



June 27, 2009

The Honorable Ray LaHood
Secretary of Transportation
Office of the Secretary of Transportation
US Department of Transportation
1200 New Jersey Ave SE
Washington , DC 20590

Reference: AOK Railroad application for Grant to upgrade track

Secretary LaHood,

My name is Carroll Newman. I am the COO of Vanguard Stimulation Services, LLC. We are a service and engineering company based in Shawnee, Oklahoma.

We have a close association with a Short Line RR, the AOK, which has applied for a grant via the Oklahoma Department of Transportation to upgrade and maintain the line from Oklahoma City to Shawnee, OK. It is the only line currently servicing Shawnee and is in jeopardy of periodic closures every year due to flooding along the Canadian River.

Secretary LaHood with your long tenure in government and your association with transportation issues you undoubtedly are aware of the benefits of transportation of goods by rail vs. trucking. However, I wanted to write to you to acquaint you with Vanguard, tell you how much we depend on rail and ask that you support AOK Railroad in their application for Grant money to maintain and refurbish rail in Oklahoma.

Vanguard's staff is currently at 85 employees. Our monthly local payroll is in excess of \$400,000. We have invested \$4,000,000 in facilities all constructed by Oklahoma labor. We have over 100 local vendors we depend on for supplies, services, fuel, parts and contract labor. Our monthly spend on the vendors in the State of Oklahoma can be in the \$1,000,000 range depending on revenues. Needless to say we are interdependent with the local economy.

ODOT, the City of Shawnee, The Shawnee Economic Development Foundation and the county of Pottawatomie have been elemental in establishing our business in Oklahoma. Capital via grants and matching funds were provided in the form of reimbursements for utility infrastructure and roads to improve the Shawnee Industrial Park allowing Vanguard to quickly establish ourselves in Oklahoma. It is a model that benefited all parties and has contributed to the Shawnee economy in large measure. It is a model for economic development we hope will continue going forward in Oklahoma and the United States.

Vanguard also has a rail car division located in Shawnee, MidWest Minerals and Rail, LLC. MMR owns and operates 60 covered hopper cars transporting material in support of Vanguard's operations. We purchase materials as far north as Michigan and as far East as Illinois. Vanguard is highly dependent on the railroad for an economical means to transport the large quantities of materials required to support the operation. Our monthly spend on rail freight can be \$225,000 or more. Trucking is an alternative but it requires 4 trucks to carry the same load a railcar handles and it is almost 100% more expensive to ship by truck versus rail. If for some reason we were to not have access to rail it would be catastrophic for our enterprise and the community of Shawnee.

The Department of Transportation knows better than anyone the benefits of handling large quantities of industrial materials by rail versus trucking:

- More economical.
- Reduces traffic on major arteries.
- Less wear on roads translating into less maintenance
- It is far safer to handle hazardous materials by rail than by truck
- It makes our Oklahoma and the USA roads safer by reducing truck traffic
- It is a greener transportation solution. Reduced fuel consumption resulting in reduced CO2 emissions in Oklahoma and the USA.
- It makes us less dependent on foreign oil.

All in all Rail is the smart solution going forward.

Vanguard has some concerns over the future of the rail servicing Shawnee.

The Canadian River was tame this Spring but that may not be the case in the future. Many of the river crossings between Oklahoma City and Shawnee are in need of work to improve their ability to survive during flood conditions. In the past years we have had several interruptions of service due to the erosion of the protective escarpments and embankments.

This is the sole rail line into Shawnee. It is essential for our business, hundreds of business in Shawnee, Pottawatomie County and the State of Oklahoma that AOK Railroad has the means to continue operating and revitalizing this line.

We ask that you support AOK Railroad's application for grant funds.

Sincerely,



C.T. Newman, PE
Chief Operating Officer
Vanguard Stimulation Services

Cc: file

J.Shultz
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