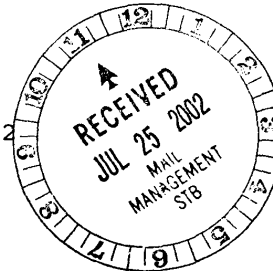


LAW OFFICES
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ORIGINAL

July 25, 2002



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VIA HAND DELIVERY - RETURN COPY

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

Dear Secretary Williams:

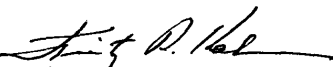
Enclosed for filing in each of STB Docket No. AB-573X, ~~Trinidad Railway, Inc.--Abandonment Exemption--In Las Animas County, CO, and Finance Docket No. 34087, Trinidad Railway, Inc.--Lease and Operation Exemption--Kern Valley Railroad Company, are the original and ten copies of the Reply of Kern Valley Railroad Company.~~

Additional copies of this letter and of the Reply are enclosed for you to stamp to acknowledge your receipt of them and to return to me via messenger.

By copy of this letter, service is being effected in accordance with the Certificate of Service.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Stephen L. Day, Esq.
Charles H. Montange, Esq.
John D. Heffner, Esq.
Michael J. Van Wagenen, Esq.

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

ORIGINAL

STB Docket No. AB-573X

TRINIDAD RAILWAY, INC
--ABANDONMENT EXEMPTION--
IN LAS ANIMAS COUNTY, CO

~~STB Finance Docket No. 34087~~

~~TRINIDAD RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
KERN VALLEY RAILROAD COMPANY~~



REPLY
OF
KERN VALLEY RAILROAD COMPANY,

ENTERED
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Public Record

Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036-1601
Tel.: (202) 263-4152

Attorney for

KERN VALLEY RAILROAD COMPANY

Dated: July 25, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

STB Docket No. AB-573X

TRINIDAD RAILWAY, INC
--ABANDONMENT EXEMPTION--
IN LAS ANIMAS COUNTY, CO

STB Finance Docket No. 34087

TRINIDAD RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
KERN VALLEY RAILROAD COMPANY

REPLY
OF
KERN VALLEY RAILROAD COMPANY,

Kern Valley Railroad Company ("KVR"), pursuant to 49 C.F.R. 1104.13(a), replies in opposition to the letter request of Rail Ventures, Inc. ("RVI"), dated July 24, 2002, for an indefinite extension of the July 26, 2002, closing date, as follows:

1. RVI represents that "the financial institution which will help fund this \$3,830,697.00 transaction is unable to move forward with a critical loan until it has received a more definitive statement concerning the assets to be transferred."

2. RVI does not identify the financial institution reluctant to finance the railroad line's acquisition by RVI until the conveyability of two buildings, the depot at Segundo and the engine house at Picketwire, is resolved; neither does RVI attach a letter or other statement from the financial institution

articulating its concerns.

3. RVI has known since May 20, 2002, exactly what property KVR would convey to it at closing. Attached are copies of the draft Quitclaim Deed, Bill of Sale and Assignment of Easement Agreement which that day were e-mailed to RVI for its review. At no time in the two months since then has RVI suggested that the conveyancing documents were inadequate; at no time has RVI indicated that the properties and other interests to be conveyed by KVR by these instruments failed to provide the financial institution sufficient security to permit its financing of the railroad line's acquisition by RVI. To the contrary, RVI led KVR to believe that it secured the requisite financing and was prepared to go to closing on June 20, 2002, well in advance of the Board set date, July 16, 2002.

4. As it did by its Petition for Clarification dated July 15, 2002, RVI seeks a twenty-fourth hour stay of the Board's decision. As then, RVI has failed to allege and much less satisfy the standards for obtaining a stay. STB Finance Docket No. 34085, Keokuk Junction Railway Co.--Acquisition and Operation Exemption--West End of Toledo, Peoria and Western Railway Corporation, served August 23, 2001; STB Docket No. AB 559 (Sub-No. 1X), Gauley River Railroad, LLC--Abandonment and Discontinuance of Service--In Webster and Nicholas Counties, WV, served July 21, 2000. RVI's request, accordingly, should be denied.

WHEREFORE, having failed to establish good cause for the

relief it seeks, the letter request of Rail Ventures, Inc., for an indefinite extension of the July 26, 2002, closing date should be denied.

Respectfully submitted,

KERN VALLEY RAILROAD COMPANY

By its attorney,



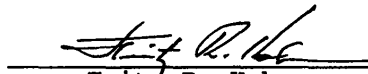
Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036-1601
Tel.: (202) 263-4152

Dated: July 25, 2002

CERTIFICATE OF SERVICE

I certify that I this day have served copies of the foregoing Reply upon each of the parties by sending copies to their counsel by facsimile transmission.

Dated at Washington, DC, this 25th day of July 2002.


Fritz R. Kahn

QUITCLAIM DEED

THIS INDENTURE is made the ____ day of June, 2002, by Kern Valley Railroad Company, a corporation organized and existing under the laws of the State of Nevada, with principal offices at 1505 South Redwood Road, Salt Lake City, UT 84104 ("Grantor") to Rail Ventures, Inc., a corporation organized and existing under the laws of the State of Colorado, with principal offices at 1400 Main Street, Louisville, CO 33956 ("Grantee"):

WITNESSETH: Grantor, in consideration of the sum of ten dollars (\$10.00) paid by Grantee, the receipt of which is hereby acknowledged, does hereby remise, release, quitclaim and convey to Grantee, and to its successors and assigns, all of Grantor's right, title and interest in and to the following described land in Las Animas County, Colorado, including Grantor's interest in any and all improvements on said land:

The real estate and improvements that constitute that portion of the Kern Valley Railroad Company right of way lying in the County of Las Animas, State of Colorado, beginning at Milepost 2.0 and continuing in a generally westerly direction to the east side of Bridge 15A at approximately Milepost 15.11.

TO HAVE AND TO HOLD, TO Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has executed this instrument the day and year above first written.

ATTEST:

KERN VALLEY RAILROAD COMPANY

By: _____

Title: _____

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

The foregoing Quitclaim Deed between Kern Valley Railroad Company and Rail Ventures, Inc., dated June __ , 2002, was subscribed, sworn to, and acknowledged before me this __ day of June, 2002, by _____, who affirmed to me, under penalties of perjury, that he is the _____ of Kern Valley Railroad Company, a Nevada corporation.

Notary Public

BILL OF SALE

In consideration of the sum of ten dollars (\$10.00), the receipt of which is hereby acknowledged, Kern Valley Railroad Company, a State of Nevada corporation, with principal offices at 1505 South Redwood Road, Salt Lake City, UT 84104 ("Seller") does hereby sell, assign and transfer unto Rail Ventures, Inc., a State of Colorado corporation, with principal offices at 1400 Main Street, Louisville, CO 33956 ("Buyer") and its successors and assigns, all of the Seller's right title and interest in and to all of the rails, ties, tie plates, joint bars, switches and other track material on that portion of the Kern Valley Railroad Company right of way lying in the County of Las Animas, State of Colorado, beginning at the east side of Bridge 15A at approximately Milepost 15.11 to the end of the line at Milepost 30.0, at the former New Elk Mine, now known as the Picketwire Processing Company, LLC, including the tracks within that facility, east of Stonewall, CO.

Kern Valley Railroad Company represents that said property is free of any mortgages.

TO HAVE AND TO HOLD, To Buyer, its successor and assigns forever.

IN WITNESS WHEREOF, Seller has executed this instrument this _____ day of June ,2002.

ATTEST:

KERN VALLEY RAILROAD COMPANY

By: _____

Title: _____

STATE OF UTAH)
) ss:

COUNTY OF SALT LAKE)

The foregoing Bill of Sale between Kern Valley Railroad Company and Rail Ventures, Inc., dated June __, 2002, was subscribed, sworn to, and acknowledged before me this __ day of June 2002, by _____, who affirmed to me, under penalties of perjury, that he is the _____ of Kern Valley Railroad Company, a Nevada corporation.

Notary Public

ASSIGNMENT OF EASEMENT AGREEMENT

In consideration of the sum of ten dollars (\$10.00), the receipt of which is hereby acknowledged, Kern Valley Railroad Company, a State of Nevada corporation, with its principal offices at 1505 South Redwood Road, Salt Lake City, UT 84104 ("Assignor"), on this ____ day of June, 2002, does hereby assign to Rail Ventures, Inc., a State of Colorado corporation, with principal offices at 1400 Main Street, Louisville, CO 33956, all of Assignor's interest in the Easement Agreement between Trinidad Railway, Inc., a Montana corporation, and Kern Valley Railroad Company, dated November 1, 2000, as recorded on November 6, 2000, in Book 1000 of the Land Records of Las Animas County, Colorado, at pages 171-173.

Assignee accepts the above assignment as of the aforesaid date and agrees to perform all of the terms, conditions, covenants and agreements of such Easement Agreement. Assignee's agreement shall be binding on the successors and assigns of Assignee.

ATTEST:

KERN VALLEY RAILROAD COMPANY

By: _____

Title: _____

ATTEST:

RAIL VENTURES, INC.

By: _____

Title: _____

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

The foregoing Assignment of Easement Agreement between Kern Valley Railroad Company and Rail Ventures, Inc., dated June ___, 2002, was subscribed, sworn to, and acknowledged before me this ___ day of June 2002, by _____, who affirmed to me, under penalties of perjury, that he is the _____ of Kern Valley Railroad Company, a Nevada corporation.

Notary Public

STATE OF COLORADO)
) ss:
COUNTY OF _____)

The foregoing Assignment of Easement Agreement between Kern Valley Railroad Company and Rail Ventures, Inc., dated June ___, 2002, was subscribed, sworn to, and acknowledged before me this ___ day of June 2002, by _____, who affirmed to me under penalty of perjury, that he is the _____ of Rail Ventures, Inc., a Colorado corporation.

Notary Public