



JAMES K. HURLBURT  
*General Director*  
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**BNSF RAILWAY COMPANY**

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October 31, 2016

Mr. Alan Holdcraft  
General Chairman, BLET  
101 N. Beverly  
Crowley, TX 76036

**RE: Re-acquisition of the Southwestern Railroad**

Dear Mr. Holdcraft:

BNSF Railway plans to reacquire track previously leased to the Southwestern Railroad (SWRR), effective January 17, 2017. This re-acquired track, which includes the main track from Clovis, NM at MP 0.0 to Carlsbad NM at MP 185.6., as well as the Carlsbad Industrial Spur, Loving Industrial Spur, and Loving Jct. Spur, will be governed by former ATSF Eastern/Western agreements, as well as the recently signed relocation package agreement between the parties, dated October 19, 2016, and referred to as Side Letter No. 1. The following further memorializes remaining areas of agreement necessary for operational success.

Pursuant to our conversations and understandings, through freight crews will be headquartered at Clovis and operate to Carlsbad, which will be their away-from-home terminal location. From time to time, industries south of Carlsbad will need to be served by through freight crews, i.e. they will need trains left or picked up at their location. When any through freight crew operates through Carlsbad for this purpose, they will not be automatically released at Carlsbad; instead, they will be paid for the additional miles operated, which includes the return miles back to Carlsbad, in addition to their trip rate.

We are excited about providing additional job opportunities to our employees and look forward to working together to ensure all employees are properly trained on the new territory as we continue our pursuit of an accident-free workplace.

Sincerely,

Jim Hurlburt  
General Director  
BNSF Railway

I agree:

Alan Holdcraft  
General Chairperson  
BLET