



# NEWS

FOR IMMEDIATE RELEASE

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## **Emergency Reopening Schedule Progressing As Planned; Embargo Still in Effect**

**PITTSBURG, KANSAS – July 10, 2007** – Repairs of flood damaged areas on the South Kansas and Oklahoma Railroad (SKOL) has progressed as planned and crews continue to work around the clock toward the goal of an emergency reopening of the railroad by the weekend. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco).

Mostly dry weather for the past few days has allowed crews to access and begin the first phase of repairs for the emergency reopening, with some repairs already completed. However, completed repairs on portions of the railroad do not mean it is ready for full operations. Trains will move at less than 10mph, probably 5 mph, which makes the railroad not economically sustainable.

“Once we have the mainline open, we will begin by moving existing online traffic,” said Pat Cedeno, Chief Operating Officer for Watco’s Central Region. “It will take some time to move that traffic to its destination and reach a point where we can progress to normal operating procedures, which includes accepting traffic at interchange.”

Years of progress and improvements that Watco put into the SKOL were literally washed away with the floodwaters, reducing its ability to operate. The majority of the railroad still remains under an embargo that ceases service to most rail Customers due to track-caused conditions.

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The interchanges that are currently 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) remain closed.

“Because of the hard work by our crews, we have expedited the process of opening the railroad,” Cedeno said. “We are doing our best to assist our Customers as they recover from the flood and try to meet their Customers’ needs. We want to work quickly so that our Customers can remain to be profitable, but in this early stage we must focus on moving traffic from point A to point B on our railroad. Interchange traffic will follow.”

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 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).

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