



# NEWS

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## **Embargo Still Remains in Effect for South Kansas & Oklahoma Railroad**

**PITTSBURG, KANSAS – July 5, 2007** – The South Kansas and Oklahoma Railroad (SKOL) traffic embargo still remains in effect today on nearly 255 miles of track. The embargo is a result of flood waters from the recent heavy rains in the area. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco)

Receding waters in Kansas allowed crews to inspect all but a one-half-mile stretch of the SKOL late yesterday and today, and crews and contractors are now in the early stages of beginning repairs where water has receded. The one-half-mile length of track near Coffeyville, Kan., still remains underwater. During inspection, more washouts were found that will require rock and ties to be replaced before the railroad can begin normal operations. These areas are still restricting traffic flows on the entire SKOL system.

The embargo includes traffic to and from all SKOL stations in Kansas except between Pittsburg and Columbus, and Pittsburg and Hallowell. The interchange with the BNSF at Columbus and the KCS interchange in Pittsburg are both open. In Oklahoma, the embargo includes all stations north of and including Bartlesville. The BNSF and the UP interchanges in Tulsa are open; however traffic from this interchange is restricted to points south of Bartlesville, OK.

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“Flood waters have receded for the most part and we are now able to see the damage left behind,” said Pat Cedeno, Chief Operating Officer for the Central Region. “Although the damage still inhibits our ability to serve Customers who are ready to ship and receive cars, we can now determine a timeline for repairs and being back in service.”

Work has already begun to put track back in service and crews are meeting daily to discuss damage assessment and evaluate plans for repair and the restoration of service. As repairs are completed, the ability to serve Customers will be made daily. The embargo will also be evaluated on a day-to-day basis and is expected to begin being lifted next week on a station-by-station and interchange-by-interchange basis.

Cedeno estimated that the Winfield, Kan., interchange with the BNSF Railway and the Union Pacific Railroad will be the first interchange to reopen sometime next week.

“From Winfield, our crews and the contractors we have hired to get this railroad operating again will work to the east with the expectation to open the track all the way to Cherryvale as weather conditions and safety permits,” Cedeno said. “The track in the Coffeyville area continues to be evaluated due to the water and the extreme damage to the sub-grade of the railroad.

“Much of the railroad was built in low-lying areas next to rivers and streams more than 100 years ago. We are evaluating damage to the sub-grade and in many areas the damage is deep inside the road bed and will take days to fully understand before initial repairs can be made,” Cedeno said. “While we expect to have the railroad operating in a slow-ordered temporary state in a few weeks, the process for rebuilding this railroad and returning it to pre-flood status will take several months.”

Watco’s railcar repair shop in Neodesha, Kan., will resume full operations Monday, July 9. The shop was flooded, but receding waters allowed an inspection team to enter the shop today and begin cleanup.

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Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states including the Alabama Southern, Arkansas Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Palouse River and Coulee City, Pennsylvania Southwestern, South Kansas and Oklahoma, Stillwater Central, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical and locomotive shops across the United States and is the owner of Millennium Rail, Inc. (MRI), a fully-integrated provider of repair and maintenance services to the rail industry. MRI operates eight car repair shops across the United States. More information about Watco and MRI can be found on their website at [www.watcocompanies.com](http://www.watcocompanies.com).

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