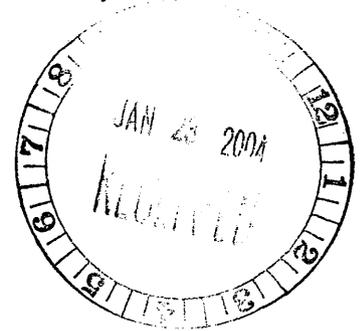


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Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9242

James R. Paschall
General Attorney

Writer's Direct Dial Number
(757) 629-2759
fax (757) 533-4872



January 21, 2004

Ms. Victoria Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: STB Docket No. AB-167 (Sub-No. 1095X), Consolidated Rail Corporation.
- Abandonment Exemption - In Lancaster and Chester Counties, PA

Dear Ms. Rutson:

In response to your letter of January 5, 2004, I enclose two copies each of two separate Phase I environmental site assessments that were concluded in March and April 1996. These assessments deal with the portion of the Enola Branch that has been the subject of the most interest in this proceeding, and the portion that NSR will not retain, but intends to transfer to the Townships in line with the 1997 Stipulation of Settlement, absent a further agreement of the parties. Both of these assessments were available to Lancaster County and to the Townships before the Stipulation of Settlement between the Townships and Conrail was executed in 1997.

While these assessments indicate that there were at least three significant spills of oil or hazardous material along this line over the years, I believe they also show there was no significant environmental problem for which the railroad is responsible on the railroad property at the time they were performed. In the absence of operations over or use of the property by the railroad after that time, we assume, and our occasional visual observations indicated, the property remains in similar condition. Indeed, old spills may have further dissipated. We have attempted to clean up litter and debris from time to time, as well. In any event, the Townships no doubt took these assessments into account when they agreed to the 1997 Settlement Agreement.

Very truly yours,

James R. Paschall

Enclosures