



# NEWS

FOR IMMEDIATE RELEASE

**Contact:** Julie Fortman  
620-235-9692  
[jfortman@watcocompanies.com](mailto:jfortman@watcocompanies.com)

## **South Kansas & Oklahoma Railroad Plans Emergency Reopening; Embargo Still in Effect**

**PITTSBURG, KANSAS – July 9, 2007** – South Kansas and Oklahoma Railroad (SKOL) crews have been working day and night to repair flood damage for an emergency reopening of the railroad. After floodwaters receded late last week the entire railroad was accessible for inspection and work began immediately to restore the railroad to service condition. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco).

Most of the railroad remains under an embargo that effectively ceases service to most rail Customers due to track-caused conditions.

“Our crews have gone the extra mile to work towards getting our railroad open,” said Rick Webb, Watco CEO. “I appreciate their hard work and dedication to the Watco Team and our Customers. However, the re-opening process will be a long one.”

Years of progress and improvements that Watco put into the SKOL were literally washed away with the floodwaters, reducing its ability to operate.

“When we bought the SKOL more than 20 years ago, its mainline track operated at walking

-- more --

speed and we've built it up to 25 miles per hour," Webb said. "This flood has put us back to walking speed. We are working with federal and state partners to return the railroad to pre-flood conditions as quickly as we can."

The emergency reopening is the first phases of repairs and will allow trains to begin rolling on the SKOL by the end of this week according to Pat Cedeno, Watco's Chief Operating Officer for the Central Region. However it will not be up to full operations. Trains will move at less than 10mph, probably 5 mph, which makes the railroad not economically sustainable.

"I am proud of our crews and team and the progress they have made during the last few days," Cedeno said. "In the beginning, the prognosis was dim, but our Team has dug in their heels and pushed to get our railroad back to a condition to serve Customers. Service will be slow-going for a while, but its tremendous progress for us."

The flood waters washed away portions of the railroad on each of the five subdivisions that reach out from the SKOL hub in Cherryvale. This damage continues to impede service to nearly all SKOL Customers. Currently the only Customers that are being served are on the extreme east edge of the SKOL (Pittsburg and Columbus, Kan.) and the south end of the railroad (south of Bartlesville, Okla., to Tulsa, Okla.). All other Customers are under the embargo.

The interchanges that are open are Pittsburg, Kan. (KCS), Columbus, Kan. (BNSF), and Tulsa, Okla. (BNSF and UP). The major interchanges for the railroad, Winfield, Kan. (BNSF and UP) and Coffeyville, Kan. (UP) are closed.

The emergency reopening is the beginning of a three-phased plan to 1) Restore service as soon as possible with emergency repairs, 2) Restore the railroad to pre-flood condition and 3) Complete final repairs and clean up affected areas. The goal of the first phase will be to complete repairs that will allow train service to run safely, although train speeds will be restricted. The second phase goal will be to fine-tune Phase 1 repairs to restore the railroad to conditions that will allow

-- more --

train speeds to be accelerated to the normal 25mph speed. The final phase will call for the rehabilitation of bridges and cleaning ditches to support the railroad for the long-term.

In an additional effort to aid SKOL Customers, Watco has a limited number of trucks, trailers, drivers, and warehouse space that can be used by Customers affected by flooding. Please contact Ron Close or Allan Roach at 620-231-2230 for more information.

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).

###