



Opportunity knocks following acquisition

Arizona Eastern Railway's acquisition of the Clifton Branch from Union Pacific in March has proven an opportunity for increased business and customer service.

In addition to the Clifton Branch's 70 miles of track from Clifton, Ariz., to Lordsburg, N.M., the acquisition provided AZER trackage rights between Lordsburg and Bowie on UP's Sunset Route, a double track main line.

Serving Freeport-McMoRan Copper & Gold facilities, AZER crews are now able to interchange with UP at Lordsburg

instead of Bowie. The Lordsburg interchange allows crews to handle more volume in an actual switching yard rather than on Bowie's interchange tracks.

Since the acquisition, improved service has led to a significant increase in business. AZER crews operate five days a week to the Morenci mine, near Clifton, which previously was serviced once or twice weekly by UP. Moving copper concentrate and copper cathode from Clifton to Miami, AZER has dramatically reduced the transfer time from one week to 24 hours per load.

Freeport-McMoRan operational changes have also increased business along

the new route. Trucks initially hauled sulfuric acid to the Morenci mine, however, when the Safford facility came on line, trucks began to haul the sulfuric acid to Safford and the acid was transported via rail to Morenci. Freeport-McMoRan has turned to AZER for additional acid shipments to the Safford mining operation. It is estimated that AZER will haul 6,000 to 7,000 cars of acid to the Morenci mine during its first year.

In an effort to continue successes on the branch, a capital project is underway. Engineering employees will install between 10,000 and 20,000 ties as well as replace worn curve rail.



The first Arizona Eastern train arrives in Clifton on March 4.



The first Arizona Eastern train departs Clifton on March 4.

Focused effort gets trains running again on AZER

Operations on the Arizona Eastern Railway were halted Jan. 28 when heavy rain and flooding damaged a railroad bridge over Gilson Wash on the San Carlos Apache Indian Reservation.

As a train carrying magnesium oxide and copper concentrate from Freeport-McMoRan Morenci mine was pulled by five locomotives over the bridge, the bridge failed. The five engines derailed, three ignited, one fell into the wash and a car derailed.

Subcontractors for AZER were dispatched immediately to perform a site inspection and to remove the engines and cars. AZER representatives worked alongside tribal leaders to gain access to

the site to accommodate heavy machinery needed to clean the area.

According to Dennis Giacoletti, general manager, four locomotives and the bridge were a total loss.

"This effort involved AZER and Freeport-McMoran staff, along with Aker-Kvaerner and other contractors working 24 hours a day until the first train could be moved," Giacoletti said. "This took communicating every day



Gary Hernandez



AZER employees and contractors worked diligently to clean up the damage.



Four locomotives were lost in the incident and one underwent month-long restoration.



Heavy rain causes flooding at the end of January, damaging a rail bridge. The incident prompted AZER employees and community leaders to work together to clean up damage and restore operations as quickly as possible.

Focused effort gets trains running again on AZER

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and consistency among everyone involved doing their part.”

Total downtime was less than a month. Local crews, contractors, tribal leaders and the Army Corps of Engineers worked diligently to erect a temporary bridge in just 10 days.

“The main goal was to get trains operating again ASAP,” he said.

By April, operations were back to normal, however, Jeff Barker, project manager, has been working on plans for a permanent structure. The bridge is about 200 feet long.

“We are getting started with engineers and surveying and hope to be finished by early next year,” Barker said.

The incident also meant some changes for the four mechanical locomotive employees, led by Gary Hernandez, chief mechanical officer.

“It put us in a difficult situation. We needed those engines,” he said.

Six GE locomotives were sent to replace the lost power, and the team quickly learned how to properly maintain them.

“Anything that rolls on our property we must maintain good operating condition,” he said.

ENGINEERING EFFORTS

Freight railroads invest more in capital projects than any other industry. While most manufacturers reinvest about 3.7 percent of their revenue back into their business, railroads invest almost 18 percent, according to the Association of American Railroads.

The Arizona Eastern budgeted an extensive capital program in 2007 and 2008 and that is where the Engineering team comes into play.

The Engineering team is responsible for all aspects of AZER’s track and supporting facilities, maintaining literally every inch of right-of-way.

Local engineering crews regularly keep ballast, ties and track in good condition, safeguarding equipment, freight, and most importantly, people.

Local and contracted track crews continue a large project on the Arizona Eastern to upgrade 75 pound rail to 90 pound rail and ties as needed.

According to Michael Castenada, road-master/track inspector, local forces replace about 1,000 feet of rail a week and about 25

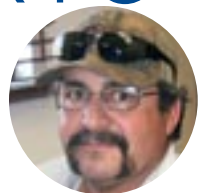
ties a day. Contracted rail gangs have also been working on the project.

Castenada’s team maintain about 65 miles of main line track from Miami to Geronimo and two switching yards, including the Freeport McMoran Miami trackage.

“We try to keep up on the maintenance so we can keep everything on the tracks and running smooth,” Castenada said. “Our main goal is to prevent derailments and keep things up to FRA specifications.”

Kirby Hunter leads the other local Maintenance of Way team, which maintains tracks from Bowie Yard to Geronimo and the Clifton Line.

Hunter said that while the objective of their jobs is to ensure a solid right-of-way, working safely and avoiding injuries is a priority. The team constantly watches for moving equipment, as well as insects and snakes. Communication through job briefings is a constant focus.



Michael Castenada



Local Engineering forces maintain every inch of right-of-way on AZER’s tracks.

Iowa Pacific acquires Oregon rail line

Permian Basin Railways purchased the independently-owned Mount Hood Railroad in April as the tourist operation prepares for a busy summer season.

Located 60 miles east of Portland, Ore., the line lies in the heart of the Columbia River Gorge in Hood River Valley.

In continuous operation for 102 years as both a freight and passenger line, Michelle Marquart, general manager, said the history of Mount Hood Railroad is what makes it so unique. She said the line has been used to carry fruit out of the valley since 1906. It also has one of the few remaining switchbacks in the country.

“We are very fortunate to be part of Permian Basin Railways,”

Marquart said.

Mount Hood handles a small volume of freight on its 22 miles of short line track, purchased from Union Pacific in 1987. Crews offer reliable and flexible service to industries such as Mount Hood Forest Products, a lumber company. They also carry freight such as pears, apples and propane. The railroad interchanges with Union Pacific.

The tourist service attracts about 70,000 passengers per year and offers a variety of excursion and dinner trains and several special events, all pulled by its three diesel engines.

Trains travel south from the Columbia Gorge to the foothills of Mount Hood.



A Mount Hood Railroad train travels through the Columbia River Gorge about 60 miles east of Portland, Ore.

Updated RGSR summer schedule

The Colorado High Altitude Concert Series kicked off in July and features Michael Martin Murphey and other national musicians Fridays and Saturdays through August. Performers include:

- July 17, 18 Michael Martin Murphey, Ricky Skaggs, The Whites
- Aug. 1 Michael Martin Murphey, Ian Tyson, Waddie Mitchell
- Aug. 2 Michael Martin Murphey, Baxter Black, Sons of the San Joaquin
- Aug. 8 Michael Martin Murphey, Don Edwards, Red Steagall
- Aug. 9 Michael Martin Murphey, Asleep at the Wheel
- Aug. 15 Michael Martin Murphey, Riders in the Sky, Austin Lounge Lizards
- Aug. 16 Michael Martin Murphey, Larry Gatlin
- Aug. 22, 23 Liverpool Legends, Ultimate Beatles Tribute Band

This summer, RGSR also presented jazz musician Lisa Bell for its Jazz on the Tracks event and Jazz With Your Pop, June 14 and 15, respectively. Partnering with the San Luis Valley Brew Company, RGSR also offered the first annual Rails & Ales Brew Fest, which gave passengers the chance to sample beers from Colorado and New Mexico breweries.



Michael Martin Murphey is back this year for more Wild West concerts on the RGSR.



Crews began hauling freight for the Levelland /Hockley County Ethanol plant in March.

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Building strength

Business is strong at the West Texas & Lubbock Railway.

A 40 million gallon, \$60 million dry mill ethanol plant started production in March, keeping WTL transportation crews busy handling grain and ethanol cars.

According to Hans K. Grosstueck, general superintendent, the plant startup went as planned. IPH recently acquired 25 new grain cars to handle local grain. About 25 cars of ethanol a week are then interchanged with BNSF Railway at Lubbock.

Crews also bring frac sand from the BNSF interchange to Silver Line Trucking in Seagraves, with about 12 to 20 cars a week.

Grosstueck said customer service is a key factor in their success.

“We stay on schedule and make sure our trains are where they need to be.”

To accommodate growing business, Fred Krebs was welcomed in March as General Manager of the West Texas and Lubbock.

F-40's being converted to mother-slug units

Just as consumers take notice of rising fuel prices, rail companies find ways to make their locomotives even more fuel efficient. Rail already provides the most fuel efficient means of freight transportation. Railroads can haul one ton of freight up to 420 miles on only one gallon fuel.

Several locomotives destined for the San Luis and Rio Grande Railroad in Alamosa, Colo., are undergoing transformation into mother-slug units, which is one way of enhancing fuel efficiency. American Motive Power in Dansville N.Y., is converting the six F-40 locomotives into three mother-slug sets.

A mother-slug unit is a set of two locomotives coupled together, with the mother housing the prime mover. The slug uses four traction motors, but has no diesel engine.

The combination results in increased traction and extended range dynamic brakes, said Mike McConville, vice president-operations.

McConville said the units could save as much as 40 percent on their fuel usage compared to the use of two full locomotives.

“If our math works out right, they should be able to pay for themselves within three years,” he said.

Tracking fuel usage per car to understand what is operating most efficiently may also give the company an idea of the best practices.

“There is always room for improvement,” he said.

Locomotive engineers also play an essential part in conserving fuel.

“A good engineer gets used to where he is running and knows where the hills and curves are and can notch down to save fuel,” McConville said. “If you get going ahead of time, you can coast a little of the way up.”



Engineering plans from American Motive Power display the color schemes of three mother-slug sets destined for the San Luis & Rio Grand Railroad.