

IOWA PACIFIC

DISPATCH



Third Quarter 2011

Texas-New Mexico Railroad

Permian Basin

A new development in the Permian Basin adds additional cars and production to the Texas-New Mexico Railroad.

FSTI Chemical, a supplier of hydrochloric acid to the oil drilling industry, was interested in establishing a presence in the Permian Basin. They contacted Iowa Pacific and arranged a visit to an unused trackage site near Kermit, Texas. By coincidence, the event coincided with a visit by President Ed Ellis to the region. The group met while Iowa Pacific was conducting a hy-rail inspection of the Texas-New Mexico Railroad.

"We showed them the site, and even though the track was overgrown with brush and was in need of repair, they liked the area," said Bruce Carswell, Vice President-Permian Basin Logistics, Southwest Region.

"The area was central to our operation," said Brady Hamilton, FSTI representative. "It was a good location for our deliveries."

FSTI Chemical and Ellis agreed to a deal. FSTI paid to have the track repaired and installed on the site, which had not been used in years. Other improvements were made in order to safely handle the transport of acid into trucks for final delivery to customers.

"This clearly demonstrates the flexibility of short line railroads," Carswell said.

The site has been in full operation since July and is producing 10 cars per month of traffic for the Texas-New Mexico Railroad.

"We plan to increase our number of cars in the future," Hamilton said. "Our relationship with the railroad has been very beneficial. TMNR is helpful and make sure we get good service and everything we need."

Sand Terminal

The Texas-New Mexico Railroad will be an important facet in the energy industry after the completion of the Halliburton sand terminal early next year.

Halliburton, a leading supplier to the energy industry, was interested in sites to locate a large, high productivity frac sand terminal.

Frac sand is used in hydraulic fracturing, a technique to improve production of existing oil and gas wells and access new reserves.

They wanted a terminal that would be used to unload sand into large silos. The sand would then be loaded onto trucks when needed and delivered to the well site on a just-in-time basis.

Frac sand logistics is made more complicated by the existence of several grades tailored to each driller's unique requirements, and these requirements can shift suddenly. TNMR service includes responding to our customer's car spot requests by type of sand.

Just-in-time is a production strategy that strives to improve a business' return on investment by reducing in-process inventory and associated carrying costs.

Iowa Pacific helped Halliburton

identify a key parcel of land adjacent to the right of way that was owned by a charitable land trust, the Sealy-Smith Foundation. The property was under an existing grazing lease, so negotiations began. Monahans Economic Development Corporation Director Morse Haynes communicated the benefit of the development to the local community, and Sealy-Smith agreed to a long-term lease with Halliburton.

The Sealy-Smith Foundation has worked with the city of Monahans, Texas-New Mexico Railroad and potential customers on other development opportunities.

"The Sealy-Smith Foundation has been very supportive of our efforts to bring additional development to the Monahans area," said Bruce Carswell, Vice President-Permian Basin Logistics, Southwest Region.

The design for the multi-million dollar Halliburton facility is complete and construction is under way. The facility should be complete by early next year. It will have more than 11,000 feet of track and hold 250 railcars. Halliburton expects to handle upwards of 300 cars per month through the facility, which will make it the largest customer on Texas-New Mexico Railroad.



View of the construction site for a new sand facility being built.

Mark Your Calendar for Special Holiday Rides



Saratoga and North Creek Train Excursion: The North Pole Express

All aboard the Saratoga and North Creek Train for a magical evening ride as it becomes the North Pole Express, decorated for the holidays. Meet Santa and join in the caroling. Enjoy the hot cocoa, treats and a special gift for each child. Children are encouraged to wear pajamas.

When: Nov. 18-20, 22, 23, 25-27 | Dec. 2-23, 27-28

Where: 26 Station Lane Saratoga Springs, NY 12866-6067

Times: 6 p.m. | 8 p.m.

Not all departure times available on all dates. See calendar for full schedule at www.polarexpressride.com

Ticket prices:

Adults	• Children (ages 2-12)	• Babe in Arms
Coach - \$30	• Coach - \$22	• Coach - Free
Lower Dome - \$50	• Lower Dome - \$35	• Lower Dome - \$10
Upper Dome - \$55	• Upper Dome - \$40	• Upper Dome - \$10

Everyone attending must have a ticket, including children sitting on your lap under the age of two (a 'babe-in-arms' ticket can be obtained from our reservation agent or online.) Ticket sales are final. Events are rain or shine.

**For more information, call 866-979-7245
or visit www.polarexpressride.com**

**Guests riding in a dome or parlor car will receive a beautifully decorated Polar Express mug.*

Mt. Hood Railroad Hosts The Polar Express

Keeping with the spirit of holiday rail excursions, Mt. Hood Railroad will host The Polar Express, a ride that features a read-along of the book, an appearance by Santa, caroling, hot cocoa, a treat and a special gift for children on a round-trip to the "North Pole." They're even encouraged to wear their pajamas!

When: Nov. 12, 13, 19, 20, 23, 25-27 and 30
Dec. 1-4, 7-11, 14-18, 20-23, 27 and 28

Where: 110 Railroad Ave.
Hood River, OR 97031

Times: 11:30 a.m. | 2 p.m. | 4:30 p.m. | 7 p.m.

Not all departure times available on all dates.

Ticket prices:

- **Children (ages 2-12)**
Coach: \$18
Lower Dome/Parlor Car: \$28,
Upper Dome: \$38
- **Adults** — Coach: \$26
Lower Dome/Parlor Car: \$36,
Upper Dome: \$46

**For more information, call 800-872-4661 or
visit [http://www.mthoodrr.com/Polar Express/
polar_mt_hood.html](http://www.mthoodrr.com/Polar%20Express/polar_mt_hood.html).**

**Guests riding in a dome or parlor car will receive a beautifully decorated Polar Express mug.*



North Pole & Express



Technology and Traffic Drive **Growth**

In order to accommodate increasing traffic volumes due to new drilling technology, the Texas-New Mexico Railroad is building new infrastructure.

According to interim General Manager Mark Westerfield, TNMR spent \$7 million and put in more than 20,000 new ties, seven miles of continuous welded rail and 330 carloads of ballast to enhance the line between Monahans, Texas, and Navajo, N.M. It is also in negotiations with Union Pacific Railroad for an additional interchange yard in Monahans, and expects to authorize construction of an additional track on TNMR property in October.

The increase in business has occurred in the unloading facilities due to an increased demand for frac sand.

“I haven’t seen a boom like this in my lifetime,” said Westerfield, a 45-year railroad employee. “The tracks and facilities will be desperately needed due to an influx in traffic.”

In addition to oil and sand, trains will begin an inbound movement of pipes to be transloaded by truck to the oil fields.

Bruce Carswell, Vice President-Permian Basin Logistics, Southwest Region, continues to scout locations for a crude loading site including Hobbs and Jal, N.M. As the railroad continues to find ways to do business with the industries in that region, Frac Tech, Halliburton, Nova Mud and Schlumberger Construction continue to expand their facilities, providing more business for the railroad.



Above: The tie gang works in Eunice, N.M.
Left: Tie gang employees work near the ballast train between Kermit, Texas, and Jal, N.M.

Saratoga and North Creek Railway

Excursions

Bordered on the east by Lake Champlain and Lake George, and separated from the Tug Hill by the Black River on the west, the Adirondack Mountains make a breathtaking backdrop to any of the Saratoga and North Creek Railway excursions.

Whether you prefer a leisurely ride or a day trip to the races in Saratoga Springs, N.Y., the recently opened Saratoga and North Creek Railway will get you there quickly and comfortably.

There is charge for baggage, luggage or recreational equipment.

For more information or to reserve tickets, call 877-726-7245 or e-mail info@sncrr.com.

The Hudson Explorer

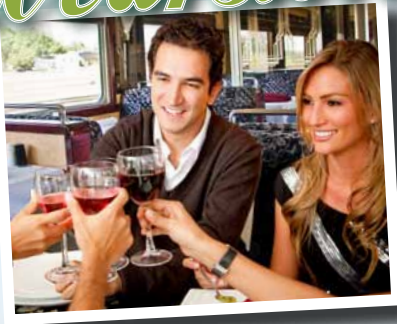
A classic way to explore the Adirondacks, the Hudson Explorer begins its service in the morning with return trips in late afternoon.

Service from Saratoga Springs to North Creek provides time to enjoy any of the destinations along the way from farmers’ markets to craft fairs, museums and shopping.

Breakfast, lunch and beverage service available.



Excursions



The Merganser

Named for the ducks that the train passes on the afternoon ride, this trip along the Hudson River features northbound and southbound scenic rides between North Creek and Hadley/Luzerne before returning to Saratoga Springs.

Lunch and beverage service available.



The New York Express

With early-morning service from North Creek and easy connections to Albany and New York City on the national rail system in Saratoga Springs, passengers aboard the New York Express can choose many different ways to spend a weekend day.

Breakfast, dinner and beverage service available.

STATIONS



North Creek

Located off the main street, the depot is part museum and part ticket office that sits right along the bank of the Hudson. As the central hub for train rides and community events, ample parking is available.

Location: 3 Railroad Place
North Creek, NY 12853



Saratoga

Housed inside the Saratoga Springs station with Amtrak, the depot makes hassle-free connections to the national rail network. Saratoga Springs also features a café and food, large outdoor space and a waiting room.

Location: 26 Station Lane
Saratoga Springs, NY
12866-6067

Iowa Pacific
118 South Clinton Street
Suite 400
Chicago, IL 60661

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