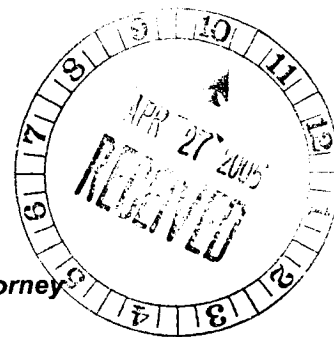




Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

James R. Paschall
Senior General Attorney



Writer's Direct Dial Number

(757) 629-2759
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Office of Proceedings

APR 22 2005

Part of
Public Record

April 19, 2005

via DHL Express

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: STB Docket No. AB-290 (Sub-No. 259X), Tennessee Railway Company -
Abandonment Exemption - In Anderson and Campbell Counties, TN;
STB Docket No. AB-290 (Sub-No. 260X), Tennessee Railway Company
– Abandonment Exemption – Between Oneida, Tennessee and Nicks
Creek, Tennessee - In Scott County, Tennessee - Petition for Exemption

Dear Mr. Williams:

In line with the Board's decision served February 22, 2005 in STB Docket No. AB-290 (Sub-No. 259X), this letter notifies the Board that Tennessee Railway Company, a wholly-owned subsidiary of Norfolk Southern Railway Company, has provided National Coal Corporation, through its attorney, the information required to be produced in the Board's decision.

I enclose an original and ten copies of my letters of April 15, 2005 and April 19, 2005 to Mr. Kelvin J. Dowd, Attorney for National Coal Corporation, with respect to each of the subject dockets. Provision of the appraisal report, which Mr. Dowd should receive tomorrow, April 20, 2005, completes the process of providing this information to NCC. In addition to the two enclosed letters and the appraisal report, we have permitted NCC representatives access to the Line, have sent via e-mail attachment on March 14, 2005 the track profiles or charts (9 pages) for these lines in pdf format, and voluntarily provided cost of repairing the Line between Nicks Creek, TN and Devonia, TN (AB-290, Sub-No. 259X) in order to put it back in service under the Board's conservative assumptions for the calculation of rehabilitation costs at \$2,110,251 in its February 14, 2004 letter to the Board with copy to Mr. Charles W. Kite of National Coal Corporation. Our March 3, 2005 letter to Mr. Kite provided additional detail with respect to these costs and directed him to contact our Division Superintendent in Knoxville personally to arrange access to the Lines that are the subject of these proceedings.

In connection with my April 19, 2005 letter to Mr. Dowd, I enclosed a full copy of

Honorable Vernon A. Williams
STB No. AB-290 (Sub-No. 259X)
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April 19, 2005
Page 2 of 2

the appraisal report with respect to the land values of the rail lines that are the subject of the two subject proceedings. Mr. Dowd agreed that his firm would adhere to the conditions and restrictions on the possession, distribution and use of the appraisal report as set forth by the appraisers in the report and in my April 15, 2005 letter. I expect Mr. Dowd will provide similar agreement from his client, National Coal Corporation.

I enclose a copy of the report that we have provided to Mr. Dowd. I request that in view of the modified confidentiality requested by the appraisers in the report, that the Board not post a copy of the full report on the Board's web site. The conclusions from the report are in my April 15, 2005 letter to Mr. Dowd. Anyone interested in this proceeding other than the parties therefore can have access to the most important information from the report.

Thank you for your consideration of this matter.

Very truly yours,



James R. Paschall

Enclosure

cc w/ enclosure and request that report not be posted on the Board's web site

Mr. Kelvin J. Dowd
Slover and Loftus
1224 17th Street, N.W.
Washington, D.C. 20036-3003



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April 19, 2005

via DHL Express

Mr. Kelvin J. Dowd
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1224 17th Street, N.W.
Washington, D.C. 20036-3003

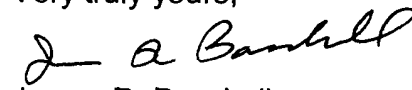
Re: STB Docket No. AB-290 (Sub-No. 259X), Tennessee Railway Company -
Abandonment Exemption - In Anderson and Campbell Counties, TN;
STB Docket No. AB-290 (Sub-No. 260X), Tennessee Railway Company
– Abandonment Exemption – Between Oneida, Tennessee and Nicks
Creek, Tennessee - In Scott County, Tennessee - Petition for Exemption

Dear Mr. Dowd:

Based on your representation that Slover and Loftus agrees to adhere to the conditions and restrictions on the possession, distribution and use of the appraisal report performed by White, McPherson and Tuck, LLC of Knoxville, TN with respect to the land values of the rail lines that are the subject of the two subject proceedings, as set forth in my April 15, 2005 letter to you, I am sending to you herewith a full copy of that report. I also enclose two copies of my April 15, 2005 letter to you.

As of the time this letter is written, I have not received confirmation from you that National Coal Corporation will agree to abide by the conditions and restrictions with respect to the possession, distribution and use of the appraisal report. I assume they will do so, but I also request that you not provide a copy of the report to National Coal Corporation until an authorized representative of NCC agrees to these conditions in writing and that you adhere to the conditions and restrictions with respect to disclosure of the report to NCC. I assume that any brief delay in completing this formality will not hinder your use of the report to prepare your further representation of NCC in these matters.

Very truly yours,


James R. Paschall

Enclosure

Mr. Kelvin J. Dowd
STB No. AB-290 (Sub-No. 259X)
STB No. AB-290 (Sub-No. 260X)
April 19, 2005
Page 2 of 2

cc w/ enclosure and request that report not be posted on the Board's web site

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001



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April 15, 2005

via fax 202-347-3619 and e-mail confirmation - 3 pages

Mr. Kelvin J. Dowd
Slover and Loftus
1224 17th Street, N.W.
Washington, D.C. 20036-3003

Re: STB Docket No. AB-290 (Sub-No. 259X), Tennessee Railway Company -
Abandonment Exemption - In Anderson and Campbell Counties, TN;
STB Docket No. AB-290 (Sub-No. 260X), Tennessee Railway Company
– Abandonment Exemption – Between Oneida, Tennessee and Nicks
Creek, Tennessee - In Scott County, Tennessee - Petition for Exemption

Dear Mr. Dowd:

Tennessee Railway Company, through its parent corporation, has received and reviewed an independent real estate appraisal of the land value of the railroad rights-of-way owned in fee by TNR of the railroad lines that are the subject of the above STB abandonment proceedings. The appraisal, performed by White, McPherson and Tuck, LLC of Knoxville, TN, sets these land values at \$17,900.00 for the right-of-way between Milepost TE-27.96 at Nicks Creek, TN and Milepost TE-42.00 at Devonia, TN that is the subject of Docket No. AB-290 (Sub-No. 259X) and \$331,900.00 for the right-of-way between Milepost TE-0.95 at Oneida, TN and Milepost TE-27.96 at Nicks Creek, TN that is the subject of Docket No. AB-290 (Sub-No. 260X). These values are based on the highest and best non-rail use of the property using the most similar available comparable sales and the across-the-fence valuation methodology applied to 15 parcels on the former line and 39 parcels on the latter line as shown on NSR maps. These values exclude the mineral rights, including in particular oil and gas property and royalty rights, which TNR or an affiliated company would reserve in any sale of the right-of-way. These rights are not required for operation of the railroad line and their retention and exercise by TNR would not materially interfere with that operation.

We have previously provided you with the net salvage value of the track and materials on the Nicks Creek, TN-Devonia, TN line of \$1,007,368.00 and of the net salvage value of the track and materials on the Oneida, TN-Nicks Creek, TN line of \$1,936,334.00. The total for the latter line consists of \$1,815,820.00 for the segment between Oneida, TN and Smoky Junction, TN and \$120,514.00 for the segment

between Smoky Junction, TN and Nicks Creek, TN.

Therefore, TNR's determination of the net liquidation value of the Nicks Creek, TN-Devonia, TN line that is the subject of Docket No. AB-290 (Sub-No. 259X) is \$1,025,268.00. TNR's determination of the net liquidation value of the Oneida, TN-Nicks Creek, TN line that is the subject of Docket No. AB-290 (Sub-No. 260X) is \$2,267,934.00. In both cases, the valuation excludes the value of mineral rights, including oil and gas rights, that TNR or an affiliated company would retain.

We previously provided our determination of the rehabilitation cost of the work immediately required for the Nicks Creek, TN-Devonia, TN line of \$2,110,251.00 and with respect to the Oneida, TN-Nicks Creek, TN line of \$2,033,832 for the segment between Oneida, TN and Smoky Junction, TN and \$136,522 for the segment between Smoky Junction, TN and Nicks Creek, TN. We thus noted: Our total estimated costs for imminently needed repairs and rehabilitation for the entire length of all the segments included in both cases between approximately Milepost TE-0.95 near Oneida, TN and Milepost TE-42.00 near Devonia, TN is thus \$4,280,605.00 to restore the line to FRA Class I (10 mile-per-hour) track maintenance standards. In fact, we think the cost would be more than that, but this estimate is conservatively calculated in line with STB accounting and abandonment regulations. I also point out that our petition shows several other large rehabilitation expenditures that would be needed to maintain the line at these minimal track standards in the years immediately following the forecast year in addition to normalized maintenance costs.

We are willing to send a copy of the 179-page appraisal report via express delivery. We hesitate to offer delivery via e-mail attachment, even in pieces. The file is very large with several maps and pictures. However, before I send a copy to you, I must comply with several conditions on the distribution and use of the report placed on the report by the appraisers. Under these circumstances, I must ask that you signify your acknowledgment of and agreement to these conditions on behalf of National Coal Corporation and the members and staff of Slover and Loftus before I send a copy of the report. The conditions, as expressed in the appraisal report itself, are as follows:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers and in any event only with proper written qualification and only in its entirety.

3. The appraisers herein by reason of this appraisal is (sic) not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. Neither all nor any part of the contents of this report (especially any conclusions as to the value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.

5. The appraisal acknowledges that the client intends to use of the report for establishing an across-the-fence value opinion for satisfying the governmental requirements to formally abandon the railroad line.

6. The intended users of the report include Mr. Jeff George and assigns of Norfolk Southern Corporation. Additionally, their attorneys and duly authorized governmental agencies may rely on this report for abandonment and litigation purposes.

We believe the final two points allow us to give you a copy of the report if you agree to the conditions and limitations expressed above. Please signify the acknowledgment and agreement of Slover and Loftus and National Coal Corporation to the above conditions on the possession, distribution and use of the appraisal report by executing, dating and returning to me a copy of this letter on behalf of both parties. We will rely upon signatures faxed back to us but ask that you also forward an original signed copy to us at your earliest convenience.

Very truly yours,


James R. Paschall

Acknowledged and Agreed to:

For National Coal Corporation:

Name:

Date:

For Slover and Loftus

Name:

Date:

via fax 202-565-9002 and mail confirmation
Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001