



File Code: 6570

Date: NOV 19 2001

Durango and Silverton Narrow
Guage Railroad
479 Main Avenue
Durango, CO 81301

CERTIFIED MAIL – RETURN
RECEIPT REQUESTED

Dear Sir or Madam:

On July 21, 2000, a wildfire started in Section 32, Range 8W., Township 39N. The fire, named **Cascade Fire**, burned approximately 70 acres of land on the San Juan National Forest.

The Forest Service investigation determined that the fire was started by hot carbon cinders cast off by the coal-powered engine of the Durango and Silverton Narrow Guage Railroad (D&SNG RR) train traveling through the area. Consequently, D&SNG RR is liable for damages sustained by the Forest Service from the fire. These damages include fire suppression costs as outlined in the enclosed summary.

Enclosed is a Bill for Collection for **\$62,268.21**. Payment is due the Forest Service upon receipt of this letter but no later than 30 days from the date of this letter. Please make payment by money order, bank draft, or check payable to USDA–Forest Service, Collection Officer and mail payment along with the Bill for Collection in the enclosed envelope to:

Unit Collection Officer
USDA-Forest Service
324 25th Street
Ogden, UT 84401

Amounts not paid in full by the due date are subject to interest at the rate of 6 percent per year. You will also be assessed an administrative charge to cover processing and handling of the overdue debt. In addition, any amount overdue in excess of 90 days shall be subject to an additional 6 percent penalty charge.

If you have any questions, you may contact Julie White at the address listed above or at (801) 625-5459.

Sincerely,

Tamara L. Hanan
-for

TAMARA L. HANAN
Director,
Financial Resources

CONCURRENCES

[Signature]

Enclosures

FR:jwhite:11/16/01:lb:11/16/01

FILE COPY



USDA FOREST SERVICE
DUNNING NOTICE TO DEBTOR

1. BILL DATE: 01/18/02

PAGE: 1

ENCLOSE A COPY OF THIS BILL WITH YOUR CHECK OR MONEY ORDER.
DO NOT SEND CASH. PLEASE INCLUDE BILL NO. AND PAYER CODE NO.
ON YOUR CHECK.
MAKE CHECK PAYABLE TO:
USDA FOREST SERVICE

MAIL PAYMENT TO:
USDA FOREST SERVICE
FILE 71652
P.O. BOX 60000
SAN FRANCISCO, CA 94160-1652

TO:

DURANGO & SILVERTON RAILROAD
479 MAIN AVENUE

DURANGO CO 81301

PAYER INDICATE
AMOUNT ENCLOSED: \$ _____

2. NET AMOUNT DUE: \$ 62,268.21

3. DUE DATE: 12/19/01

4. BILL NUMBER: AB 04606220003

5. PAYER CODE: MISC I

6. AGREEMENT NO:

CONTRACT NO:

7. DESCRIPTION: CASCADE FIRE

8. REMARKS:

RE: PAYER CODE: MISC I BILL NO: AB 04606220003

9. PRINCIPAL: \$ 62,268.21

10. INTEREST:

11. ADMINISTRATIVE COSTS:

12. PENALTY:

13. AMOUNT DUE: \$ 62,268.21

14. AMOUNT CREDITED:

15. NET AMOUNT DUE: \$ 62,268.21

NOTE:

PLEASE SEND ALL CORRESPONDENCE, INQUIRIES, AND CHANGE OF ADDRESS TO:

INTERMOUNTAIN REGION
324 25TH ST

OGDEN UT 84401

THIS BILL IS 30 DAYS PAST DUE.

16. ORG	17. JOB	18. AMOUNT	16. ORG	17. JOB	18. AMOUNT	16. ORG	17. JOB	18. AMOUNT
0213	89901500	\$ 62268.21						



File Code: 6570

Date: JUL 09 2004

Mr. Jeffery Jackson, Sr. Vice President/Chief
Operating Officer
Durango and Silverton Narrow Gauge Railroad
479 Main Avenue
Durango, CO 81301

CERTIFIED MAIL – RETURN
RECEIPT REQUESTED

Dear Mr. Jackson:

On June 10, 2001, a wildfire started in Section 26, Township 39 N., Range 8 W, New Mexico Principal Meridian. The point of origin was determined to be 16 feet, 8 inches northwest of the Durango and Silverton Narrow Gauge Railroad (D&SNGRR) tracks and on a hillside, 5 feet above the level of the tracks. The fire, named **Needleton Fire**, burned approximately 97 acres of land on the San Juan National Forest.

The Forest Service investigation determined that the fire was started by hot carbon cinders cast off by the coal-powered engine of the D&SNGRR train traveling through the area. Consequently, D&SNGRR is liable for costs incurred by the Forest Service in suppressing this fire, as listed on the enclosed Statement of Expenditures.

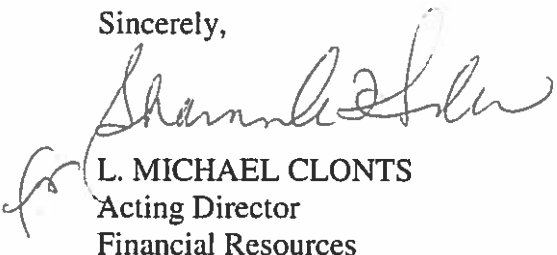
Enclosed is a Bill for Collection for **\$54,281.55**. Payment is due the Forest Service upon receipt of this letter and enclosed bill, but no later than 30 days from the Bill Date. Please make payment by money order, bank draft, or check, payable to USDA-Forest Service. You should mail your payment, along with one copy of the Bill for Collection, to: Unit Collection Officer, USDA Forest Service, 324 25th Street, Ogden, UT 84401. A self-addressed envelope is enclosed.

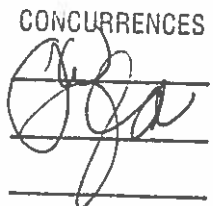
Interest at the rate of 1 percent per year may be charged on any portion of this claim remaining unpaid after 30 days. In addition, administrative costs to cover processing and handling of this claim may be charged if the claim remains unpaid. A penalty charge of 6 percent per year may also be assessed on any portion of the claim remaining unpaid in excess of 90 days. Interest and penalty accrue from the Bill Date.

We encourage you to refer this claim to your insurer.

If you have any questions, you may contact Julie White at the address listed above or at (801) 625-5459.

Sincerely,


L. MICHAEL CLONTS
Acting Director
Financial Resources

CONCURRENCES


Enclosures

FILE COPY



U.S.D.A. FOREST SERVICE
P574
STATEMENT OF EXPENDITURES

10:43 Monday, August 26, 2002 1

BY JOBCODE

YEAR TO DATE THROUGH
2002-11 (OPEN) THROUGH 08/20/2002

JOBCODE	BFY	FY	PROG	CAT	EXPENDITURES
P2657401	01	2001	WFSU	1-SALARY	39,518.94
			WFSU	2-TRAVEL	4,278.00
			WFSU	4-CONTRACTS	9,802.25
			WFSU	5-SUPPLIES	682.36

P2657401	01	2001			54,281.55
P2657401	01				54,281.55
P2657401					54,281.55
					=====
					54,281.55



File Code: 6570

Date: JUL 09 2004

Mr. Jeffery Jackson, Sr. Vice President/Chief
Operating Officer
Durango and Silverton Narrow Gauge Railroad
479 Main Avenue
Durango, CO 81301

CERTIFIED MAIL – RETURN
RECEIPT REQUESTED

Dear Mr. Jackson:

On June 21, 2001, a wildfire started in Section 26, Township 39 N., Range 8 W, New Mexico Principal Meridian. The point of origin was determined to be 22 feet, 3 inches northwest of the Durango and Silverton Narrow Gauge Railroad (D&SNGRR) tracks on the hillside 6 feet above the level of the tracks. The fire, named **Broken Bridge Fire**, burned approximately 5 acres of land on the San Juan National Forest.

The Forest Service investigation determined that the fire was started by hot carbon cinders cast off by the coal-powered engine of the D&SNGRR train traveling through the area. Consequently, D&SNGRR is liable for the costs incurred by the Forest Service in suppressing this fire, as listed in the enclosed Statement of Expenditures.

Enclosed is a Bill for Collection for **\$6,286.66**. Payment is due the Forest Service upon receipt of this letter and enclosed bill, but no later than 30 days from the Bill Date. Please make payment by money order, bank draft, or check, payable to USDA-Forest Service. You should mail your payment, along with one copy of the Bill for Collection, to: Unit Collection Officer, USDA Forest Service, 324 25th Street, Ogden, UT 84401. A self-addressed envelope is enclosed.

Interest at the rate of 1 percent per year may be charged on any portion of this claim remaining unpaid after 30 days. In addition, administrative costs to cover processing and handling of this claim may be charged if the claim remains unpaid. A penalty charge of 6 percent per year may also be assessed on any portion of the claim remaining unpaid in excess of 90 days. Interest and penalty accrue from the Bill Date.

We encourage you to refer this claim to your insurer.

If you have any questions, you may contact Julie White at the address listed above or at (801) 625-5459.

Sincerely,

L. Michael Clonts
for
L. MICHAEL CLONTS
Acting Director
Financial Resources

CONCURRENCES
[Signature]

Enclosures

FILE COPY



Mr. Jeffery Jackson, Sr. Vice President/Chief

2

cc (w/encl.)

Mr. Paul Schranck, General Manager
Durango & Silverton Narrow Gauge Railroad
479 Main Avenue
Durango, CO 81301

CERTIFIED MAIL - RETURN
RECEIPT REQUESTED

cc:
San Juan NF (Linda Knipp, Brenda Schultz)

FR:jwhite:06/09/04:lb:07/06/04

CONCURRENCES

FILE COPY



479 MAIN AVENUE DURANGO, COLORADO 81301-5494

FAX: 970-259-3570
PHONE: 970-259-0274
RESERVATIONS: 970-247-2733
www.durangorain.com

March 17, 2003

Tamara L. Hanan
Director, Financial Resources
Forest Service Intermountain Region
United States Department of Agriculture
324 25th Street
Ogden, Utah 84401-2310

RE: July 21, 2000 Wildfire, Section 32, Range 8W., Township 39 N., Bill of
Collection Submitted November 19, 2001.

Dear Ms. Hanan:

On July 21, 2000, the Cascade Fire burned approximately 70 acres within the San Juan National Forest.

On November 19, 2001, the Durango & Silverton Narrow Gauge Railroad received a Bill for Collection from your office in the amount of \$62,268.21 for fire suppression costs.

Subsequent to receiving the Bill of Collection, I called your staff and requested additional support documentation regarding the fire suppression expenses.

To date, I have not received any additional expense clarification and the DSNGRR has not paid the bill as submitted.

I want you to know that it is the DSNGRR's intent to meet any obligations that we may have for fire suppression costs associated with the July 21, 2000 Cascade Fire.

Please have your staff contact me so that we can mutually agree on how to proceed.

I look forward to resolving this matter as soon as possible.

Sincerely,

Jeffrey D. Jackson
Sr. Vice President/Chief Operating Officer



479 MAIN AVENUE DURANGO, COLORADO 81301-5494

FAX: 970-259-3570
PHONE: 970-259-0274
RESERVATIONS: 970-247-2733
www.durangotrain.com



August 12, 2004

L Michael Clonts
Acting Director Financial Resources
United States Department of Agriculture
Forest Service Intermountain Region
324 25th Street
Ogden, UT 84401-2310

Dear Mr. Clonts:

I am in receipt of three different letters dated July 9, 2004, from your office (please see the attached correspondence).

The correspondence addresses three different fires associated with the Durango & Silverton Narrow Gauge Railroad's (DSNGR) operation through the San Juan National Forest.

The first fire addressed is the Cascade Fire which occurred in the summer of 2000. This fire was started at the same time as the Mesa Verde Fire (your correspondence stated it occurred at the same time as the Missionary Ridge Fire in 2002, which is an error).

The attached correspondence also addresses the Needleton and Broken Bridge Fires which occurred in June of 2001.

Per your instructions in the attached correspondence, I have made a request for the Forest Service Report of Investigation for the Cascade Fire (2000) and the Needleton Fire (2001) under the Freedom of Information Act (please see the attached August 12, 2004, request).

I have had an ongoing dialogue with Forest Service staff in an attempt to clear up billing discrepancies with the Cascade Fire (please see the attached March 17, 2003, letter). It has always appeared to me that expenses associated with the Mesa Verde Fire (30,000 +/- acres) were mistakenly charged to the DSNGR, as expenses associated with fighting the Cascade Fire (300 +/- acres).

In regards to the 2001 Needleton and Broken Bridge Fires, the attached correspondence is the first documentation that I have received regarding the three year old fires. It is very difficult for me to compare our records with yours this long after the event.

In summary, your office has billed the DSNGR as follows:

<u>Year</u>	<u>Fire</u>	<u>Amount</u>
2000	Cascade Fire (billed by your office 11/19/2001)	\$ 62,268.21
2001	Needleton Fire (billed by your office 7/9/2004)	54,281.55
2001	Broken Bridge Fire (billed by your office 7/9/2004).	<u>6,286.66</u>
	TOTAL	\$122,836.44

While we are awaiting additional support documentation through the Freedom of Information Act, I am offering to settle all three claims with one payment of \$61,418.22. This represents 50% of all three fire expense charges, as originally billed by your office.

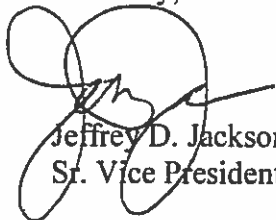
The DSNGR and the San Juan National Forest Service has had a long standing, cooperative relationship. This relationship has provided mutual benefits to both parties. The settlement offer contained herewith is the DSNGR's good faith effort to reach a reasonable compromise on the disputed, outstanding claims.

If this settlement offer is acceptable to you, please send me a final invoice in the amount of \$61,418.21 for the Cascade, Needleton, and Broken Bridge Fires expenses combined.

If this settlement offer is not acceptable, I will await the additional documentation from your office and submit a written statement based on the DSNGR's review of the facts surrounding the fires.

If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,



Jeffrey D. Jackson
Sr. Vice President/Chief Operating Officer

Enc.



File Code: 6570

Date: MAR 23 2005

Mr. Jeffery Jackson, Sr. Vice President/Chief
Operating Officer
Durango and Silverton Narrow Gauge Railroad
479 Main Avenue
Durango, CO 81301

CERTIFIED MAIL – RETURN
RECEIPT REQUESTED

Dear Mr. Jackson:

Reference is made to your February 8, 2005, letter wherein you agree to pay \$76,772.78 for suppression costs for the Cascade Fire, Needleton Fire, and Broken Bridge Fire. In your telephone conversation with Julie White on March 10, 2005 you agreed to pay that amount within one year.

Enclosed is a Bill for Collection for \$76,772.78. Agency policy relative to payment agreements normally requires monthly payments. However, since you agreed to pay the full amount within one year from June 1, 2005, you may make periodic payments against the enclosed Bill for Collection. As your payments are received, the Forest Service will issue a bill for collection showing the payment received, and the balance of the debt. You may fully resolve this matter by June 1, 2006, by making regular monthly payments of \$6,397.73 with a final payment of \$6,397.75.

Payment should be made by money order, bank draft, or check, payable to the Forest Service, USDA. Please mail your payment along with one copy of the bill, to the Unit Collection Officer, USDA Forest Service, 324 25th Street, Ogden, UT 84401. A pre-addressed envelope is enclosed for your convenience.

Enclosed is a Promissory Note. We ask that you sign and date it, and return it no later than 30 days from the date of this letter, to the letterhead address, Attn: Julie White.

Please contact Julie White at the above address, or at (801) 625-5459, if you have any questions.

Sincerely,

LEANN BELNAP
Acting Director
Financial Resources

Enclosures



USDA FOREST SERVICE
BILL FOR COLLECTION

BILL DATE: 03/23/05

PAGE: 01

ENCLOSE A COPY OF THIS BILL WITH YOUR CHECK OR MONEY ORDER.
DO NOT SEND CASH. PLEASE INCLUDE BILL NO. AND PAYER CODE
ON YOUR CHECK.
MAKE CHECK PAYABLE TO:
USDA FOREST SERVICE

MAIL PAYMENT TO:
UNIT COLLECTION OFFICER
USDA FOREST SERVICE
324 25TH STREET
OGDEN, UT 84401

TO:

DURANGO & SILVERTON NG RR
479 MAIN AVENUE

DURANGO CO 81301-549

PAYER INDICATE
AMOUNT ENCLOSED:

NET AMOUNT DUE: \$ 76,772.78

DUE DATE: 04/22/05

BILL NUMBER: BD 04606250012

PAYER CODE: FS NO TIN

AGREEMENT NO:

CONTRACT NO:

DESCRIPTION: CASCADE FIRE

REMARKS:

RE: PAYER CODE: FS NO TIN BILL NO: BD 04606250012

NOTE:

PLEASE SEND ALL CORRESPONDENCE, INQUIRIES, AND CHANGE OF ADDRESS
TO:

USDA FOREST SERVICE REGION 4
324 25TH ST
OGDEN, UT 84401
801-625-5284

PRINCIPAL: \$ 76,772.78

INTEREST:

ADMINISTRATIVE COSTS:

PENALTY:

AMOUNT DUE: \$ 76,772.78

AMOUNT CREDITED:

NET AMOUNT DUE: \$ 76,772.78

FAILURE TO MAKE PAYMENT BY THE DUE DATE WILL RESULT IN THE
ASSESSMENT OF LATE PAYMENT CHARGES (INTEREST, ADMINISTRATIVE COST,
AND/OR PENALTY CHARGES) IN ACCORDANCE WITH YOUR CONTRACT, PERMIT,
OR THE DEBT COLLECTION ACT OF 1982, AS AMENDED. POSTMARKS ARE NOT
HONORED.

LINE	ORG	JOB	AMOUNT	LINE	ORG	JOB	AMOUNT	LINE	ORG	JOB	AMOUNT
001	0213	R2626305	\$ 38,917.54	002	0213	R2657405	\$ 33,925.97	003	0213	R2658605	\$ 3,929.27

PROMISSORY NOTE

The Durango Silverton Narrow Gauge Railroad (hereafter referred to as debtor) of 479 Main Avenue, Durango, CO 81301, is indebted to the United States Department of Agriculture (USDA), Forest Service, the sum of \$76,772.78, arising from fire suppression costs for the Cascade Fire, Needleton Fire, and Broken Bridge Fire. I acknowledge that the above stated amount represents a true and accurate sum owed to the USDA, Forest Service.

PROMISE TO PAY: I promise to pay to the order of the USDA, Forest Service, the sum of \$76,772.78, within one year beginning on or before June 1, 2005. I will fully resolve this matter no later than June 1, 2006.

PAYMENT SCHEDULE: Beginning on or before June 1, 2005, payments are due until such obligation is fully paid. Payments shall be mailed to Unit Collection Officer, USDA-Forest Service, 324 25th Street, Ogden, UT 84401. To properly credit my account, I will enclose a copy of the Bill for Collection with my payment.

DEFAULT: Should I fail to make a payment in accordance with this agreement, the USDA, Forest Service will refer the unpaid obligation to the Department of the Treasury (Treasury) for Cross Servicing. The Debt Collection Improvement Act of 1996, as amended, authorizes Treasury to:

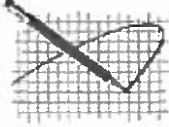
- Disclose the debt to a consumer reporting agency and I will be responsible for the past due debt.
- Refer the debt to a private collection agency for further collection action;
- Garnish wages administratively. This is a process by which Treasury will work with your employer to withhold amounts from your salary to settle this debt. A court order is not required;
- Collect by administrative offset, including income tax refunds;
- Refer the debt to the Department of Justice for civil litigation; and/or
- Report the debt, if discharged, to IRS as potential taxable income.

Treasury will enter this debt into their Treasury Offset Program (TOP), and will reduce or withhold any eligible Federal payments due me by the amount of the debt. This process, known as "offset", is authorized by the Debt Collection Act of 1982, as amended by the Debt Collection Improvement Act of 1996. Treasury is not required to further notify me before my payment is offset. Federal payments eligible for administrative offset include:

- Income tax refunds;
- Federal salary pay, including military pay;
- Federal retirement, including military retirement pay;
- Contractor/vendor payments
- Certain Federal benefited payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits; and
- Other Federal payments, including certain loans that are not exempt from administrative offset.

Date

Signature



Beth Redmond /R2/USDAFS
03/16/2005 11:36 AM

To Julie White/R4/USDAFS@FSNOTES
cc
bcc
Subject Re: URGENT - Need R-Code for (fire) Bill for Collection

Julie,

The following job codes have been set up:

Cascade Fire - R2626305
Needleton Fire - R2657405
Broken Bridge Fire - R2658605

Call if you have questions. Thanks.

Beth Redmond, Budget and Accounting Analyst
San Juan National Forest
desk # (970) 385 1259, fax # (970) 385-1243
bredmond@fs.fed.us
Julie White/R4/USDAFS

Cascade \$38,917⁶⁴
Needleton \$33,925⁹⁷
Broken Bridge \$3,929¹⁷



Julie White /R4/USDAFS
03/14/2005 01:14 PM

To Beth Redmond/R2/USDAFS@FSNOTES
cc
Subject URGENT - Need R-Code for (fire) Bill for Collection

Beth, I believe that we have finally agreed to a settlement from Durango Silverton Narrow Gauge Railroad for the following fires:

Cascade Fire - P2626300 - occurred on July 21, 2000 - Suppression Cost \$62,268.21
Needleton Fire - P2657401 - occurred on June 10, 2001 - Suppression Costs \$54,281.55
Broken Bridge Fire - P2658601 - occurred on June 21, 2001 - Suppression Costs \$6,286.66

They have offered to pay \$76,772.78 within one year for all three fires. I have prepared a letter and Promissory Note. I need a R-Code (or three if you choose) so that I can create a BD Bill for Collection.

Please Note: I requested backup documentation from the Forests for these fires however much of the documentation (T&A's etc.) had already been destroyed. This is the best I could do without having to provide proof of our costs. Please let me know if you have any questions. Thanks! jw

Julie White
R4-Claims
Phone: (801) 625-5459
Fax: (801) 625-5831
Email: jwhite03@fs.fed.us