



Department of Energy

Washington, DC 20585

December 12, 2005

The Honorable John Thune
United States Senate
Washington, D.C. 20510-6175

Dear Senator Thune:

This is in response to your letter of November 2, 2005, to Secretary Bodman, regarding the Dakota Minnesota and Eastern Railroad Corporation (DM&E) loan application to the Federal Railroad Administration (FRA). The loan would support construction of a new rail line servicing the coal-rich Powder River Basin (PRB) in Montana and Wyoming.

First, let me emphasize the Department's support for the responsible use of coal, which is the Nation's most abundant fossil resource. As you are probably aware, the Department's Fossil Energy Clean Coal Office is focused on "down stream" technologies, i.e., technologies that convert coal into electricity and hydrogen, and technologies that have the potential to eliminate emissions of criteria pollutants and carbon dioxide. To reap the economic, environmental, and national security benefits of coal and of the technologies that the Department is helping to develop, we agree that sufficient transportation capacity is critical. We also support your view that an additional rail line serving the PRB is needed to ease capacity problems, a bottleneck specifically noted by the President's May 2001 National Energy Policy.

It is my understanding that the FRA will process the loan application after completion of a final supplemental environmental impact statement (EIS) being conducted by the Surface Transportation Board (STB). The STB expects to complete the EIS in January 2006.

Should you require additional information, please contact me or have a member of your staff contact Darren Molloy, Senior Technical Advisor, Office of Clean Coal, at 202-586-0429.

Sincerely,

Mark R. Maddox
Principal Deputy Assistant Secretary
Office of Fossil Energy

cc: Mr. Joseph H. Boardman
Administrator, Federal Railroad Administration

Ms. Victoria Rutson
Chief, Secretary of Environmental Analysis
Surface Transportation Board



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