



SPRING 2012

Shortline Message • with Dick Ebel

Increasing velocity means more opportunity for all



Shortlines contribute to improved 2011 performance

BNSF's shortline partners contributed to the company's improved 2011 performance, which not only finished on an upbeat note in the fourth quarter but gave the company great momentum. We are heading into a year marked for a stronger capital commitment to better meet customer needs and improve operations.

Increased volumes, better yields/mix and higher fuel surcharge levels (driven by increased fuel prices) accounted for a 16 percent boost in BNSF's total revenues over 2010. Fourth-quarter revenues improved 17 percent to finish the year at \$19.5 billion.

Across the company, BNSF units were up 4 percent for the fourth quarter and 3 percent for 2011, compared to the same periods in 2010. Consumer Products and Industrial Products

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2012 has quickly advanced and the pace of interactions has not slowed down.

We are all extremely busy with the burst of traffic created by the shale plays all over the United States. This new boom has brought us all substantial business opportunities, many of which stretch our infrastructures to the ends of their practical capability. Creative solutions have helped us all figure out ways to handle the business.



Unfortunately, one of the downsides has been a deterioration in the velocity of cars supporting peak demand. It is in everyone's interest to focus on those fleets to ensure we move the cars expeditiously and prevent the infusion of more cars just to become portable storage capacity.

Roy Blanchard had some excellent insight in a recent "Week in Review"

article: "... Use BNSF tools like the Velocity tool and the AIM Initiative to add capacity to the BNSF network. But to do either effectively, you have to know what each customer costs you to do business with them. Customers that can take a car, load or unload it, and release it back to you in a day without extra handling are the ones you want to keep. Others? Well, you make the call." Every empty car is a new potential load that we should all strive to move.

In that light, the Serving Carrier Reciprocal Switch (SCRS) Web tool has been a welcome addition to the suite of online tools available to shippers.

There have been some concerns about the data or completeness of the records the tool uses. Recall that we asked all of you to assist us in updating the reference files to reflect the specific rail locations on your property. SCRS is a Railinc industry file and all roads are responsible for entering their records into the file. The SCRS file includes

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more than 52,000 records, and there is an ongoing industry initiative to get all North American rail-served customers into SCRS. All BNSF-served customers are in the file.

During the October conference, BNSF advised that each shortline has been assigned to a Class I, who is responsible for working with the shortline to enter their records into SCRS. BNSF Price Management is actively working with our Shortline team to validate and enter our assigned shortline records into SCRS. We continue to make good progress in this area. Please help us with this important initiative in 2012.

BNSF continues to conduct meetings with our Shortline Caucus and recently met in Long Beach, California. One of the outcomes of that meeting was that BNSF would begin publishing the BNSF Caucus meeting minutes utilizing the ASLRRRA. Once you review these minutes, feel free to provide feedback to BNSF or through your caucus members. Our next caucus meeting is scheduled for May 15-16 in Fort Worth.

Finally, BNSF shared insights at the October Convention that unit trains on shortlines require a high degree of conversation very early in the process. We collectively do not want to see customers making commitments to facilities where we have not reached a rate package that is acceptable to both parties. We indicated in those conversations that we would expect unit-train rate efficiencies with our connections, based on the concept that the trains run with BNSF power, fuel and car costs, which are typically 50 percent or more of the costs of running a train. We are still encountering cases where commitments

are made with customers before we reach a consensus on rates for handling the traffic. We realize that the market is fast-paced, but I encourage you to engage your BNSF Director early in the process to help reach a satisfactory conclusion.

We look forward to seeing many of you at the upcoming ASLRRRA National Convention in Indianapolis.



Performance from Page 1

each netted 7 percent increases in volume, while Agricultural Products volumes were flat. Coal volumes were down 4 percent for the year due to mid-year flooding impacts.

By jointly working with our shortline partners, BNSF was able to close more carload opportunities than it lost in 2011. The company added 119,413 new carloads with shortline partners, which helped boost overall business unit volume 2 percent over 2010.

Industrial Products volume – the largest among shortline carloads – trended up in the fourth quarter and helped offset decreased volume in Agricultural Products for the year. Higher U.S. corn shipments were more than offset by lower soybean exports and declining wheat exports in the fourth quarter. For the full year, this impact was offset by strong export wheat shipments during the first half of 2011.

Domestic intermodal volumes were up overall because of tightening truck capacity and highway conversions to rail. Additionally, international Consumer Products volumes were higher as a result of increased demand for inland international movements.

Likewise, Industrial Products volumes rose, primarily due to increased demand in construction products resulting from strong sand and steel shipments, as well as higher demand in petroleum products.

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to customers. Last year, the company spent \$3.5 billion on capital, compared to \$2.7 billion in 2010.

BNSF plans to spend as much as \$3.9 billion in 2012 for capital improvements, including \$2.1 billion to maintain BNSF's core network and related assets and \$1.1 billion for our locomotive and railcar fleet, with the remaining earmarked for projects to expand and improve efficiency of our infrastructure.

The 2012 capital program also includes approximately \$300 million for federally mandated positive train control.

"Investment in BNSF's rail freight infrastructure is an investment in American jobs and competitiveness. It will ensure that our infrastructure remains strong and improve the efficiency of our operations," said Matthew K. Rose, BNSF chairman and chief executive officer.

Shortline Mission Statement

Our vision is to realize the potential of BNSF's shortline connections by leveraging the capabilities of both BNSF and its shortline partners to drive profitable growth.

Shortline Development

Dick Ebel

Assistant Vice President
(817) 867-2270
richard.ebel@bnsf.com

Larry Cole

Director
(817) 352-1903
lawrence.cole@bnsf.com

Kristy Clark

Director
(817) 352-3394
kristy.clark@bnsf.com

Chris Randall

Director
(817) 352-6132
chris.randall@bnsf.com

Steve Salzman

Director
(817) 352-6012
steven.salzman@bnsf.com



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BNSF Railway Co.
2500 Lou Menk Dr.
Fort Worth, TX 76131

All hail the shale

BNSF and its shortline partners are experiencing increased carloadings of fracking sand and crude oil resulting from the nation's oil and natural gas boom.

Several BNSF shortline partners are hailing the shale. The nation's oil and gas boom from two active shale plays has meant significant increases in carloads of frack sand, crude oil and oil field supplies – not only for BNSF but for many regional and shortline carriers. For some, annual car load projections are accelerating long-range infrastructure plans.

The Hondo Railway (HRR), Texas Pacifico Transportation Company (TXPF), Minnesota Northern Railroad, Northwestern Oklahoma Railroad, Stillwater Central Railroad (SLWC), Fort Worth & Western Railroad (FWWR) and many others are experiencing solid growth from the Bakken Shale and Eagle Ford Shale plays.

The Eagle Ford Shale gas formation, named after nearby Eagle Ford in southwest Texas, has been producing oil and natural gas resources since its discovery in 2008. The shale is believed to have 20.81 trillion cubic feet of natural gas and 3.351 billion barrels of oil. The formation ranges in depth from 5,700 to 10,200 feet and covers more than 3,000 square miles.

According to the University of Tex-

as at San Antonio Institute for Economic Development, the Eagle Ford Shale generated “close to \$2.9 billion in revenue, supported approximately 12,600 full-time jobs in the area, and provided nearly \$47.6 million in local government revenue” in 2010.

The Eagle Ford Boom

A pair of southwest Texas shortlines are right in the middle of the boom.

The HRR and TXPF are experiencing more than 200 percent growth for inbound fracking sand and outbound crude.

“We’re definitely experiencing heavy growth because of the shale play,” said TXPF Vice President Tim Hammond. “Since September 2011, our traffic has doubled. We’re expecting this year to go all the way to 15,000 total carloads, maybe more.”

TXPF, which has partnered since 2001 with the Texas Department of Transportation to operate the former South Orient Railroad Company line, stretching 400 miles from Coleman, Texas, to Presidio, Texas, on the Texas/Mexico border, has gone from running one crew three or four times per week to running three around the clock.

And more crews are on the way. Also, the company's locomotive fleet, mostly four-axel GP38s, is expanding to include six-axel SD40-2s to handle larger trains.

In March, TXPF ran its first outbound unit crude train, a 65-car train interchanged with BNSF and destined for the Port Terminal Railway Association in Houston.

“I just hired eight more engineers and conductors,” said Hammond, who joined TXPF in August after a stint with CSX Corp. “By June, we’ll have eight full-time crews out there on the road.”

A three-phase \$30 million infrastructure upgrade started in mid-2009 and concluding in June was fortuitous

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The shales

Bakken

Located in eastern North Dakota and western Montana, the Bakken Shale is producing some 380,000 barrels of oil a day across 200,000 square miles.

Eagle Ford

Named after the nearby town, the Eagle Ford shale generated almost \$2.9 billion in economic revenue in 2010, according to one study.

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timing. Nobody saw the shale play coming, Hammond said, but upgrades were needed to provide faster service from the border, where TXPF connects with Ferromex, to Fort Worth via the FWWR.

With help from the state and money from Tiger grants, improvements were made along the route once targeted for abandonment by the South Orient in the 1990s, including better track to provide faster and more reliable service.

With better service and connections, TXPF's customer base is growing, and plans are in the works to add more unit-train crude service.

"The infrastructure upgrade enabled us to get to the point where we're able to handle new traffic as well as existing customers who have been with us for years," Hammond said. "It's allowed them to increase their traffic, and so far, every one of our customers are beating their annual projections – even customers outside the [oil and gas] industry. Our customers are able to grow because of the money that has been invested into the track to make this railroad better."

Like Hammond, HRR Chief Operating Officer Miles Lee didn't see the oil and gas boom coming. With a 234-percent increase in business from 2010-11, the shortline has had to put its 20-year infrastructure plan into overdrive.

When HRR began operations at its 56-acre yard west of San Antonio, five tracks – about 14,000 total feet – were installed to handle transloading for the company's South Texas Liquid Terminal, which handles food/grain products. Increased volumes from the Eagle Ford meant growing the five-mile-long railroad to 29 yard tracks, plus a 7,500-foot loop track that was completed in January of this year.

The HRR yard is now 100,000 feet.

Lee said HRR enjoyed a significant spike in frack sand and crude last year after Eagle Ford volumes began increasing in 2009. He anticipates that HRR will handle about 7,500 shale-related cars in 2012.

"When we moved out here, the shale hadn't really hit," Lee said. "We didn't start our facility with the



The Hondo Railway has had to step up its 20-year infrastructure upgrade to handle increased carloadings of frack sand and crude oil.

knowledge that the shale play was coming. We felt we had an opportunity to grow our railroad with other business prospects, but we didn't know at the time that a large portion of our growth would be tied to the Eagle Ford Shale. That kind of happened to fall in place for us."

When the oil and gas boom hit, though, it meant increasing capacity – quickly.

HRR's master plan called for a unit-train facility. It then became apparent that a loop was necessary as carloads and train sizes increased. "It's kind of always been in our master plan," Lee said. "I drew all the tracks for the future when we came out here, but I didn't realize that I would build them all in four years."

Even though HRR has spent millions in expanding operations, the railroad is still challenged to keep up with growth, Lee said.

"We're trying. We've confidently been laying track and we're finishing a few more storage tracks, and that will basically complete our whole yard. Everything will be industrial property tracks into property that we have available to develop for more transloading."

The Rockin' Bakken

A few years ago, a land rush of development began in the Bakken Shale in eastern Montana, western North Dakota and across the border in Saskatchewan, Canada. The rush was the result of newer horizontal drilling technology that made harvesting the reserve more economical, given the

shale's projected reserves of about 4.3 billion recoverable barrels of oil. Today, some 380,000 barrels of oil a day are produced from across 200,000 square miles.

In addition to crude oil, the U.S. Geological Survey estimates that the Bakken has 1.85 trillion cubic feet of natural gas, as well as 148 million barrels of natural gas liquids.

For the Stillwater Central Railroad, business is trending

up.

At the SLWC, trains are hauling materials for drilling wells and participating in the movement of sweet crude to markets in Oklahoma and Louisiana. Rail service provides an alternate means of delivery to a pipeline network that is at capacity and could continue to be for the next couple of years.

SLWC is hauling materials like sand, clay and pipe for drilling, as well as oil that eventually goes to market at Cushing, Oklahoma and St. James, Louisiana.

Several 100-plus-car trains, each carrying about 60,000 barrels of crude, run weekly from Stanley, North Dakota to Stroud, Oklahoma. At Stroud, the oil is piped to Cushing.

Crews on the SLWC, which stretches 275 miles from Sapulpa,

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"The last few years have kind of been an explosion. I really think the producers are seeing the benefit of rail. I would say it's going to be quite a play for many years to come."

- Tim Hammond

Improving asset velocity major initiative

As the economy improves and business volumes increase, keeping equipment on the move is more important than ever. Recent high demand for everything from boxcars to tank cars means it's imperative for Class I and shortlines to improve revenue through velocity.

Avoiding long dwell times – especially with key or constrained fleets – is essential to maintaining fluid car movements. Keeping an eye on every carload, improving interchange performance, and reducing dwell can be a boon not only to BNSF but also to its shortline partners, according to the company's Carload Equipment team.

"Improving asset velocity is a major initiative at BNSF," said Ken L. Jacobs, Director, Equipment Systems Support, Business Unit Operations. "Twenty-five percent of our Industrial Products reve-



Gain hoppers are in high demand.

nue originates or terminates on a shortline. The quicker we can turn the car, the better for everybody."

In 2011, shortline dwell times were up 3.1 percent over 2010.

Like most Class I railroads, BNSF owns a large percentage of the cars hauled on its network and provides equipment for use by its shortline

partners. Car hire charges encourage parties to turn cars quickly, but the greater cost to a car that's not rolling is potential lost revenue.

"We have a substantial investment in our fleet," said Jacobs. "A key assumption in justifying additional equipment acquisitions is that cars will be effectively utilized. So we need to keep cars moving. We continually evaluate our transportation service plan with the goal to optimize cycle time. This effort drives our ability to reinvest in our fleet."

A key component to improving revenue is focusing on BNSF's current constrained fleets: reefers, 100-ton boxcars, sand hoppers, bulkhead flats and gondolas. Improving velocity on these fleets is key, as cycle time improvements equate to capturing addi-

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Oklahoma to Duke, Oklahoma, and includes trackage rights to Tulsa, Oklahoma, take three to four unit trains each week from BNSF in Tulsa and move them the final 50 miles to Stroud. The oil is offloaded in Stroud and piped to Cushing, where it flows into the country's vast pipeline network.

"We're seeing a lot of activity from the Bakken," said Tracie Van Becelae-re, Director of Communications for Watco Companies, parent company of the SLWC. "It's not only helping the shortlines but also the terminals. They're seeing a lot of business."

SLWC and BNSF began collaborating on oil shipments well before the North Dakota transloading facility opened on December 31, 2009. As pipeline capacity filled in 2008, Watco developed a unit-train solution with BNSF and one of the Bakken's top oil producers.

Taking nearly a year to build in sometimes treacherous winter conditions, the logistics center is able to load a 100-car train in less than 12 hours. The facility, which is manned by Watco, handles inbound fracking sand and outbound crude. Crude capacity



is at 70,000 barrels a day.

Here to Stay

The oil business, Hammond believes, is here to stay, especially as pipelines remain at capacity.

"The last few years have kind of been an explosion," he said. "I really think the producers are seeing the benefit of rail. Of course with any oil boom, you never know what is going to happen. Back in the 1980's we saw oil go from \$140/barrel down to \$11/ barrel. I would say it's going to be quite a play for many years to come."

Projections at Stifel Nicolaus, a St. Louis, Missouri-based brokerage and investment banking firm, mirror Hammond's sentiments. In a March industry update, the company said crude shipments by rail will move well into the

future.

"Rail is able to physically move volumes past the pipeline bottlenecks at Cushing and (is) able to provide faster startup times than pipe ... In spite of the higher costs for rail shipping, we believe that rail will play a significant role in transporting crude for the long term, as the dominant pipeline operator is investing in rail as well."

Upcoming Events

ASLLRA

**2012 ASLRRRA
Annual Convention
April 21-24, 2012
Indianapolis, Indiana**

BNSF

**2012 BNSF
Shortline Convention
October 4-5, 2012
Location to be announced**

BNSF can assist in facility building

When planning a new unit or shuttle train facility, shortlines may adopt the adage of “If you build it, they will come.” Yet that “facility of dreams” designed to spur new or existing business is more likely to be a reality when following BNSF’s recommended engineering procedures for such facilities.

BNSF guidelines for building unit-train or loop facilities are accessible to our shortline partners and customers. BNSF encourages customers and shortlines to ask questions before the first shovel of dirt is moved, said Project Engineer Mark Gjevre, who is based in Minneapolis, Minnesota.

“A lot of engineering firms that shortlines work with are already familiar with the BNSF guidelines,” said Gjevre, a 20-year veteran with the company who started in Superior, Wisconsin, on the Burlington Northern. “Shortlines should make an effort to also be familiar with BNSF’s guidelines so there are no surprises.”

BNSF’s “Guidelines for Industrial Track Projects” establishes 15 standards addressing track, structures and access for unit train/loop facility construction, including specific criteria on track profile grades, turnouts and clearances.

Depending on the level of complexity and type of facility, a customer may be on line within 18-24 months. That time period accounts for property acquisition if needed, engineering design, permitting and construction. Keep in mind, however, that geographic location and weather conditions may compress or expand that time window, said Gjevre.

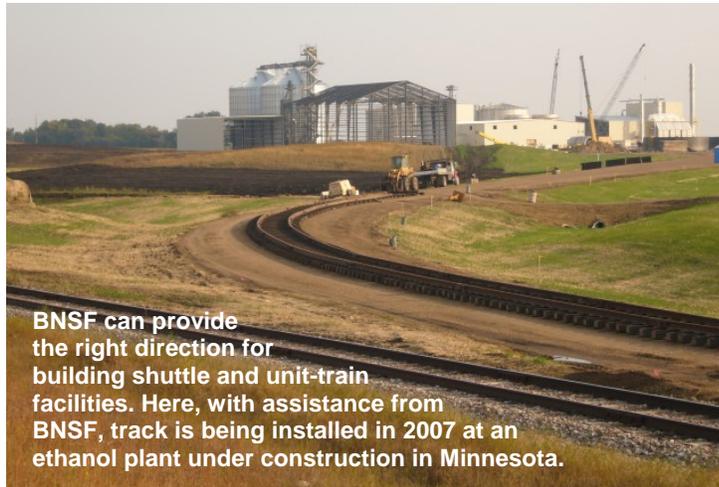
Various factors should be considered when evaluating a proposed facility. “From a track standpoint, every project has its own characteristics,” Gjevre said. “Depending on whether it is grain, ethanol, unit crude or sand, they all

have different levels of complexity depending on what infrastructure is needed for material handling and storage. In some cases, the track ends up being the easy part. Other components may add time to the project.”

When considering a loop track, planning to accommodate unit trains longer than the current standard of 110 cars is advisable. BNSF engineers are currently designing new facilities that handle up to 120-car trains.

The last thing a customer or shortline wants to do is try to lengthen track a few years down the road, even if it means acquiring more land, Gjevre says.

Growing demand for agricultural products is stretching some unit trains and requiring more facilities to handle higher volumes. Newer uses for corn and other crops are creating higher



BNSF can provide the right direction for building shuttle and unit-train facilities. Here, with assistance from BNSF, track is being installed in 2007 at an ethanol plant under construction in Minnesota.

yields and more car loadings.

Gjevre said that when he became a project engineer for BNSF in 2000, corn yielded 130-160 bushels per acre, depending on location. Today, output is exceeding 250 bushels per acre, which requires not only additional facilities but more cars per train.

“Over the years, there has been an upward creep of additional cars being added on to these trains,” he said. “We’ve encouraged customers who have built facilities in the last couple of years to design the loops to be able to accommodate 120 cars and three locomotives.”

BNSF requires, at a minimum, that the facility accommodate an 8,000-foot loop with 7-degree, 30-minute (or less)

curves. A minimum tangent length of 200 feet must be placed between reversing curves, and no turnouts should be placed in the curve.

Gjevre says curves can’t be too tight because the centrifugal and transverse forces of a train going around the loop puts wear on the rail. Track profile grades are limited to a maximum of 0.5 percent for loop tracks.

Continuous welded rail at a minimum rail section of 112 pounds is also recommended.

Curvature and rail strength aside, having good drainage, solid subgrade and embankments are “absolutely critical” in building a sound track infrastructure for unit or shuttle train facilities.

“Not having a good subgrade or good foundation below the ballast line of the track could come back and really

cause problems later,” Gjevre said. “You want to make sure you have positive drainage and use proper embankment materials and construction methods to build the track where it will last a very long, long time.”

It is also advisable to avoid grade crossings if possible. If a facility requires a

new at-grade crossing with an existing county road or highway, the shortline should coordinate with the appropriate state regulatory agencies or authorities.

Finally, BNSF recommends that customers and shortlines work closely with the appropriate marketing representative to ensure that any proposed unit train or shuttle facility also qualifies for BNSF unit train or shuttle rates.

For more information about BNSF’s engineering guidelines for unit train or shuttle facilities, see <http://www.bnsf.com/customers/pdf/indytrkstds.pdf> and <http://www.bnsf.com/communities/faqs/pdf/utility.pdf>, or contact your BNSF Shortline Director.

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tional revenue and higher customer satisfaction.

Constrained fleets spend anywhere from 8 to 25 percent of their time on shortlines. Covered hoppers used to deliver fracking sand to shale plays spend a quarter of their cycles on shortlines. Gondolas and 100-ton boxcars are used 14 percent of the time.

"Sand is a big growth area and one where shortlines have a big thumbprint on the fleet," said Rick Margl, Assistant Vice President, Carload Equipment. "Strong coordination and tactical execution between BNSF and our shortline partners will improve equipment availability and reduce network congestion. The end result will be more growth for the railroads and our shared customers."

Because of railcar demand seasonality, constrained fleets are subject to change. For example, grain-covered hoppers are currently surplus but will likely become constrained as the harvest season swings into gear. BNSF continually evaluates the status of its fleets and communicates to internal partners what fleets are constrained. A joint Equipment Management/Shortline Development objective in 2012 will be to share fleet status information with external partners such as shortlines.

And that puts more impetus on keeping the wheels rolling.

Jacobs said BNSF and its shortline partners can keep the wheels turning by working together and using the Shortline Velocity Tool as well as the new Interchange Performance Tool, expected to roll out in the near future.

"It's visibility and looking at what's headed toward you," he said. "It's a lot of planning. Don't wait until the car arrives to start planning."

By continually searching for ways to reduce railcar cycle time, BNSF and partner shortlines can recognize significant cost savings as well as increased revenue opportunities.

BNSF Resources

IPT tool will offer broad view of interchange performance

Since 2009, BNSF has placed more emphasis on interchange effectiveness with its shortline partners in an effort to increase velocity and improve customer relations through interline service agreements (ISAs) and other tools.

In recent months, BNSF has been working on a new interchange performance tool (IPT), teaming up with Railinc to further refine the interchange tracking system for a more in-depth look at interchange performance.

IPT development

The IPT will give parties a much broader view of interchange performance through enhanced tracking and will generate a 28-day report that clearly identifies interchange performance and tracks times outlined in ISAs.

Once implemented, the IPT tool will be accessible to shortlines and used as a basis for improving operations, ultimately leading to improved transit times, higher equipment velocity and lower switching costs. The tool will enable both BNSF and shortlines to identify long dwell times that cost both railroads money.

The new IPT system will automatically import interchange data on a 28-day cycle into a spreadsheet and share train consist information in a more timely manner, said Rick Adams, Manager, Performance Standards, Service Design & Performance. The month-long report will better identify how each railroad is performing against the two-hour pre-established interchange window.

Shortlines will be able to log in to the system any time and track performance rather than requesting a report from BNSF.

"The benefit to shortlines will be increased reliability in connection with interchange windows," Adams said. "Shortlines will be able to better gauge actual interchange times with BNSF; if we're working with each other, BNSF should have the same benefit."

With close to 600 different interchange transactions to track, the tool

Program in development will enable shortlines, BNSF to identify long dwell times

will come in handy and save time. BNSF will maintain the IPT, which may be customized by each shortline, and will also alert partners of downward trends in performance.

"This will give shortlines an idea of how the interchange has been working for the last 28 days," Adams said. "We're all trying to stay within the two-hour window. Are we meeting our goal or not? This will allow more collaboration between BNSF and its shortline partners to meet objectives and maintain efficiencies in day-to-day operations."

The IPT will not only track two-hour -window performance; it will also track volumes to determine whether changes to the days or frequency are needed. In the meantime, shortlines will be able to receive a copy of interchange performance data by emailing BNSF.

Shortline Velocity Tool

The IPT not only augments existing ISAs but will also complement the Shortline Velocity Tool (SVT), which tracks car movements and dwell times.

BNSF implemented the SVT last year to help identify opportunities to increase railcar velocity and reduce dwell times, car hire and demurrage. Shortline partners may use the SVT to explore the cause of delays in cycling cars, from interchange receipts to interchange delivery.

Adams said that between the IPT, SVT and ISAs, BNSF and its shortline partners will have a better view of actual interchange performance.

For more information on each of these tools and enhancements, contact your BNSF shortline director.

Shortline Shorts

Pennsylvania Lines to benefit from state investment

The R.J. Corman Railroad Group's Pennsylvania Lines (PL) are one of several Pennsylvania shortlines that will benefit from a \$23 million state investment announced in February by Gov. Tom Corbett.

PL, R.J. Corman's longest shortline at more than 300 miles, will receive \$3 million to rehabilitate the Wallace-ton, Cresson and Cherry Tree subdivisions as well as other track sections. The money will be used to complete track work such as tie and switch installation.

The line operates in the Pennsylvania coal fields east of Pittsburgh between Cresson in the south and Keating in the north. Coal is the primary freight, though trains also move brick, lumber and rock salt. PL connects in the north and south with Norfolk Southern Railroad.

Grants distributed through the Capital Budget/Transportation Assistance Program, which is funded through state capital bond dollars, leverage \$10 million in local investments. The grants will be administered by the Pennsylvania Department of Transportation's Bureau of Rail Freight, Ports and Waterways.

PL, Central New York Railroad and Delaware & Hudson Railway Co. got the lion's share of the grant money at \$3 million each.

R.J. Corman's Tennessee Terminal, an industrial switching operation that serves 49 customers in Memphis, Tennessee, and Olive Branch, Mississippi, is leased from BNSF.

Ceremony marks start of new Watco road

The Birmingham Terminal Railway (BHRR), created by acquiring the assets of the Birmingham Southern Railway, began operations at 12:01 a.m.

Central time on Feb. 1 with a ceremony marked by officials from parent company Watco Transportation Services.

"We welcome the men and women who are coming to work starting tonight on the Birmingham Terminal Railway," said CEO Rick Webb just before the first train rolled. "The BHRR will be the 26th shortline railroad in the Watco family, and I am very proud to gain the customers we will begin serving tonight."

The BHRR consists of 75.9 miles of track and provides service to more than 30 customers, primarily those in the industrial and energy sectors. The BHRR interchanges with the BNSF, CSX and the NS, as well as U.S. Steel-owned switching carrier Fairfield Southern.

The BHRR also gains access to barge traffic via the Port Birmingham Terminal, located on the Black Warrior River.

Patriot Rail donates MSV for public use

Patriot Rail Corp., a privately held shortline and regional freight railroad holding company, announced in January that it has donated its 21-mile Mississippi & Skuna Valley Railroad (MSV) to Calhoun and Yalobusha counties in Mississippi.

The donation, which led to the creation of the Mississippi and Skuna Valley Rails to Trails Recreational District, sets the stage for the counties to pursue creation of the Skuna Valley Trail

for public recreational use.

Since the MSV also traverses Yalobusha County, Calhoun County entered into a joint agreement with Yalobusha County for the project. The ownership of the trail by the counties ensures that it can be returned to use as a rail line in the future if service is warranted.



Gary Marino

"We are pleased to donate the MSV to these counties," said Gary O. Marino, Chairman, President and CEO of Patriot Rail Corp. "Repurposing the MSV railroad into a trail is an excellent use of this

rail corridor, transforming a once underutilized property into a vibrant community asset. We hope that this trail will be a source of enjoyment for the community for many years to come."

Patriot Rail acquired the MSV in 2010 with the purchase of six railroads belonging to the Weyerhaeuser Co. The MSV ceased operations in April 2008 after the Class I connection suspended service due to a bridge that required substantial repairs.

Shortline Shorts is compiled from website reports, press releases and other external communications and does not represent the views of BNSF Railway.



Fresh paint dries on the first of 22 new locomotives for Western Australia's CBH Group. The locomotive, painted in Boise, Idaho, will arrive for duty in mid-May. Watco Companies has contracted with CBH to provide operations.