

P O Box 2
Chamberlain, SD
57325-0002

January 9, 2026

Mr. Jeff Burket, Chairman
South Dakota State Railroad Board
1950 Mineral Place
Spearfish, SD 57783

Dear Jeff:

As you know, at its upcoming January 21 meeting the RR Board will be tasked with reviewing proposals from companies interested in becoming the operator of the Napa-Platte rail line. This interest was generated in large part by an Invitation For Proposals (IFP) published by the SD DOT. The IFP points out that a proposal may be to purchase the line or to lease the line.

Most unfortunately SD DOT has fouled the selection process by stating, in the IFP, that the Department prefers that the line be sold. This bias should never have been exposed in any case, but it is especially concerning that, for reasons listed below, it is not in the public interest to have the line sold.

I ask that you see to it that all of your fellow RR Board members receive a copy of this letter prior to the January 21 meeting.

Reasons the Napa-Platte line should not be sold include:

- The most important feature supporting reactivation of the line is the existing haulage/trackage rights established by then Governor Mike Rounds. These rights are extremely valuable and SD DOT recognizes this by saying in the IFP that the rights are to be protected. However, if the line is sold there will be no such protection of the rights. The settlement agreement that established the haulage/trackage rights was reviewed by two highly qualified authorities on the subject. One of these gentlemen is a lawyer with Fletcher & Sippel, a Chicago law firm with a history of doing railroad legal work. The other is a recently retired transportation analyst with the federal Surface Transportation Board (STB) who has extensive experience dealing with Class 1 railroads. Both of these reviewers, independently of each other, noted that the haulage/trackage rights apply only to state-owned rail lines. Thus, if the line is sold BNSF can cancel the rights.
- Some years ago the STB established a very simple process to make it much easier for a State to find operators for "marginal" rail lines. Under this system an operator can obtain federal operating authority via what is called a Modified Certificate of Public Convenience and Necessity. All the operator has to do is file a letter with the STB and

then he has operating authority and can start providing rail service. However, the Modified Certificate can only be used for a rail line owned or leased by a State. If SD DOT prevails in getting the line sold, an operator will have no choice but to proceed with the STB's much more time consuming and expensive formal procedure to obtain operating authority.

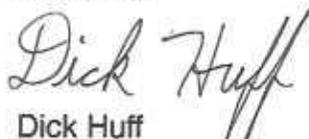
- In the part of the IFP titled "Conditions of Sale" SD DOT seems to be trying to protect the public against scrapping of the Napa-Platte line. However, if SD DOT is successful in getting the line sold most if not all of that protection will be lost. The STB has a Rail Customer and Public Assistance service and a lawyer with that office points out that the Napa-Platte line has already been approved for abandonment. Under the circumstances a private owner could salvage all steel west of Tyndall while retaining ownership of the right-of-way and happily collecting the annual federal 45G tax credit for the entire line. Because the line will not have been sold the State cannot apply right of first refusal protection, so the only way to protect the public is to keep the line in State ownership.

- This is absolutely the worst time to put the Napa-Platte line on the market, if acting in the best interest of the public has any importance for the State. Due to mismanagement and neglect there has been no freight revenue for many years. There is no longer any car storage revenue. Therefore the current value of the line, as an operating railroad, is zero. That leaves only net salvage value as a basis to establish a purchase price for the line. To sell a State asset under such circumstances is to abuse the public.

- SD DOT or perhaps other parties may attempt to misrepresent the sale of the MRC line as justification to sell the Napa-Platte line. If such an assertion is made it will be false. The MRC line was sold only after, and I stress after, the eastern portion of that line was rebuilt/upgraded and after a customer base, in the form of shuttle elevators, was established. This same pattern of improvements to and along the Napa-Platte line should be implemented before, if ever, the line should be considered for sale. In the meantime the State needs to maintain an oversight position that can only be accomplished through ownership.

I close with a couple of general comments. I get a sense that SD DOT, in its ill-advised push to see the Napa-Platte line sold, is not informing the RR Board of all details nor of possible unintended consequences. I point out the recent and ongoing involvement of the U.S. Court of Federal Claims, brought on by RR Board decisions involving recreational trail use, as an example. When all these issues are considered it is clear that at this time a lease of the line is in the best interest of the public, and I hope that you and your fellow Board members make that clear to the Governor.

Sincerely,

A handwritten signature in cursive script that reads "Dick Huff". The signature is written in black ink and is positioned above the printed name.

Dick Huff

Cc: State Sen Kyle Schoenfish Dist 19
State Rep Drew Peterson Dist 19
State Rep Jessica Bahmuller Dist 19
State Rep Marty Overweg Dist 21

P.O. Box 2
Chamberlain, SD
57325-0002

January 12, 2026

Mr. Jeff Burket, Chairman
South Dakota State Railroad Board
1950 Mineral Place
Spearfish, SD 57783

Dear Jeff:

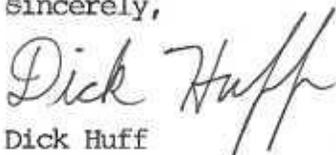
At the close of my January 9 letter to you I mentioned a sense that sometimes SD DOT does not share information with the SD RR Board. In thinking about this I recognized the need to be sure the attached documents are brought to the attention of all Board members and of the public. These documents, which are publicly available, are pertinent to the proposal by Robert J. Riley to operate the Napa-Platte rail line.

The documents confirm the points listed below. Added emphasis is applied only to assist Board members as they review the documents. The documents demonstrate:

- Mr. Riley has submitted his proposal in the name of Chicago Rock Island & Pacific Railroad (Rock Island). SD DOT Planholder List
- Rock Island controls the Oklahoma & Kansas Railroad (OKRL). STB FD 36812
- OKRL entered into an agreement with Oklahoma DOT and Blackwell Industrial Authority to lease a segment of track owned by these two entities. STB FD 36811
- Two months after the lease was signed, it was terminated by Oklahoma DOT and the Authority due to performance failure by OKRL. The two specific failures are described in the termination notice. October 11, 2024 Notice of Termination addressed to Robert J. Riley

In providing this information I make no recommendations. Any conclusions or decisions that may result from review of the documents should be at the discretion of the Board.

Sincerely,


Dick Huff

Planholder List: Item 1 - P 000S(00)327

DBE	Contractor	Contact Name	Bid Type	Phone Nbr	Fax Nbr	Email
	Chicago Rock Island & Pacific Railroad, LLC	Robert J. Riley	Prime Bidder	(662)209-1549		robert.riley@rockislandrail.com
	Iron Prairie Holdings LLC	David Fachman	Prime Bidder	(402)706-0301		NRIX.consulting@gmail.com
	Michael J Hayduk Irrevocable Trust	Matthew Hayduk	Prime Bidder	(864)561-5769		matthew.hayduk@gmail.com
	Missouri Valley & Eastern Railroad LLC	William Woodward	Prime Bidder	(260)571-7017		w.woodward@mverr.com
	Sunflour Railroad / Mars Steel Corporation	Bradon Smith	Prime Bidder	(312)252-1500		bsmith@fletcher-sippel.com
	Carl Stahl Decorcable	Sahara Burton	Quoting	(312)474-1100		sburton@decorcable.com
	Action Systems Inc.dba Action Electric	Kevin Buehner	Not Bidding or Quoting	(605)334-8141	(605)336-2644	kevinb@actionelec.com
	Construction Industry Center	Beverly Wittmeier	Not Bidding or Quoting	(605)343-5252	(605)343-4591	cic@constructionindustrycenter.com
	DOT		Not Bidding or Quoting	(605)773-8386		
	Katzer Concrete Inc		Not Bidding or Quoting	(507)219-6684		

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36812

CHICAGO ROCK ISLAND & PACIFIC RAILROAD LLC
— CONTINUANCE IN CONTROL EXEMPTION —
OKLAHOMA & KANSAS RAILROAD, LLC

**VERIFIED NOTICE OF EXEMPTION OF
CHICAGO, ROCK ISLAND & PACIFIC RAILROAD LLC
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Chicago Rock Island & Pacific Railroad LLC (the “Rock Island”), a rail carrier, files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of the Oklahoma & Kansas Railroad, LLC (“OKRL”) upon OKRL becoming a railroad common carrier. Rock Island seeks the authority in anticipation of the transaction encompassed by the concurrently-filed notice of exemption in *Oklahoma & Kansas Railroad, LLC – Change of Operator Exemption – Oklahoma Department of Transportation and Blackwell Industrial Authority*, FD 36811 (“OKRL – Exemption”).

The line over which OKRL intends to commence common carrier operations does not connect with Rock Island’s lines or any of the lines of the two rail carriers that Rock Island controls – the Gulf & Ship Island Railroad LLC (“G&SI”) and Ottawa Northern Railroad LLC (“ONR”) – and this control transaction is not part of a series of anticipated transactions that would result in such a connection among any of Rock Island, GS&I, ONR, and OKRL. The subject control transaction does not involve a Class I carrier. Accordingly, Rock Island’s continued control of OKRL (once OKRL becomes a carrier) satisfies the Section 1180.2(d)(2) class exemption criteria.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36811

OKLAHOMA & KANSAS RAILROAD, LLC
— CHANGE OF OPERATOR EXEMPTION —
OKLAHOMA DEPARTMENT OF TRANSPORTATION AND
BLACKWELL INDUSTRIAL AUTHORITY

**VERIFIED NOTICE OF EXEMPTION OF
OKLAHOMA & KANSAS RAILROAD, LLC
PURSUANT TO 49 C.F.R. PART 1150, SUBPART D**

Oklahoma & Kansas Railroad, LLC (“OKRL”), a non-carrier,¹ files this Verified Notice of Exemption (“Notice”) under 49 C.F.R. part 1150 subpart D to lease, and to conduct common carrier operations over, approximately 37.26 miles of rail line (the “Line”) owned by Oklahoma Department of Transportation (“OKDOT”) and Blackwell Industrial Authority (“BIA”).² Under the proposed transaction, OKRL also will replace Blackwell Northern Gateway Railroad Company (“BNGR”) as the common carrier service provider on the Line.³

¹ Upon consummation of the proposed lease transaction, OKRL will become a rail carrier under the control of the Chicago Rock Island & Pacific Railroad LLC (“Rock Island”). For that reason, Rock Island is concurrently seeking authority to continue control of OKRL upon such transaction consummation pursuant to the contemporaneously-filed *Chicago Rock Island & Pacific Railroad LLC — Continuance in Control Exemption — Oklahoma & Kansas Railroad, LLC*, FD 36 ____.

² See *State of Oklahoma by and through the Oklahoma Department of Transportation and Blackwell Industrial Authority – Acquisition Exemption – Central Kansas Railway, L.L.C.*, FD 33492 (STB served Oct. 31, 1997) (“*State of Oklahoma*”).

³ See *State of Oklahoma by and through the Oklahoma Department of Transportation and Blackwell Industrial Authority – Alternative Rail Service – Line of Blackwell Northern Gateway Railroad Company*, FD 36762 (STB served July 26, 2024) (“*Alternative Rail Service*”); *Blackwell Northern Gateway Railroad Company—Lease Exemption—Oklahoma Department of Transportation and Blackwell Industrial Authority*, FD 35441 (Sub-No. 1) (STB Served Oct. 18, 2023); and *Blackwell Northern Gateway Railroad Company—Change*

October 11, 2024

VIA E-MAIL AND OVERNIGHT CERTIFIED MAIL

Robert J. Riley
Chief Executive Officer
PO Box 601
165 W. South St., Suite 201
Hernando, MS 38632

Re: Operating Lease between Blackwell Industrial Authority and Oklahoma Department of Transportation, Lessor, and Oklahoma & Kansas Railroad, LLC, Lessee, dated August 9, 2024 (the "Lease")
NOTICE OF TERMINATION

Dear Mr. Riley:

Oklahoma & Kansas Railroad, LLC (Lessee) has made no efforts (and certainly not its best commercially reasonable efforts) to rehabilitate the Rail Line or to receive authority from the FRA to conduct rail operations on the Property under EO33 in the over 60 days since the Lease became effective. (Capitalized terms have the meanings set forth in the Lease.) Accordingly, Lessor hereby provides Lessee this notice under Section 20.a.iii of the Lease that the Lease is hereby terminated effective immediately.

Under Section 20.b of the Lease, Lessee is to promptly seek authority from the STB to discontinue its operations. (Lessor acknowledges that Lessee's authority from the STB has not yet become effective and that Lessee may only need to withdraw its notice of exemption or otherwise notify the STB that it will not be exercising or consummating authority to operate the Rail Line.)

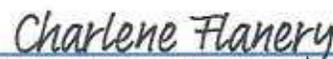
Please refer to the Lease, or you may contact BIA or STATE if you have any questions.

State of Oklahoma
Department of Transportation

Blackwell Industrial Authority



Multi-Modal & Planning Division Engineer



Charlene Flanery (Oct 11, 2024 12:46 CDT)

Executive Director

cc: Robert A. Wimbish (rwimbish@fletcher-sippel.com)
Eric M. Hocky (ehocky@clarkhill.com)

"The mission of the Oklahoma Department of Transportation is to provide a safe, economical, and effective transportation network for the people, commerce and communities of Oklahoma."