

IOWA PACIFIC DISPATCH



Fourth Quarter 2009

Carswell Becomes GM of TNMR - WTLC



Bruce Carswell is the new general manager of the West Texas & Lubbock Railway and the Texas-New Mexico Railroad.

Bringing with him a wealth of railroad knowledge, hands-on mechanical experience and forward-thinking marketing savvy, Bruce Carswell is the new general manager of Permian Basin Railways.

Carswell joined Iowa Pacific Holdings July 27 after Fred Krebs retired as general manager.

For the year prior to accepting his new role at Iowa Pacific, in which he will oversee operations on the West Texas & Lubbock Railway and Texas-New Mexico Railroad, Carswell operated his own consulting business, assisting various short lines in the Pacific Northwest. Before that, he worked 16 years for the Genesee & Wyoming Railroad, the last three of which were spent as senior vice president and general manager of G&W's Oregon Region, where he managed the Portland & Western and Willamette & Pacific short lines.

"The transition has gone well, and I'm excited to be with a strong, growing company with a bright future," he said.

Throughout his railroad career, safety has been a priority to Carswell.

"The last railroad I was with had, and continues to have, a stellar safety record," he said. "My hope is that I can bring in some of that expertise and apply it to this region."

Carswell noted that both the West Texas & Lubbock and Texas-New Mexico were on track to surpass one year without injury.

"That is a great accomplishment," he said. "What I want to do is help us continue that track record and have the injury-free streaks extend for many years."

Along with a continued emphasis on safety, one of Carswell's immediate priorities is to see that his region's share of the recent \$70 million Railroad Rehabilitation and Improvement Financing loan to Iowa Pacific is put to good use.

"I have a fair amount of project management experience, so my job will be to ensure that money is invested efficiently and economically," he said. "I'll do my best to bring some more business to the railroad."

Originally from Boise, Idaho, Carswell began his railroad career in 1993 with G&W's car and locomotive manufacturing facilities. His career path led him to Australia, where he spent five years working on one of the largest railroad projects ever: the construction of more than 850 miles of railway from Alice Springs, in

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West Texas & Lubbock Earns ASLRRRA Award

The West Texas & Lubbock Railway was recognized at the American Short Line Regional Railroad Association's annual convention as the short line railroad with the greatest improvement in safety over the previous year.

Bruce Carswell, general manager of the West Texas & Lubbock Railway, said the honor was well-deserved.

"It's great to see the focus on safety, and that is something I hope to be able to enhance," he said.

The ASLRRRA's President's Award, given to recognize contributions to increased safety in the regional and short line rail industry, came during the 2009 ASLRRRA National Convention at the Red Rock Resort, Casino & Spa in Las Vegas.



Steve Gregory, vice president-marketing, left, accepts West Texas & Lubbock's award for most improved safety performance at the ASLRRRA's national convention.

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Fred Krebs, former general manager of Permian Basin Railways, retired in July.

central Australia, to Darwin, on the country's northern coast.

"Much of the work was in the middle of absolute-ly nowhere," Carswell said.

After the project was completed, Carswell returned to Oregon, where he served three years as senior vice president in charge of G&W's Oregon Region.

Carswell earned his Bachelor's of Science degree in civil engineering from the University of Idaho in Moscow, Idaho. He and Lisa, his wife of 17 years,

have two sons, the eldest of which attends Oregon State University, while the younger is a high school student in Lubbock, Texas.

When not at work, Carswell enjoys target shooting. He and Lisa ride their Harley-Davidson motorcycles as often as possible. They hope to return to the annual motorcycle rally in Sturgis, S.D., which they attended in 2001.

"We had a great time and we'd like to get back there, but our schedules just haven't allowed it yet," he said.

Enhancements To Improve Velocity, Safety

A recent Railroad Rehabilitation and Improvement Financing loan of almost \$70 million will soon help Iowa Pacific Holdings enhance stretches of track, improving track speed and service consistency.

The loan was the first RRIF loan approved in 2009. Part of the funding will be used for repairs and enhancements that will help transform the Texas-New Mexico Railroad to Class II from Monahans to Eunice, and Class 1 beyond to Hobbs, for the West Texas & Lubbock Railway, the most densely trafficked portion between Doud and Brownfield will be upgraded to Class II, and Brownfield - Seagraves will become Class I.

Bruce Carswell, general manager of the West Texas & Lubbock Railway and Texas-New Mexico Railroad, said the initial plan includes spending about \$18 million of the loan on enhancements that include rail and tie replacement, resurfacing road crossings and some ballast enhancement.

Additionally, he said, five miles of repair and service rail is planned for the territory, which will simplify and speed up future maintenance and repair projects.

"It's going to be good to get that project underway, and the improvements should help considerably with reliability and ongoing efficiency," Carswell said.

Steve Gregory, Iowa Pacific vice president-marketing, said the enhancements would increase velocity on the line, allowing freight trains to run at 25 mph in some sections, and dirt trains at

10 mph. Also, he said, derailments on the West Texas & Lubbock would be reduced significantly.

"Derailments, even minor ones, have an effect on service, and the upgrades will save us time and money by not having them to deal with them," Gregory said. "That's good for everyone."

Carswell agreed.

"It is difficult to totally eliminate derailments, but the improvements should solve a lot of factors," he said. "The rail replacement will help improve safety and efficiency."

The upgrades, Gregory said, are a priority for Iowa Pacific.

"We are focused on the RRIF project," he said.



Track enhancements financed by a recently approved RRIF loan should improve velocity and safety alike.

Colorado Ski Train Deal on Track

Iowa Pacific Holdings may soon be taking over the Ski Train, which serves the Winter Park Resort in Colorado.

Union Pacific Railroad agreed Sept. 17 to allow Iowa Pacific to use its tracks between Denver and the resort.

The special passenger train was in danger of dying when the previous owner folded the operation and sold the equipment last spring after a 69-year run.

Iowa Pacific President Ed Ellis said the train would use his company's equipment and Amtrak would provide the crews. Iowa Pacific is working with Amtrak to finalize a deal.

'Dirty Dirt' Trains for TNMR

A river dredging project in New York keeps a Texas short line busy.

The multibillion dollar Hudson River dredging project, which began planning in 2002, removes soil contaminated with polychlorinated biphenyls, commonly known as PCBs, from a General Electric transformer plant in Fort Edward, N.Y.

The contaminated soil dredged from the Hudson River is wrapped in a fabric envelope and loaded onto trains for transport to west Texas. The dirt is then processed and stored by Waste Control Specialists LLC, a waste-processing company near Andrews, Texas, and a customer of the Texas-New Mexico Railroad.

The company operates a 1,338-acre treatment, storage and disposal facility for contaminated and hazardous material.

The land has a geological makeup that provides good natural storage opportunities for waste. The area features an impermeable layer of clay about 600 feet underground, which provides an extra level of protection between the stored waste and groundwater.

The "dirty dirt" trains begin in Fort Edward, N.Y., on a Canadian Pacific line that takes them to Albany, where CSXT takes the trains to Salem, Ill. There, Union Pacific moves the dirt to Monahans, TX., where Iowa Pacific takes over.

Once the contaminated dirt arrives, WCS employees who specialize in handling contaminated material, and were trained in rail operations with the help of Iowa Pacific, unload, process and store the soil. WCS has its own locomotive at the site to assist with the project.

"In the past, WCS has processed some very low-level radioactive material," said Steve Gregory, Iowa Pacific vice president-marketing. "They have been licensed to process and dispose of more highly radioactive waste—not on the scale of Yucca or Carlsbad, but theirs is one of only two locations in the country that can dispose of this particular type of waste. This may lead to rail opportunities in addition to the "dirty dirt". It's an extensive facility."



Management meeting attendees were treated to a scenic tour by the San Luis & Rio Grande Railroad.

The project began rolling again in early September when the trains resumed their journeys to west Texas at a rate of two 81-gondola-car trains per week, with two more trains per week returning to New York for more dirt. In early November, rail shipments were postponed due to operational factors at WCS. At press time it appears that more trains will be shipped this fall or next spring.

Gregory said the quantity of contaminated soil from the project likely will require at least four years of transportation, following a one-year dredging hiatus in 2010 for stakeholders to assess the operation.

"It's a very nice piece of business," he said.

Bruce Carswell, general manager for the TNMR, said the project will be put on hold during the winter months since freezing weather inhibits handling the soil. He said the EPA and Iowa Pacific would continue to evaluate the project and its impact on the environment.

"We want to do what's best for the environment," he said.



The first "dirty dirt" train to unload its cargo at Waste Control Specialists arrived Sept. 5. It was powered by Texas-New Mexico Railroad SD9043MAC locomotives.



In August, the first 100-car train to be loaded at a single facility on the West Texas & Lubbock was this grain train. The economy has impacted agriculture less than other industries.

Management Meeting Focuses on Tradition, Growth

New faces and traditional goals of growth dominated discussions at July's Iowa Pacific Holdings management meeting in Alamosa, Colo.

The meeting, July 15-16 at the Inn of the Rio Grande Hotel in Alamosa, Colo., covered a complete review of business and was attended by representatives from throughout the country, and even from the United Kingdom. It was the first opportunity for many managers to meet one another.

"It was so well-attended, we needed backup hotels to accommodate everyone," said Steve Gregory, vice president of marketing.

Of the approximately three-dozen managers who attended, Gregory said, about half were new to Iowa Pacific since last year's management meeting.

Between meetings and official business, attendees were treated to a scenic railroad tour courtesy of San Luis & Rio Grande Railroad.

Discussions at the meeting focused on the expansion of Iowa Pacific in the past year. Gregory said one of the unique characteristics of the company is its ability to preserve the tradition of each individual railroad while moving ahead with corporate growth.

"To some extent we try to let the individual railroads focus on day-

Management Meeting Focuses on Tradition, Growth

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to-day operating necessities, while the corporation steps in when problems arise involving Class I railroads or real estate issues, or when marketing opportunities arise,” he said. “That balance helps make us successful.”

One manager attending the meeting was Geoffrey McCormick, chief train dispatcher/system manager of rule and operating practices, who was able to review situational processes of train dispatching with other managers.

“That gave local operating people, who have talked to him quite a bit, a chance to actually meet him and put a face with the voice,” Gregory said.

Another topic of discussion at was the recently enacted Rail Safety Improvement Act of 2008, which was passed last October after a two-train collision in Chatsworth, Calif., resulted in 25 deaths and 135 injuries.

Among other things, the legislation affects the number of hours and days railroad employees are allowed to work, and regulates mandatory rest periods between shifts.

“The changes are quite significant, and their affect on short lines were the subject of great conversation,” Gregory said.

Finances also dominated discussions at the meeting. While the sluggish U.S. economy has affected most industries and companies, its impact has been far less significant on Iowa Pacific compared with other railroads, Gregory said.

“We’ve been fairly fortunate during the first half of the year,” he said. “Through June, volume is down about 7 percent, but that same number is down about 20 percent for the rest of the industry.”

Gregory cited Iowa Pacific’s traffic mix as one main reason for the company’s performance.

“We are not dependent on manufacturing, lumber, housing or building materials, or any of those things,” Gregory said. “Two of the biggest industries we serve are extraction — mining, copper smelting processing and oil field services — and agriculture, and neither have necessarily been driven by economic or business cycles.”

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New Track for Arizona Eastern

The Surface Transportation Board announced in June that it authorized the 135-mile Arizona Eastern Railway to construct a 12.1-mile, single-track line to serve Freeport-McMoRan Copper & Gold Inc. mines in Safford, Ariz., as well as the Safford Regional Airport and a contemplated industrial park adjoining the airport, Railway Age reported.

Acquisition was 2.5 years ago.

The Arizona Eastern Railway, a Class III short line that operates 185 miles of railroad between Lordsburg, NM, and Miami, Ariz. (including 50 miles of trackage rights over Union Pacific) as well as 70 miles between Lordsburg and Clifton, Ariz., serves the copper mining region of southeastern Arizona and agricultural Gila River Valley along with the far eastern section of the Phoenix metro region.. It handles copper concentrate, copper anode and cathode, and copper rod and other copper processing materials, as well as minerals, chemicals, building supplies and lumber.

The new line is expected to operate one daily round trip consisting of 20 to 25 cars hauled by two locomotives. Inbound traffic would consist of tank cars carrying sulfuric acid, and the return trip would include empty and outbound tank car and copper cathodes. Ultimately construction of the line will be driven by logistics requirements and their expectations for the global copper market.



A new stretch of track will enable the Arizona Eastern Railway to better serve Freeport-McMoRan Copper & Gold Inc.