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15 March 2004

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



Re: STB Dkt. 564, Camas Prairie Railnet --
Abandonment -- Lewis, et al Counties, ID

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STB Fin. Dkt. 34398, BG & CM RR --
Acquisition and Operation Exemption --
Camas Prairie Railnet.

STB Fin. Dkt. 34399, BG & CM RR -- Pet.
for Exemption from Subtitle IV

STB Fin. Dkt. 34474, Great Northwest RR --
Acquisition Exemption -- Camas Prairie
Railnet

Dear Mr. Williams:

This is on behalf of BG & CM Railroad in response to a series of letters from counsel for Camas Prairie Railnet (Mr. Heffner) dated:

- (1) Feb. 13, 2004 (which BG & CM counsel received by post) asking for an extension in the deadline to consummate the abandonment in STB dkt. 564;
- (2) March 5, 2004 (which counsel viewed on the STB website) asking for vacation of the CITU in dkt. 564;
- (3) March 8, 2004 (which counsel has viewed on the STB website) asking for vacation of the CITU in dkt. 564 in the event BG & CM ceases services and a request for a CITU is made during BG & CM's 30-day notice period.

This Board granted Camas Prairie's request for an extension of the deadline to consummate abandonment in a decision served Feb. 20, 2004 in dkt. AB 564.

Background. STB Dkt. AB 564 encompasses a line from MP 0.0 to MP 66.8 between Spalding and Grangeville in Idaho. By

agreement of the parties and pursuant to orders of this Board, BG & CM Railroad became the interim trail manager of the entire line from MP 0.0 to MP 66.8. Counsel is informed that Camas Prairie quitclaimed ownership interests in MP 1.0 to MP 66.8 of this line to BG & CM Railroad as part of the railbanking agreement.

In F.D. 34399, BG & CM Railroad was granted an exemption from Subtitle IV requirements so (i) it could acquire Camas Prairie's properties/rail obligations in the line, and (ii) operate as a contract rail carrier over MP 0.0 to MP 52.0 of the Spalding to Grangeville line. STB Decision served Oct. 17, 2003. The portion of line from MP 52.0 to MP 66.8 remains railbanked. STB dismissed the notice of exemption (for acquisition and operation) filed by BG & CM in F.D. 34398 as moot in light of the exemption granted in F.D. 34399.

As noted, BG & CM Railroad has acquired MP 1.0 to M.P. 66.8 of the line (for MP 52 to MP 66.8 pursuant to the extant CITU), and is operating or intends to operate as a contract railroad over MP 1.0 to MP 52.0. Camas Prairie retained MP 0.0 to MP 1.0, and has sold it to Great Northwest Railroad (see STB website under "filings": Great Northwest Railroad -- Acquisition Exemption -- Camas Prairie Railnet, Inc., F.D. 34474, filed Feb. 20, 2004, p. 5 item "ii"). Counsel for BG & CM is informed that Great Northwest Railroad has acquired MP 0.0 to 1.0 for rail common carrier operations, and does not wish to consummate any abandonment as to that segment.

Discussion. This Board should take such action as is necessary (should it deem further action necessary) to clarify that Great Northwest Railroad is owner and operator of MP 0.0 to MP 1.0. The CITU has already been vacated as to that portion of the rail line in F.D. 34399, and should remain vacated. BG & CM Railroad believes the abandonment proceeding should be dismissed, or the abandonment authorization should be allowed to expire unconsummated. It is BG & CM Railroad's understanding that MP 0.0 to MP 1.0 will be operated by Great Northwest Railroad as a common carrier. BG & CM's has acquired MP 1 to end of line (MP 66.8), and is providing contract rail service from MP 1.0 to MP 52.0.

With this clarification, it appears to BG & CM that the relief sought by Camas Prairie in its various filings in dkts. 564 and FD 34399 & 34398, as sought in letters of February 11, March 5 and March 8, 2004, can better be achieved merely by clarifying that BG & CM has acquired from MP 1.0 to 66.8 pursuant first to the railbanking order and then the exemption in F.D. 34399, and of this line BG & CM is operating 1.0 to 52.0 as a contract rail carrier. Great Northwest Railroad has acquired and is operating MP 0.0 to 1.0 as a common carrier. The CITU applicable originally applicable to MP 0.0 to 66.8 now

applies only to MP 52.0 to MP 66.8. Any other relief sought by Camas Prairie is moot or in BG & CM Railroad's view, not appropriate or misdirected.

The Camas Prairie letters could be construed as requests to reopen. As such, they fail to address the subjects specified for such petitions. BG & CM opposes reopening, except to clarify as this Board believes necessary in light of the above.

This Board's order granting Camas Prairie Railnet's extension request (dkt. AB 564, order served Feb. 20, 2004), appears to be moot.

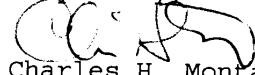
BG & CM Railroad at this time opposes the relief sought by Camas Prairie in its letter dated March 8 (namely, that this Board prospectively vacate any CITU which might be sought in the future with respect to MP 0.0 to MP 1.0). Great Northwest Railroad is acquiring the segment in question. Once this is recognized, then the condition precedent for the relief sought by Camas Prairie (i.e., that BG & CM Railroad would consent to a railbanking of MP 0 to 1 on 30 days notice as per the order in F.D. 34399) is not applicable. Camas Prairie's requested relief is thus moot.

In short, we believe that Camas Prairie wishes to clarify that it has sold the segment from MP 0.0 to 1.0 to Great Northwest, not BG & CM. This can better be accomplished as we suggest above.

All parties should understand that BG & CM does not wish to see the portion of the line which it owns (MP 1.0 to MP 66.8) severed from the interstate rail network. BG & CM understands that MP 0.0 to MP 1.0 should be treated as active railroad for which Great Northwest holds common carrier obligations under this Board's jurisdiction.

BG & CM Railroad looks forward to excellent relations with Great Northwest Railroad and hopes to develop a mutually successful business relationship.

Very truly,



Charles H. Montange
for BG & CM RR

cc. Karl Morell, Esq. (for Great Northwest RR)
John Heffner, Esq. (for Camas Prairie Railnet)
Michael Williams (BG & CM RR)