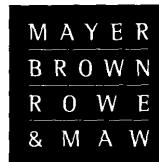


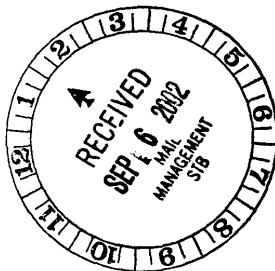
206/68



1909 K Street, N.W.
Washington, D.C. 20006-1101

Main Tel (202) 263-3000
Main Fax (202) 263-3300
www.mayerbrownrowe.com

Robert M. Jenkins III
Direct Tel (202) 263-3261
Direct Fax (202) 263-5261
rmjenkins@mayerbrown.com



September 6, 2002

BY HAND

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

Re: Docket No. AB-167 (Sub No. 1094)A
Chelsea Property Owners -- Abandonment --
Portion of the Consolidated Rail Corporation's
West 30th Street Secondary Track in
New York, NY

ENTERED
Office of Proceedings

SEP 6 2002

Part of
Public Record

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of Reply of Consolidated Rail Corporation to "Motion of Chelsea Property Owners for an Order Finding that the Attached Settlement Agreement Satisfies the Surety Condition in the ICC's September 16, 1992 Order in this Proceeding." Please date-stamp the extra copy that is enclosed and return it to our representative. Also enclosed is a diskette containing the Reply in electronic format.

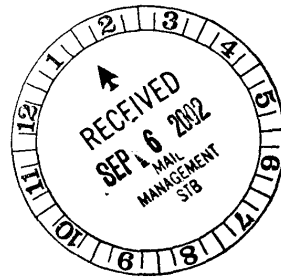
Sincerely yours,

Robert M. Jenkins III
Robert M. Jenkins III

RMJ/bs

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD



DOCKET NO. AB-167 (SUB-NO. 1094)A

CHELSEA PROPERTY OWNERS – ABANDONMENT – PORTION
OF THE CONSOLIDATED RAIL CORPORATION'S
WEST 30TH STREET SECONDARY TRACK IN NEW YORK, N.Y.

ENTERED
Office of Proceedings

SEP 6 2002

Part of
Public Record

**REPLY OF CONSOLIDATED RAIL CORPORATION
TO "MOTION OF CHELSEA PROPERTY OWNERS FOR
AN ORDER FINDING THAT THE ATTACHED SETTLEMENT
AGREEMENT SATISFIES THE SURETY CONDITION IN
THE ICC'S SEPTEMBER 16, 1992 ORDER IN THIS PROCEEDING"**

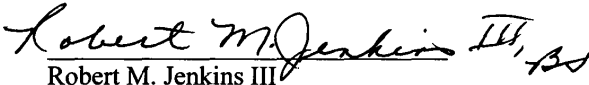
Consolidated Rail Corporation ("Conrail") replies here to the motion filed by Chelsea Property Owners ("CPO") on August 14, 2002, seeking an order from the Board that the proposed settlement agreement attached to CPO's motion satisfies the indemnification condition in the ICC's September 16, 1992 order in this proceeding.

In its September 16, 1992 decision, the ICC conditioned the issuance of an abandonment certificate for Conrail's West 30th Street line (the "Highline") on CPO's indemnification of Conrail for any costs for demolition and removal of the Highline exceeding \$7 million. CPO has worked extensively with Conrail and related railroad interests, with interested property owners, and with interested governmental entities to develop the proposed settlement agreement – including several provisions, summarized in CPO's motion, designed to protect Conrail against responsibility for any liability exceeding \$7 million arising from demolition of the Highline. Conrail believes that if the settlement agreement and related agreements are executed and

consummated as written, they will satisfy the indemnification condition in the ICC's September 16, 1992 order. Accordingly, Conrail supports the STB's issuance of the form of order requested by CPO in its Motion.

Respectfully submitted,

Jonathan M. Broder
CONSOLIDATED RAIL CORPORATION
2 Commerce Square
2001 Market Street
Philadelphia, PA 19101-1416
(215) 209-5020


Robert M. Jenkins III
MAYER, BROWN, ROWE & MAW
1909 K Street, N.W.
Washington, D.C. 20006
(202) 263-3261

Attorneys for Consolidated Rail Corporation

September 6, 2002

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Reply have been served this 6th day of September 2002, by first-class mail, postage prepaid upon the following persons.

John Broadley
John Broadley & Associates, PC
1054 31st Street, NW, Suite 200
Washington, DC 20007

Scott N. Stone
Patton Boggs, LLP
2550 M Street, NW
Washington, DC 20037

Peter J. Shudtz, Esq.
CSX Corporation
One James Center
901 East Cary Street
Richmond, VA 23219

Dennis G. Lyons
Arnold & Porter
555 Twelfth Street, NW
Washington, DC 20004-1206

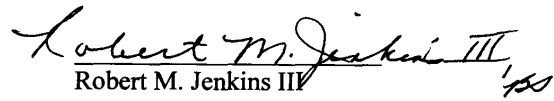
Gail P. Rubin, Esq.
City of New York
Law Department, Room 3-158
100 Church Street
New York, NY 10007

Anthony P. Semancik, Esq.
Metropolitan Transportation Authority
347 Madison Avenue
New York, NY 10017

John F. Guinan
New York Department of Transportation
Albany, NY 12232

Elizabeth Bradford, Esq.
General Counsel
New York Convention Center
Development Corporation
650 W. 34th Street
New York, NY 10001

Carolyn F. Corwin
Kimberly K. Egan
Covington & Burling
1201 Pennsylvania Ave., NW
Washington, DC 20004


Robert M. Jenkins III