



NEWS

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South Kansas & Oklahoma Railroad Expands Traffic Embargo; Adds Bartlesville

PITTSBURG, KANSAS – July 3, 2007 – The South Kansas and Oklahoma Railroad (SKOL) traffic embargo still remains in effect today on nearly 255 miles of track. Due to rising water in the Bartlesville, Okla. area, Bartlesville is now included in the embargo and cannot accept or originate rail traffic. 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)

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.

Receding waters in Kansas allowed crews to inspect a small portion of the SKOL late yesterday and today, and crews and contractors are now in the early stages of beginning repairs where water has receded. However, 17 miles of track still remain underwater near the towns of Coffeyville, Fredonia, Neodesha, Chanute, Independence and Oswego, Kan., and Bartlesville and Dewey, Okla. Although water levels have fallen in some areas, those 17 miles of track that are underwater are restricting traffic flows on the entire SKOL system.

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“Flooding in major traffic areas such as Coffeyville and Fredonia severely impacts our ability to serve Customers,” said Kirk Hawley, Vice President Service Assurance. “In some areas the water has receded and we have Customers ready to ship and receive cars, but because we have major points underwater it’s impossible for us to access and serve them.”

In addition to submerged track, 300 railcars, on both railroad and Customer properties, are at least partially submerged. Severe bridge damage has been confirmed at the Neosho River in Oswego, Kan., and also at the Verdigris River in Fredonia, Kan. Both of these bridges are also underwater. Many smaller bridges are also damaged and washouts up to a mile long have been identified.

“Overall assessment of the railroad has been slower than we had planned due to some areas of track still covered in water; however we continue to move forward as quickly as possible to restore service.” said Pat Cedeno, Chief Operating Officer for Watco’s Central Region. “The level of damage is impacted by how fast the water is or was moving over the railroad and in some areas we still have swift-running-water. We will continue to focus on employee safety as we work to get the railroad back up and running.”

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. An updated time frame for service restoration will be available by the end of the week.

Watco’s railcar repair shop in Neodesha, Kan., is also underwater and will be out of service until next Monday. At this time an inspection team is expected to assess the damage to the shop on Thursday, July 5.

Crews will work through the Independence Day holiday, and the next public update will be issued by the SKOL Railroad team the afternoon of July 5th.

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14

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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.

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