

STB Finance Docket No. 34284, Southwest Gulf Railroad Company — Construction and Operation Exemption — Medina County, TX

Statement of Melanie Yasbin, Staff Attorney, Office of Proceedings

Good Morning, Chairman Nober and Commissioner Morgan.

Southwest Gulf Railroad Company (SGR) has filed a petition for exemption to construct and operate approximately 7 miles of rail line extending from a proposed quarry in the north central part of Medina County, TX, which is just west of San Antonio, to a connection with the Del Rio Subdivision of Union Pacific Railroad Company near Dunlay, TX. The draft decision before you today would grant a conditional exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901, subject to your further consideration of the environmental impacts of the proposal and the issuance of a final decision after completion of the environmental review process.

Vulcan Construction Materials, LP is a subsidiary of Vulcan Materials Company (together referred to as Vulcan), which is affiliated through common ownership with SGR. Vulcan is working towards the development of a stone quarry for the production of aggregate, which is crushed stone, sand and gravel. SGR maintains that there is a local market for aggregate in the San Antonio area; however, the primary market would be the eastern part of Texas, including the Houston area. Thus, to most efficiently move the aggregate to market, SGR asserts that Vulcan requires rail transportation from the quarry.

SGR plans to construct and operate a single-track rail line between the planned quarry site and UP's line. The precise location of the line, however, will be based on environmental reviews and final engineering work.

SGR acknowledges that it will become a rail carrier upon completion of the project but states that at some point it may enter into an agreement to allow an existing rail carrier to operate the line.

That concludes my statement. If you have any questions, we will be happy to answer them.