearly an integral part of the Application.

Furthermore, according to Applicants, the trackage rights deal will likely produce an additional \$450 million in gross revenues for BNSF; and BNSF estimates that the deal will give it access to a market worth over \$1 billion. Rebensdorf Dep. at 83-85, 93-95; Ice Dep. at 515-517; see also Davidson Dep. at 74-75, discussing the settlement's strengthening of BNSF.

The ARU respectfully submit that the foregoing evidence forcefully supports their request that BNSF be designated as a co-applicant in this proceeding.

The result of designating BNSF a co-applicant would be to impose the *New York Dock* conditions³ on all aspects of operations under the UP/SP--BNSF agreement and all actions to implement that agreement if the Transaction is approved, including but not limited to the grants of trackage rights and the lines sales. This would allow for a comprehensive implementing arrangement prior to implementation in order to address the Settlement's effects on the UP/SP and BNSF employees.

Alternatively, if the Board does not designate BNSF as a co-applicant, the ARU submit that the evidence and arguments discussed above show that if the Board approves the proposed common control/merger, it should expressly impose the *New York Dock* conditions on the UP/SP--BNSF Agreement. In this regard the ARU also note that ¶9(e) of the Settlement provides for an arrangement between UP/SP and BNSF for a form of hiring preference for employees who are adversely affected by the UP/SP Transaction for work related work on, or related to, the trackage rights territory and acquired lines. However, ¶9(e) does not provide that the unions which represent the affected employees are to be parties to this arrangement; nor does it provide for any implementing

³ *New York Dock Ry.--Control--Brooklyn Eastern District Terminal*, 360 ICC 60 (1979).

arrangement to be in place prior to consummation. Moreover, UP/SP and BNSF apparently have not established any objective criteria for placement of employees on the rosters of eligibles, or for selection from the rosters. Ice Dep. at 519-521, 530; Rebensdorf Dep. at 274-276. It appears that the eligibility criteria and selection determinations will be entirely discretionary with the two carriers. Id. Nonetheless, UP/SP and BNSF officials did not object to negotiations with the Unions on this matter and they could not identify any way in which Union-negotiated preferential hiring arrangements would interfere with the transaction or their Settlement (Davidson Dep. at 193-194; Ice Dep. at 523-531); accordingly, they cannot assert any principled objection to the imposition of *New York Dock* conditions on the Settlement or the trackage rights and lines sales covered by the Settlement.

The ARU further note that the trackage rights and the lines sales under the UP/SP--BNSF Agreement would have significant effects on railroad workers. In addition to the dislocations which would flow from approval of the UP/SP transactions, there would be dislocations of railroad workers in connection with the sales of lines on which they work and, changes in responsibilities for maintenance of track and signal systems and for dispatching on

trackage rights lines. The ARU also note that, to the extent that Applicants forecast increased revenue for BNSF as a result of the settlement, there should also be an increase in work opportunities. Cf. Rebensdorf Dep. at 273-274; Draper/Salzman Dep. at 64-65. It is entirely reasonable to require that if the UP/SP--BNSF agreement which is integral to approval of the Transaction also provides increased employment, hiring of workers dismissed as a result of the Transaction should be mandatory, not a discretionary matter between UP/SP and BNSF. Simply put, work available as a result of operations under this Transaction-dependant Settlement should be made available for employees adversely affected by the Transaction.

Only imposition of the full New York Dock employee protective conditions on the UP/SP--BNSF settlement, rather than Norfolk & Western conditions or the Wilmington Terminal variant of the New York Dock protections will provide full protection for the employees who will be subject to these dislocations by insuring that employees of the sellers/grantors will have a right to work on the purchasers/grantees.

In particular, umbrella implementing arrangements involving UP/SP, BNSF and the labor organizations would replace the bilateral arrangement between the BNSF and UP/SP. This result is not only

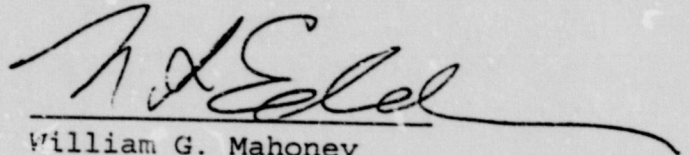
consistent with the requirements of Section 11344(b)(1)(D), and (c), it is also consistent with Supreme Court's decision in *United States v. Lowden*, 308 U.S. 225 (1939), and with the Commission's decision in *Southern Ry. Control--Central of Georgia Ry. Co.*, 331 ICC 151 (1967). In *Southern--Central of Georgia*, the Commission noted the havoc and inequity which follow without a mandatory and objective hiring preference mechanism where work forces of multiple railroads are involved in a transaction. *Id.* at 171-175.. See also *Delaware & Hudson Ry. Co.--Lease and Trackage Rights Exemption--Springfield Term. Ry. Co.*, F.D. 30965 (served February 25, 1988). The ARU further note that, to the extent that adversely affected employees of one railroad are given the opportunity to work on the other railroad, employee protection benefits payments will be reduced.

CONCLUSION

The ARU respectfully submit that the Board should designate BNSF a co-applicant, thereby covering the Settlement, and the trackage rights and lines sales provisions thereto and all implementations of those aspects of the Settlement, under the New York Dock conditions imposed on the Transaction if it is approved. Alternatively, the Board should impose the New York Dock conditions

on the UP/SP--BNSF agreement itself including the trackage rights,
lines sales and all actions related to their consummation.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R. S. Edelman", is written over a horizontal line.

William G. Mahoney

Richard S. Edelman

Donald F. Griffin

HIGHSAW, MAHONEY & CLARKE, P.C.
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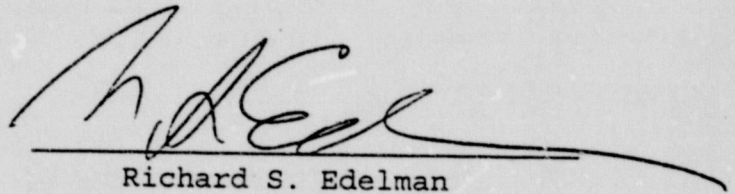
Dated: April 5, 1996

Counsel for Allied Rail Unions

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served a copy of the foregoing Motion Of The Allied Rail Unions For Order Designating The Burlington Northern Railroad And The Atchison Topeka And Santa Fe Railway As Co-Applicants Or Alternatively For Imposition Of New York Dock Conditions On UP/SP--BNSF Settlement Agreement, to all parties of record on the attached service list, by first-class mail, postage prepaid.

Dated at Washington, D.C. this 5th day of April, 1996.



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Washington, D.C. 20009-5728

Patricia Britton
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Philadelphia, PA 19101-1416

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Washington, D.C. 20004

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City of Canon City
P. O. Box 1460
ATTN: Steve Thacker, City Admin.
Canon City, CO 81215

Edward S. Christenbury
400 West Summit Hill Drive
Knoxville, TN 37902

Honorable John R. Cook
Texas House of Representatives
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Mark Tobey
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Gary L. Towell
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Philadelphia, PA 19101-1416

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Steve Tucker, President
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Bernice Tuttle
Kiowa County Wife
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Thomas M. Walsh
STE(TPE & JOHNSON
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Cedar Rapids, IA 52406-0351

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Santa Fe Pacific Corporation, *et al.*
1700 East Golf Road
Schaumburg, IL 60173

Martin A. Weissert
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Debra L. Willen
GUERRIERI, EDMOND, *et al.*
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Town of Eads
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Pueblo, CO 81003

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Thomas Zwica
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Mitchell Kraus
Transportation-Communications
International Union
3 Research Place
Rockville, MD 20850

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BARR IRON & METAL COMPANY

DEMISEY BARR, OWNER
STRUCTURAL STEEL AND PIPE
SAN DIEGO HIGHWAY
ALICE, TEXAS 78332

FD 32768

March 15, 1996

Surface Transportation Board
12th St. & Constitution Ave.
Washington, DC 20423

Attn: Hon. Vernon A. Williams
Secretary

Hon. Vernon A. Williams:

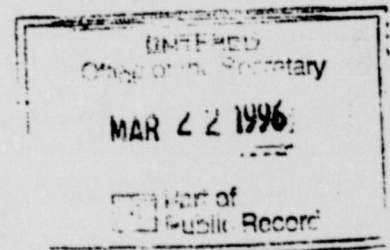
Due to the fact that Southern Pacific and Union Pacific want to merge, that would affect our company drastically, As we have been in business since 1946 as scrap dealer in Alice, Texas.

We depend solely on Tex Mex as our only ways of transportation into Mexico for scrap steel and other salvage products. A merge would definitely affect our operation and our employees that depend on our company for salvation.

There is no way to truck our salvage to and from various points with Tex Mex not being here. So we definitely wish you could see that this merger would probably close our operations down.

In regards to our disapproval of this merger, we have other companies that depend on Tex Mex as supply of operations in Alice, Texas as follows:

1. Hammock Distributors
2. Halliburton
3. Wedron Silica
4. Western of North America
5. Norton Alcoa Proppants
6. Frank Ibarra Grain Co.
7. Dowell Schlumberger
8. M.I. Drilling
9. Baker Hughes
10. Carbon Ceramics
11. Milchem, Inc.



Please keep our plea in mind and disapprove of this merger between Southern Pacific and Union Pacific.

Yours very truly,

BARR IRON & METAL CO.

Dempsey Barr
Dempsey Barr
Owner

DB/rrs

ADVISE OF ALL
PROCEEDINGS

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STATE CAPITOL
P.O. BOX 942649
SACRAMENTO, CA 94249-0001
(916) 445-7795
FAX: (916) 324-5510

DISTRICT OFFICE
1060 PALM STREET
SAN LUIS OBISPO, CA 93401
(805) 549-3381
FAX: (805) 549-3400

INTERNET ADDRESS:
Tom.J.Bordonaro@assembly.ca.gov

Assembly California Legislature



TOM J. BORDONARO, JR.

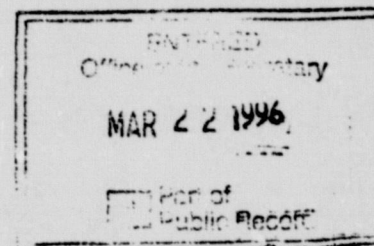
ASSISTANT MAJORITY WHIP
ASSEMBLYMAN, THIRTY-THIRD DISTRICT

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COMMITTEES:
HUMAN SERVICES, CHAIR
AGRICULTURE
APPROPRIATIONS
GOVERNMENTAL ORGANIZATION
HIGHER EDUCATION
RURAL CAUCUS

- Select Committee on California's Health Care Safety Net
- Select Committee on California Wine Production and Economy
- Select Committee on Marine Resources
- Joint Committee on Fisheries and Aquaculture

March 8, 1996

Mr. Vernon Williams, Secretary
Surface Transportation Board
Twelfth Street & Constitution Avenue, N.W.
Washington, DC 20423



RE: Finance Docket No. 32760
Union Pacific/Southern Pacific Merger

Dear Mr. Williams:

I would like to express my support for the proposal to merge the Union Pacific and Southern Pacific railroads, and ask the Surface Transportation Board to approve this merger swiftly as requested by the two railroads.

The merger of the Union Pacific and Southern Pacific will provide rail customers in California and elsewhere many benefits: better rail service, more direct routes between shippers and destinations, better equipment availability, and new opportunities to move freight in the north-south corridor on the West Coast.

Shippers, employees and communities have had a concern about the financial stability of the Southern Pacific, and the merger of the two railroads will help insure the long-term viability of the SP.

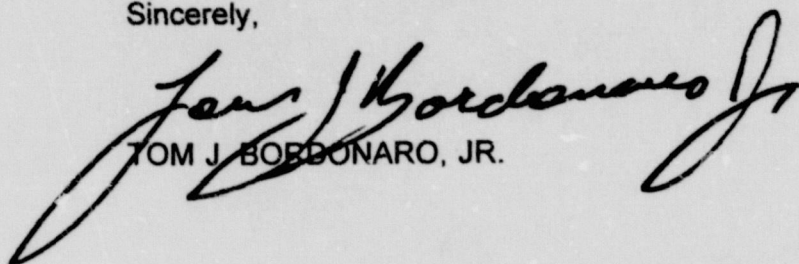
The merger application states that the merger "will have no significant impact on Amtrak operations as they currently exist on the UP and SP lines. First-class passenger trains receive operating priority from both railroads under the operating rules and practices, as well as under terms of operating contracts, and UP/SP will continue that policy." The merger will actually improve the situation for commuter rail

ADVISE OF ALL PROCEEDINGS

in California: "The merged route structure will significantly enhance the ability of the carriers to handle current traffic and potential future growth" in Southern California, and the railroads anticipate little impact on CalTrain commuter operations in Northern California.

In recognition of the many benefits of the proposed merger, I ask the Board to give swift approval to this proposed merger.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom J. Bordonaro, Jr.", with a large, stylized flourish extending from the bottom left.

TOM J. BORDONARO, JR.

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Mailing Address
P.O. Box 908
Wilmington, CA 90748

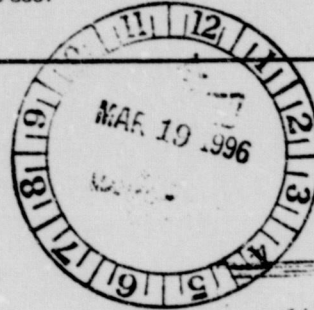
Corporate Office
1010 S. Cabrillo Ave.
San Pedro, CA 90731
(310) 548-8300
FAX# (310) 548-8357

Operations Facility
1022 Eubank Ave.
Wilmington, CA 90744
FAX# (310) 549-8966

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March 14, 1996



Honorable Vernon A. Williams
Secretary
Surface Transportation Board
12th & Constitution Ave., N.W.
Washington, D.C. 20423

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I am submitting this statement to the Surface Transportation Board to convey my company's support for the proposed merger between Southern Pacific and Union Pacific.

My name is Carole Wink. I am Senior Vice President of Ancon Transportation. Ancon's address is 1010 S. Cabrillo Ave., San Pedro, California 90731. I have 19 years experience in the transportation industry, and in my current position I am responsible for marketing and sales within Ancon.

Ancon provides rail-to-truck transloading, motor carrier transportation, and related storage and logistics services in Southern California. Our rail business focuses on rail-to-truck transloads of metals products, and for this purpose we maintain large facilities at Fontana, California, which serve both SP and BN/Santa Fe, and at Helendale, Los Angeles and National City/San Diego, which serve BN/Santa Fe exclusively. Ancon acts as agent for these carriers to unload railcars and deliver metals products by truck to individual receivers in Southern California. The company employs approximately 200 people in the State.

We feel the joint application included in the settlement agreement reached by BN/Santa Fe and UP/SP be imposed as a condition to the merger. The merger, and the related settlement agreement between UP/SP and BN/Santa Fe, will ensure competition between two strong rail carriers serving the metals transportation market in the West. I will describe in detail each of these important merger consequences. Ancon supports the proposed merger because, it will result in greatly improved service to our customers through interchange gateways. BNSF will be able to aggregate business from across a broader rail network; shippers will benefit from the improved service that results from such aggregation. Also, the merger will extend to many new shippers the opportunity to reach the Southern California market via single line service. This development in turn will increase the flow of metals products shipped to us by rail.

The merger also will make single line service to California destinations newly available to a number of important metals shippers on the UP system and elsewhere. For example, UP/SP will offer a more direct route for Utah metals producers to Southern California transloading facilities.

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Fontana Facility
9401 Etiwanda Ave.
Fontana, CA 91739
(909) 357-7240
FAX# (909) 357-7244

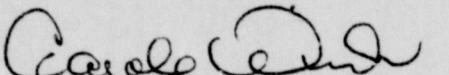
National City/San Diego
900 W. 24th Street
National City, CA 91950
(310) 548-8310
FAX# (619) 477-5245

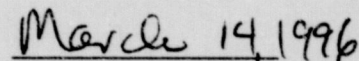
Long Beach Facility
1429 W. 11th Street
Long Beach, CA 90813
(310) 548-8310
FAX# (310) 901-3275

Finally, the settlement between UP, SP and BN/Santa Fe will improve rail competition in the metals transportation marketplace. Under the terms of the settlement agreement, BN/Santa Fe will for the first time be able to run single line shipments from its Pacific Northwest producers directly to all four of Ancon's Southern California transload facilities. At the same time, under pricing authority granted BN/Santa Fe and UP/SP will be able to quote directly from interchange points with Canadian carriers thereby providing an additional competitive option for metals traffic from Western Canadian producers to California and Southwest. In general, as a result of the settlement, shippers will be able to choose between two strong, service-oriented rail competitors, a situation that is much preferable to the current need to rely on SP, a relatively weak third rail carrier.

The improvements brought about by the merger of UP/SP and by their settlement with BN/Santa Fe will improve significantly the flow of metals products to California and within the State. In this regard, I am confident that the new services, particularly single line service, that will be offered by BN/Santa Fe and UP/SP will enable both railroads to divert significant additional truck traffic to rail.

In conclusion, the UP/SP merger will provide much more rail competition in California and offer many new metals shippers efficient, low-cost rail transportation. By making rail transportation more reliable and efficient, the merger also will enhance the efficiency and value of Ancon's own distribution service. For these reasons, we strongly support the UP/SP merger and urge the Surface Transportation Board to approve it as quickly as possible.


Carole Wink


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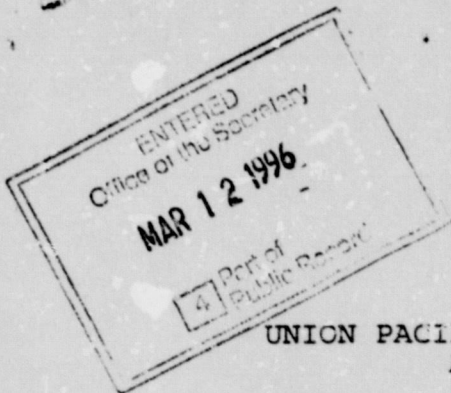
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

SOUTHERN PACIFIC APPLICANTS' RESPONSE TO
UNION CARBIDE CORPORATION'S FIRST REQUEST FOR ADMISSIONS

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Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company, St. Louis Southwestern
Railway Company, SPCSL Corp.
and The Denver and Rio Grande
Western Railroad Company

March 11, 1996

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY



SOUTHERN PACIFIC APPLICANTS' RESPONSE TO
UNION CARBIDE CORPORATION'S FIRST REQUEST FOR ADMISSIONS

Applicants SPR, SPT, SSW, SPCSL and DRGW, collectively,
"Southern Pacific," hereby respond to the request for admissions
served by Union Carbide Corporation on February 23, 1996.^{1/}

OBJECTIONS

1. Southern Pacific objects to the instructions to
the Request for Admissions to the extent that they exceed the
requirements of the applicable discovery rules.

2. Souther Pacific objects to the definition of "SP"
as unduly vague and overbroad.

RESPONSE TO REQUESTED ADMISSION

Admission Request No. 1

For the purposes of this proceeding only, UC requests
that SP admit the following statement to be true:

^{1/} In these responses Southern Pacific uses acronyms as
Applicants have defined them in the application. However,
subject to Objection 2, for purposes of interpreting the request,
Southern Pacific will attempt to observe Union Carbide's
definitions where they differ from Applicants'.

1. That SP expressed an interest as late as 1994 in reinitiating discussions with Union Carbide Corporation concerning the possibility of a "build-in" off of its Victoria, Texas/Port Lavaca, Texas spur to the Union Carbide chemical plant in North Seadrift, Texas.

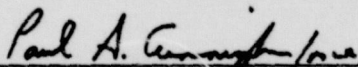
Response

Subject to the objections stated above, Southern Pacific responds as follows:

Southern Pacific's response will be placed in Applicants' document depository.

Respectfully submitted,

CANNON Y. HARVEY
LOUIS P. WARCHOT
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Attorneys for Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company, St. Louis Southwestern
Railway Company, SPCSL Corp.
and The Denver and Rio Grande
Western Railroad Company

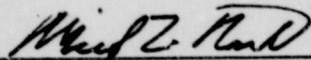
March 11, 1996

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 11th day of March, 1996, I caused a copy of the foregoing document to be served by hand on Martin W. Bercovici, counsel for Union Carbide Corporation, at Keller & Heckman, 1001 G Street, N.W., Suite 500W, Washington, D.C. 20001, and by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all parties appearing on the restricted service list established pursuant to paragraph 9 of the Discovery Guidelines in Finance Docket No. 32760, and on

Director of Operations
Antitrust Division
Suite 500
Department of Justice
Washington, D.C. 20530

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580



Michael L. Rosenthal

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J. MICHAEL HEMMER

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March 5, 1996

LECONFIELD HOUSE
CURZON STREET
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ENGLAND

TELEPHONE: 44-171-495-0638

TELEFAX: 44-171-495-310

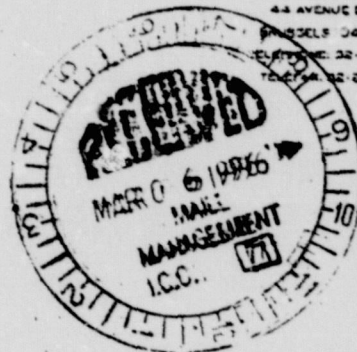
BRUSSELS CORRESPONDENT OFFICE

44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-512-9890

TELEFAX: 32-2-502-1598



BY FACSIMILE

Hon. Jerome Nelson
Administrative Law Judge
FERC
Room No. 11F21
888 First Street, N.E.
Washington, D.C. 20426

Re: Finance Docket No. 32760, Union Pacific
Corp., et al. -- Control & Merger -- Southern
Pacific Rail Corp., et al.

Dear Judge Nelson:

Applicants offer this response to WSC's letter
of March 4 requesting a protective order against Applicants'
recent discovery.

WSC's letter is one of the more peculiar legal
documents we have encountered, mixing free speech and civil
rights claims with antitrust defense concepts, sweeping claims
of work product, and vague and unsubstantiated fears of
"retaliation" in an effort to bar discovery -- even though
Applicants' discovery requests are standard fare in merger
cases. WSC seeks sanctions against Applicants for seeking
discovery that other parties not only sought, but that
Applicants provided. Indeed, if WSC's expansive challenge
to the normal discovery process were applied even-handedly,
virtually the entire discovery campaign conducted against
Applicants over the last three months would be unconstitu-
tional and improper.

In this brief reply, we attempt to place WSC's
claims in perspective. We will also suggest certain alter-
natives and interpretations that may avoid conflict. Finally,
we will respond to DOJ's comments on the one issue where it
supports WSC.

Judge Nelson
March 5, 1996
Page 2

OVERVIEW

Much of the discovery about which WSC claims to be "outraged" (emphasis in original, p. 3) essentially replicates discovery that was directed against Applicants and to which Applicants either agreed or were compelled to respond. Parties in this case have engaged in aggressive and wide-ranging discovery designed to explore how Applicants may have attempted to influence other parties and interested publics, including DOJ, and to explore whether the support Applicants received from over a thousand shippers is informed and genuine. (See, e.g., KCS Interrogatory Nos. 3, 4, 5 10 and 23.) Applicants responded to many of those inquiries, and were forced to respond to others.

Thus, through the discovery process, Applicants produced notes of meetings between their lawyers and DOJ, material Applicants provided to the California Attorney General and the Texas Railroad Commission, solicitations to Mexican government officials, and the documentation Applicants sent to shippers across the West seeking their support. Such discovery is conventional in rail merger proceedings and was pursued, and answered by BN and Santa Fe, in the BN/Santa Fe merger proceedings, as it has been here. (Exhibits A through D are pertinent excerpts showing such discovery.) Similarly, Your Honor ordered Applicants to produce for questioning a witness who could address certain contacts with shippers. Transcript, Feb. 29, 1996, p. 1186. You also directed us to supply a list of all 1900 shippers we contacted, with names of the persons we contacted and their telephone numbers. Transcript, Jan. 2, 1996, p. 436.

Now it is Applicants' turn to seek discovery from other parties. WSC claims that discovery of the types we provided, including discovery of the sort Your Honor ordered us to provide, somehow violates the Constitutional rights of its members and is so outrageous as to be sanctionable. But we, too, are entitled to learn how participants in this proceeding have attempted to influence other parties and interested publics and whether those who may support WSC's positions are expressing informed and genuine support and whether WSC is making the same representations to others as to the Board.

Applicants have an additional concern with regard to WSC. WSC has identified itself as a coalition of shippers, all of whom it has identified. However, WSC appears to function quite independently of the interests of some of its

Judge Nelson
March 5, 1996
Page 3

individual members, with whom Applicants have had intermittent communications. Applicants are entitled to know whether WSC is actually a front organization funded by one or more other railroad parties, as has been rumored. Some of our discovery is directed toward that question. For example, in Interrogatory No. 1 Applicants seek agreements between WSC and other parties to this case, and Interrogatory No. 5 seeks to identify financial contributors. WSC's aggressive resistance to both requests strongly supports our belief that such relationships exist.

A. WSC's Constitutional Claims Are Inapplicable in This Proceeding.

Likening itself to individuals who were members of the NAACP in Alabama in the 1950s, WSC claims that much of the discovery sought by Applicants would "chill" its First Amendment rights, because its corporate members fear retaliation from Applicants. WSC offers no explanation of how this "retaliation" might occur, particularly in view of the fact that WSC has already identified its members publicly. But whether or not WSC's members hold such misguided fears, Applicants are entitled to the discovery they seek.

The simple and sufficient solution to WSC's concerns is to use the existing Protective Order. If WSC believes that information and documents sought by Applicants must be held in confidence, it can designate them as "Confidential" or "Highly Confidential." The first designation will limit its use to this proceeding, and the second will keep it entirely out of the hands of Applicants' personnel. (On behalf of Applicants' two outside law firms, we represent that we will not harass anyone for providing discovery in this proceeding.^{1/}) The courts recognize that a protective order limiting disclosure provides sufficient protection against such concerns. Seattle Times Co. v. Rhinehart, 467 U.S. 20, 36 (1984); Marshall v. Brainer, 828 F.2d 355 (6th Cir. 1987).

^{1/} WSC argues that Applicants timed their discovery requests to chill WSC's attempt to influence the Utah Legislature's adoption of a resolution opposing the merger. Undersigned counsel hereby represent that the decision to file discovery requests on February 26 had nothing to do with WSC's attempt to influence the Utah Legislature. Applicants' discovery filings were issued on the final day before the discovery moratorium established by Your Honor, and Applicants filed requests on all parties on the same day.

Judge Nelson
 March 5, 1996
 Page 4

In addition, according to the Supreme Court, discovery may be denied due to fears of harassment where an organization has shown a "pattern of threats or specific manifestations of public hostility." Buckley v. Valeo, 424 U.S. 1, 74 (1976) (*per curiam*); Bates v. City of Little Rock, 361 U.S. 516 (1960). WSC has not attempted such a showing. Where, as here, parties are unable to show that discovery of membership communications would subject members to reprisals or harassments, courts have found no arguable infringement of the First Amendment. See, e.g., Adolph Coors Co. v. Movement Against Racism & the Klan, 777 F.2d 1538, 1541-42 (11th Cir. 1985).

Third, WSC's concept of the Noerr-Pennington line of cases, protecting the right of parties to petition the Government for relief, would obliterate any right to discovery in this proceeding. The enormous discovery burden experienced by Applicants in this case has certainly been a chilling experience for us. Fortunately for its own discovery pursuits, however, WSC is wrong. The cases clearly hold that the Noerr-Pennington defense to liability under the antitrust laws is not an exemption from discovery. See, e.g., North Carolina Electric Membership Corp. v. Carolina Power & Light Co., 666 F.2d 50, 52-53 (4th Cir. 1981). If the Noerr-Pennington doctrine eliminated the right to discovery, no discovery could occur in any case in an agency proceeding such as this, in which every party is petitioning for relief.

WSC clearly has nothing in common with the NAACP and the individual members on behalf of whom it asserted First Amendment rights in NAACP v. Alabama, 357 U.S. 449 (1958). WSC is admittedly a coalition of sophisticated business corporations, which have voluntarily intervened in this proceeding to protect their commercial interests. WSC acknowledges that it has already released its list of members. WSC Letter, p. 11. In these circumstances, there is no danger that discovery will have an unconstitutional "chilling" effect on the exercise of First Amendment rights.

Applicants and the Board have a wholly legitimate interest in knowing whether there is a hidden that connection between parties supposedly presenting independent evidence to the Board and the identity of those providing the financial backing for that evidence. Nothing in the Constitution bars discovery of these facts.

Judge Nelson
March 5, 1996
Page 5

B. WSC's Claims of Privilege and Work Product Are Premature.

Applicants recognize that WSC counsel may have generated material for WSC's members that is subject to work product protection, and that certain communications between WSC's members and its counsel may be protected under the attorney-client privilege.^{2/} The proper procedure for a discovery respondent, however, is not to seek a broad protective order barring disclosure of all information, including non-confidential material, but instead to produce the non-confidential material and designate privilege or work product only where applicable. That is what we expect WSC to do in this case. There is no reason for Your Honor to consider, prematurely in the abstract and in advance, which documents are subject to such claims and whether WSC's claims are meritorious.

WSC concedes that some information or documents responsive to the disputed discovery requests are not confidential. For example, at page 13, it acknowledges that its factual or non-confidential communications with government officials would not be privileged. WSC should produce such factual or non-confidential communications, like any other party.^{3/}

WSC also raises the "joint defense privilege" as a justification for not revealing its communications with other parties. WSC's assertion of a joint defense agreement as a broad bar to discovery is misplaced and premature. There is no evidence that any such joint defense agreement exists between WSC and any party to this case,^{4/} and WSC refuses to

^{2/} Contrary to repeated WSC assertions, none of Applicants' discovery requests seek communications within WSC.

^{3/} In an excess of litigious exuberance, WSC finds it ironic that Applicants "did not inquire about . . . the Surface Transportation Board!" (Page 2.) We assumed that WSC did not violate prohibitions on ex parte communications and that it served copies of all such communications on Applicants. WSC should inform Your Honor if we are mistaken.

^{4/} One court has described an agreement subject to the joint defense privilege as having the following elements:
(continued...)

Judge Nelson
March 5, 1996
Page 6

produce documents (responsive to Interrogatory No. 1) that would allow inquiry into the existence of such an agreement.

Further, the joint defense privilege exists only if the information is also subject to the attorney-client privilege or the work product doctrine. Griffith v. Davis, 161 F.R.D. 687, 691 (C.D. Cal. 1995). "[B]oth doctrines are extensions of the attorney-client privilege and the work product doctrine, and apply only if the other conditions of those privileges are satisfied." Id.^{1/} WSC's bare reference to communications with other parties in the proceeding in no way indicates either the existence of the claimed joint defense or that every communication between parties is subject to work product or attorney-client protections.

C. The "Informant's Privilege" Is
Inapplicable, and DOJ's Concerns Are
Satisfied by the Protective Order.

WSC argues that it should not have to disclose its communications with DOJ. Late yesterday afternoon, Applicants received a letter from DOJ objecting to production of information and documents relating to communications with it. In substance, DOJ argues that such discovery would both inhibit frank communications from outside parties and undermine its own reparations. The informant's privilege has no application in a proceeding such as this, and that DOJ's concerns can be satisfied in other ways. (We also note that DOJ did not raise such concerns when Applicants were subject to similar discovery requests, or in the BN/Santa Fe proceedings where the same type of discovery was obtained, although the same policy perspectives should have applied.)

^{1/} (...continued)

"the communications were made in the course of a joint defense effort, (2) the statements were designed to further the effort, and (3) the privilege has not been waived." In re Beville, Bresler, & Schulman Asset Management Corp., 805 F.2d 120, 126 (3d Cir. 1986).

^{2/} WSC relies on United States v. AT&T, 642 F.2d 1285, 1301 (D.C. Cir. 1980), but the case observes that "evidentiary material [shared] with the Government . . . is of course subject to discovery by those against whom the Government uses it.

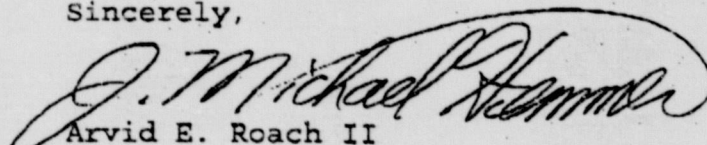
Judge Nelson
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Page 7

The informant's privilege is designed to protect the identity of the informant, not the information it supplies, so the privilege does not justify refusal to produce information. See Roviato v. United States, 353 U.S. 53 (1957).^{5/} At most, it might justify redaction of names or confidential treatment under the existing Protective Order. In addition, the privilege ceases to apply once the identity of the informant is known. Id. The many parties in this proceeding have already identified themselves, leaving no basis for concern about identifying them.

Contrary to DOJ's assertion, Applicants are not seeking "wholesale disclosure" of the Department's communications with other persons. We have no objection to DOJ invoking applicable privileges (including privileges applicable to inter-governmental communications) using the Protective Order to protect communications when there is an expectation of confidential treatment. Moreover, DOJ does not suggest that its investigation has been constrained by lack of confidentiality protection.

Finally, Applicants recognize that DOJ, like WSC, is conducting internal analyses protected by the work product doctrine. Applicants do not expect disclosure of such material.

Sincerely,


Arvid E. Roach II
S. William Livingston
J. Michael Hemmer

^{5/} "Thus, where the disclosure of the contents of a communication will not tend to reveal the identity of an informer, the contents are not privileged. Likewise, once the identity of the informer has been disclosed to those who would have cause to resent the communication, the privilege is no longer applicable." Id. at 60.

MAR 05 '96 12:20PM HARKINS CUNNINGHAM

P.2

EXHIBIT A

UP-4

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Finance Docket No. 32549

BURLINGTON NORTHERN INC. AND BURLINGTON NORTHERN
RAILROAD COMPANY -- CONTROL AND MERGER -- SANTA FE
PACIFIC CORPORATION AND THE ATCHISON, TOPEKA AND
SANTA FE RAILWAY COMPANY

UP'S FIRST SET OF INTERROGATORIES AND
INFORMAL DOCUMENT REQUESTS TO APPLICANTS

Pursuant to 49 C.F.R. §§ 1114.26 and 1114.30, Union Pacific Corporation, Union Pacific Railroad Company ("UPRR"), and Missouri Pacific Railroad Company ("MPRR"), collectively, "UP," direct the following interrogatories and informal document requests to the primary applicants.

Responses should be served as soon as possible, and in no event later than 15 days from the date of service hereof. Counsel for the applicants are requested to contact the undersigned immediately to discuss any objections or questions regarding these requests with a view to resolving any disputes or issues of interpretation informally and expeditiously.

DEFINITIONS AND INSTRUCTIONS

I. "Applicants" and "the primary applicants" mean the primary applicants in this proceeding, individually and collectively.

II. "BN" means Burlington Northern Railroad Company.

- 6 -

REQUESTS

1. Produce all written discovery responses provided by the applicants to any person in connection with this proceeding (whether formal or informal, and whether in the form of a pleading, a letter or otherwise), and copies of all documents provided by the applicants to any person in connection with this proceeding. This is a continuing request, effective throughout the pendency of this proceeding.
2. Produce copies of all written communications between the applicants and the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, any state or local governmental body, or any shipper relating to this proceeding.
3. Produce computerized 100% traffic data for the years 1992 through 1994 for (a) all traffic originated or terminated at each of the common points, or at points on the Seagraves, Whiteface and Lubbock Railroad or the Floydada and Plainview Railroad, and (b) all traffic moving to, from or via Denver, CO, and traversing any part of SN's Denver-Lubbock line or Santa Fe's Denver-Sweetwater line. Data should contain all of the elements included in the format statement attached as Exhibit A hereto, unless any particular data element is unavailable.
4. Produce all documents relating to competition between BN and Santa Fe for, traffic shares or market

EXHIBIT B

SP-6

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Finance Docket No. 32549

BURLINGTON NORTHERN INC. AND BURLINGTON NORTHERN
RAILROAD COMPANY -- CONTROL AND MERGER --
SANTA FE PACIFIC CORPORATION AND
THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

SP'S FIRST SET OF INTERROGATORIES
AND INFORMAL DOCUMENT REQUESTS TO THE APPLICANTS'

Pursuant to 49 C.F.R. §§ 1114.21-1114.31, Southern Pacific Transportation Company, The Denver and Rio Grande Western Railroad Company, St. Louis Southwestern Railway Company, and SPCSL Corp. (collectively, "SP" or "Southern Pacific Lines") direct the following interrogatories and informal document requests to Burlington Northern Inc. ("BNI"), Burlington Northern Railroad Company ("BN"), Santa Fe Pacific Corporation ("SFP"), and The Atchison, Topeka and Santa Fe Railway Company ("Santa Fe").¹

SP requests that, within 18 days after service of these requests, Applicants serve their responses on SP and make their documents available for inspection and copying by SP or its representatives at the document depository established by

1. The requests contained herein have been organized under subject headings. Those headings are for purposes of convenience only and are not intended to affect the construction of any of the interrogatories or informal document requests.

2. BNI, BN, SFP, and Santa Fe are collectively referred to herein as "Applicants."

to securities analysts, communications to stockholders, and communications distributed to employees; and produce all documents recording, reporting, or containing such statements, but excluding published or broadcast media reports and statements filed with the Commission in this proceeding.

12. Identify and produce all:

(a) letters, memoranda, information packages, or similar documents relating to the Transaction which have been sent to shippers, the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, or any state or local government body or agency including documents relating to the effects of the Transaction on competition; and

(b) talking points or similar documents used in communicating about the transaction with shippers, the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, or any state or local government body or agency.

13. Identify all communications between Applicants and any of their accountants, investment bankers, financial advisers, or consultants relating to the Transaction, including: (1) any benefits, synergies, or efficiencies relating to the Transaction, (2) the fairness to Applicants' shareholders of any agreement relating to the Transaction, (3) the application of pooling or purchase accounting treatment to the Transaction, and (4) the projected effect of the increased cost of the Transaction on the

EXHIBIT CBEFORE THE
INTERSTATE COMMERCE COMMISSION

Finance Docket No. 32549

BURLINGTON NORTHERN INC. AND BURLINGTON NORTHERN
RAILROAD COMPANY -- CONTROL AND MERGER -- SANTA FE
PACIFIC CORPORATION AND THE ATCHISON, TOPEKA AND
SANTA FE RAILWAY COMPANY

APPLICANTS' RESPONSES TO
UP'S FIRST SET OF INTERROGATORIES
AND INFORMAL DOCUMENT REQUESTS

Burlington Northern Inc. ("BNI"), Burlington Northern Railroad Company ("BN"), Santa Fe Pacific Corporation ("SFPC"), and The Atchison, Topeka and Santa Fe Railway Company ("ATSF") (collectively, "Applicants") hereby answer and object to the First Set of Interrogatories and Informal Document Requests of Union Pacific Corporation, Union Pacific Railroad Company ("UPRR"), and Missouri Pacific Railroad Company ("MPRR") (collectively, "UP"). By agreement with counsel for Applicants, UP has withdrawn all of its interrogatories and document requests except for numbers 1, 2, 11 and 12, to which Applicants respond below.

I. GENERAL OBJECTIONS

Applicants object to UP's interrogatories and document requests on the following grounds:

1. Privilege. Applicants object to UP's Interrogatories and Document Requests to the extent that they call for

- 5 -

RESPONSE: Copies of all written discovery responses, formal or informal, and whether in the form of a pleading, a letter or otherwise, will be placed in the Applicants' document depository. Applicants object to producing "copies of all documents provided to any person in connection with this proceeding" other than documents provided in connection with discovery. UP has agreed to construe this request as limited to documents generated in connection with discovery in this proceeding.

2. Produce copies of all written communications between the applicants and the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, any state or local governmental body, or any shipper relating to this proceeding.

RESPONSE: Applicants will place in their depository (1) all written letters and other correspondence between them and the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, and any state or local governmental body concerning this proceeding and (2) all materials produced by Applicants in response to formal or informal discovery propounded by these governmental bodies in connection with this proceeding. Applicants object to this request to the extent that it seeks the production of all correspondence with shippers concerning this proceeding on the ground that this would require an unreasonably burdensome search of all of Applicants' shipper files. Subject to, and without waiving that objection, Applicants will place in their

- 6 -

depository all written materials generated in connection with formal surveys of shippers undertaken by Applicants in respect to this proceeding and any other correspondence that either Applicant had with multiple shippers concerning this proceeding.

11. Produce all documents relating to communications between applicants and any other railroad relating to any aspect of the primary application, any aspect of any possible responsive application in this proceeding, or possible negotiated conditions or other agreements in connection with this proceeding.

RESPONSE: Applicants object to this request on the ground that the information requested bears on settlement matters. To the extent that any agreements have been negotiated or reached between Applicants and any other railroad, or any other party, with respect to possible responsive applications or other matters subject to negotiation, any such documents concern possible settlement of issues that may exist between Applicants and other railroads and are thereby beyond the proper scope of discovery. Without waiving this objection, Applicants state that in the event that Applicants may execute any formal agreement with any other railroad they will, subject to any confidentiality provisions in any such agreement, place a copy of such agreement in their depository provided that the agreement has been filed with the Commission or that a copy of the agreement has otherwise been made public.

EXHIBIT D

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Finance Docket No. 32549

BURLINGTON NORTHERN INC. AND BURLINGTON NORTHERN
RAILROAD COMPANY -- CONTROL AND MERGER --
SANTA FE PACIFIC CORPORATION AND
THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

APPLICANTS' RESPONSES AND OBJECTIONS TO SP'S FIRST SET OF
INTERROGATORIES AND INFORMAL DOCUMENT REQUESTS

Burlington Northern Inc. ("BNI"), Burlington Northern
Railroad Company ("BN"), Santa Fe Pacific Corporation ("SFP"),
and The Atchison, Topeka and Santa Fe Railway Company ("Santa
Fe") (collectively, "Applicants") hereby submit these responses
to the First Set of Interrogatories and Informal Document
Requests submitted by Southern Pacific Transportation Company,
The Denver and Rio Grande Western Railroad Company, St. Louis
Southwestern Railway Company, and SPCSL Corp. (collectively "SP")
on March 8, 1995.

Subject to the objections set forth below, Applicants
will answer each Interrogatory and/or will produce non-privileged
documents responsive to SP's Document Requests by placing copies
of such documents in Applicants' Document Depository. Applicants
remain prepared to meet with counsel for SP at a mutually conven-

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to supply a corporate organization chart to counsel for SP, following which SP may identify additional offices from which further inquiry for responsive documents may be made. SP has also agreed to interpret the terms "actual, planned or anticipated growth or expansion" to mean geographic growth in the form of acquisition of rail lines or extension of trackage rights, rather than financial growth.

12. Identify and produce all:

(a) letters, memoranda, information packages, or similar documents relating to the Transaction which have been sent to shippers, the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, or any state or local government body or agency including documents relating to the effects of the Transaction on competition; and

(b) talking points or similar documents used in communicating about the transaction with shippers, the U.S. Department of Justice, the Federal Trade Commission, the U.S. Department of Transportation, or any state or local government body or agency.

Response: Letters, memoranda, information packages, talking points and any similar documents concerning the Transaction sent to any of the government agencies listed in this interrogatory will be placed in Applicants' document depository. Applicants object to providing copies of all letters that might have been sent to shippers in connection with the Transaction or any of its effects because providing such copies would require an unreasonably burdensome search of all of the thousands of shipper files maintained by Applicants. Without waiving that objection, Applicants have placed in the depository copies of multi-shipper mailings that have been sent by them concerning the Transaction.

COVINGTON & BURLING

1201 Pennsylvania Avenue, N.W.

P. O. Box 7566

Washington, D.C. 20044-7566

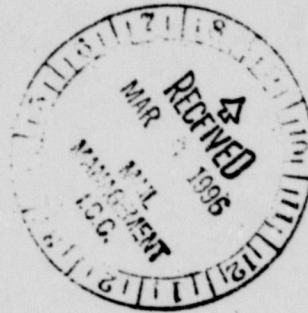
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Peter Shultz	804-783-1355	804-783-1343
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Janice Barber	817-333-5142	817-878-7954
Mark Tobey	512-320-0975	512-463-2185
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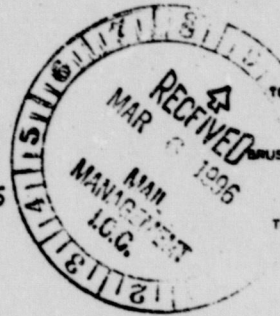
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BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-512-9890

TELEFAX: 32-2-503-1988

March 5, 1996



BY FACSIMILE

To All Parties on the Restricted Service List:

Re: Finance Docket No. 32760, Union Pacific
Corp., et al. -- Control & Merger -- Southern
Pacific Rail Corp., et al.

At the request of Judge Nelson, we are notifying
parties on the restricted service list that a discovery
conference schedule for Friday, March 8, will begin at 2:00
pm.

Sincerely,

Arvid E. Roach II

Arvid E. Roach II

cc: Hon. Vernon A. Williams
Hon. Jerome Nelson

STB

FD

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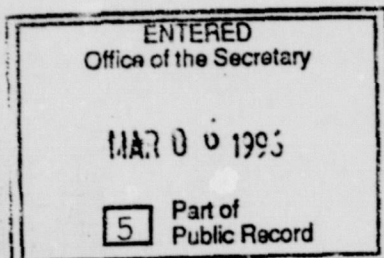


PACIFIC COAST building products

3001 I Street
P.O. Box 160488
Sacramento, CA 95816
(916) 444-9304

March 1, 1996

Mr. Vernon Williams
Surface Transportation Board
Room 3315
12th and Constitution, N.W.
Washington, D.C. 20423-0001



RE: Finance Docket No. 32760 Union Pacific Corporation, et al
Control and Merger - Southern Pacific Rail Corporation, et al

Dear Mr. Williams:

I am Tom Gruneisen, Traffic Manager for Pacific Coast Building Products, Inc. I have held this position for twenty years.

As Traffic Manager I am responsible for overseeing all shipments in and out of all of our facilities which include sixteen manufacturing sites and thirty building supply distribution centers.

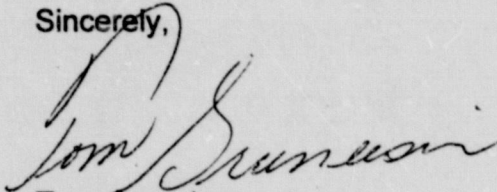
In the last few years Pacific Coast Building Products has enjoyed an ever expanding market and, in this vain, look forward to doing business with our neighbors to the south in Mexico. This brings us to rail access to Mexico.

At present, Pacific Coast Building Products supports the merger of the Union Pacific and Southern Pacific Railroads, but we also understand the need for competition in the marketplace and, to insure this position, we also support the Texas Mexican Railway Company's request for trackage rights over the U.P.S.P. lines. This is the only way we can see to maintain the competition into the Mexican market that exists today. Anything short of this will cause a decline in service and an increase in rates which, while trying to establish a new market, would be a disaster.

ADVISE OF ALL
PROCEEDINGS

In summation, Pacific Coast Building Products is in favor of the Union Pacific - Southern Pacific merger and at the same time very much in favor of trackage rights for the Texas Mexican Railway Company over the U.P.S.P. lines.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Gruneisen".

Tom Gruneisen
Traffic Manager

TG/et

cc: The Texas Mexican Railway Company
C/O Central Business Services
629 Green Bar Road
Wilmette, IL 60091