

BNSF Contract No. BF 41097



R. L. Luther
General Director
Labor Relations

BNSF Railway Company
P. O. Box 961030
Fort Worth, Texas 76161-0030
2800 Lou Menk Drive
Fort Worth, Texas 76131-2800
Phone: 817.352.1064
Fax: 817.352.7482
randy.luther@bnsf.com

February 10, 2006

File 11007
Kelly Lake Run-Thru

Mr. D. R. Pierce
General Chairman BLET
801 Cherry Street, Suite 1010
Ft. Worth, TX 76102

Dear Mr. Pierce:

Reference to our discussions regarding the application of the Automatic Release Rule at Kelly Lake, Minnesota for the existing ore pool headquartered at Duluth-Superior.

Currently, whenever the Carrier operates through Kelly Lake, train and engine crews are allowed an additional day's pay due to Kelly Lake being an automatic release point. In our discussions, we advised your committee of the Carrier's desire to reduce the cost of operating traffic in this corridor in order to remain cost efficient and competitive. Presently, there are conflicting arbitral decisions on this issue regarding the running through Kelly Lake which the Carrier would like to resolve amicably without progressing it through another arbitral proceeding. Therefore, the parties agreed to the following understanding for this operation henceforth:

- 1) Kelly Lake is recognized as a terminal/automatic release point for engineers working in this pool service at Duluth-Superior with the following exceptions.
- 2) The current six (6) engineers (Attachment "A") in this pool will be grandfathered and will continue to be paid three (3) separate slips (basic day minimum) for operating a train Duluth/Superior to Kelly Lake, Kelly Lake to either Hibbing or Keewatin and return, and Kelly Lake to Duluth/Superior.
- 3) Engineers not grandfathered in Article 2 operating a train Duluth/Superior to Kelly Lake, Kelly Lake to either Hibbing or Keewatin and return, and Kelly Lake to Duluth/Superior will be allowed two (2) separate slips (basic day minimum) plus three (3) hours at mine rate, instead of the current payment of a basic day, whenever a train is operated through Kelly Lake to Hibbing or beyond and return, or to Keewatin and return.

BLET 2-10-06 1

BLET 2-10-06 1

- 4) Grandfathered engineers will continue to be allowed one special pay differential for each minimum basic day slip or basic day while operating a train in this service. Non grandfathered engineers will not be entitled to the third special pay differential payment when crews operate through Kelly Lake as described in Article 3, but will continue to be allowed one special pay differential for each of the two remaining minimum basic day slips or basic days.

- 5) Grandfathered or not, pre-October 31, 1985 engineers deadheaded from Duluth-Superior directly to the points beyond Kelly Lake who then operate back to Kelly Lake will continue to be compensated as they are today with a minimum basic day in through freight service for the service Duluth-Superior to Kelly Lake. If these engineers then operate through Kelly Lake on towards Superior, the automatic release rule described in Article 1 will continue to apply to that service, Kelly Lake to Superior, with such service compensated on the basis of an additional minimum basic day in through freight service. In addition, Engineers who operate from Duluth/Superior to Kelly Lake and then operate through Kelly Lake to points beyond but are then deadheaded to Duluth/Superior without operating back to Kelly Lake will also be governed by the automatic release rule described in Article 1 and compensated as they are today with a minimum basic day in through freight service Duluth/Superior to Kelly Lake, and an additional minimum basic day in through freight service Kelly Lake back to Duluth/Superior. In both cases described in this Article, the three (3) hour payment referenced in Article 3 will not be allowed. Pursuant to Article 4, a special pay differential will be allowed for each minimum basic day allowed. This Article will also apply to all extra board crews called to perform hours of service relief under the Local Ore Pool Dogcatch Agreement.

- 6) Until trip rates are implemented in this pool, post October 31, 1985 engineers will be compensated in the same manner as described in Article 5 except when they are deadheaded terminal to terminal (Duluth/Superior to Kelly Lake) separate from service, they will be paid in accordance with Article VI of Arbitration Award No. 458 dated May 19, 1986. When trip rates are implemented in this pool, this provision will not be applicable

- 7) For purposes of mileage regulation, the pool will continue to be regulated as it is today on the basis of 7 trips at three slips each per half, this so long as only grandfathered engineers are assigned in the service. When non grandfathered employees are assigned in this service, their trips will be counted as 2 and ¼ slips. In the event that the pool turns faster than the current 7 trips per half, grandfathered engineers will be laid off account miles by the Call Office once they have accumulated 7 trips per half with their pool turns filled as temporary vacancies. In cases where as a last resort short of holding trains, grandfathered engineers laid off account miles may be canvassed for emergency work but cannot be miss called if unavailable. If grandfathered engineers are called in emergency and voluntarily accept work beyond 7 trips per half, they will be compensated as a non grandfathered engineer pursuant to Article 3.

BLET 2-10-06

2

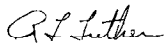
BLET 2-10-06

2

- 8) The trip rate for this pool, when implemented, will be computed based on three (3) separate slips with SPD's for these six (6) grandfathered engineers only, and any non grandfathered engineers will have their trip rate based on the two (2) separate slips with SPD's plus the three (3) hour payment, not the basic day, for this movement through Kelly Lake and return.
- 9) The grandfathered protection referenced in Article 2 will remain in effect until the last grandfathered engineer is no longer in active service or for a maximum of ten (10) years, whichever occurs earlier. After that point, there will no longer be grandfathered service and compensation in this service will be pursuant to Article 3.

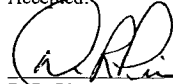
If you concur with the above understanding, please acknowledge your concurrence in the space provided below.

Sincerely,



R. L. Luther
General Director Labor Relations

Accepted:



D. R. Pierce
General Chairman BLET

BLET 2-10-06 3

BLET 2-10-06 3

Attachment "A"

J. H. Hines
C. D. Otto
G. K. Korich
W. D. Latuska
D. F. Hoemberg
L. L. Lahr

BLET 2-10-06 . 4

BLET 2-10-06 . 4

BNSF Labor Relations Contract Transmittal Form

Pursuant to BNSF's "Rules Governing Authority for Contracts, Deeds and Payments," complete the form and send with the original contract to:
 BNSF Corporate Support, Contract Records, 2400 Western Center, Fort Worth, TX 76131-1322. See attached instructions for more information.

ONLY ORIGINAL CONTRACT WITH ORIGINAL SIGNATURES ARE TO BE SUBMITTED TO CORPORATE SUPPORT

FORM SUBMITTED BY:		PHONE NUMBER	FAX NUMBER	DATE SUBMITTED	
Nick Markos		352-1074	352-7482	07/10/2006	
DEPARTMENT		LOCATION		CONTRACT SIGNED BY: NAME & TITLE	OFFICER CODE
LABOR RELATIONS		FORT WORTH		Randy L. Luther, Gen. Dir. Labor Relations	LR
<input checked="" type="checkbox"/> NEW CONTRACT		DATE OF CONTRACT	EFFECTIVE DATE	TERMINATION DATE	REVIEW DATE
Complete the following information fields at right: DOES NEW CONTRACT AMEND OR CANCEL AN EXISTING AGMT.? IF SO, SEE BELOW:		02/10/2006	07/01/2006	RLA	
<input type="checkbox"/> AMENDMENT to Existing Contract		ORIGINAL CONTRACT NO. BEING AMENDED	ORIGINAL CONTRACT DATE	AMENDMENT DATE	
Complete the following information fields at right: Original Contract number of agmt. being amended Original Contract date Amendment Date.					
<input type="checkbox"/> CANCELLATION of Existing Contract		ORIGINAL CONTRACT NO. BEING CANCELLED	ORIGINAL CONTRACT DATE	CANCELLATION DATE	
Complete the following information fields at right: Original Contract number of agmt. being cancelled Original Contract Date Cancellation Date.					
CONTRACT TYPE CODE (CIRCLE ONE):	LRTC - Labor Relations Transportation Contracts OR LRSP - Labor Relations Collective Bargaining Support Contracts				
LRTC					
CONTRACT PARTIES (OTHER THAN BNSF)					
Brotherhood of Locomotive Engineers and Trainmen					
DESCRIPTION OF THE CONTRACT					
Kelly Lake Ore Pool Agreement					
NOTE: PLEASE APPLY BF#, PDF AND RETURN TO NICK.MARKOS@BNSF.COM FOR LR WEB PAGE POSTING.					
STATE	COUNTY	CITY			
WI		Superior/Duluth			

IF YES, ATTACH EXTRA COPY OF CONTRACT FOR ACCT. DISTRIBUTION NOTE: NO OTHER DISTRIBUTION WILL BE MADE

SUBMITTING DEPT. IS RESPONSIBLE FOR NOTIFYING CORPORATE SUPPORT WHEN CONTRACT IS CANCELLED

CONTRACT NO. ASSIGNED BY CORPORATE SUPPORT
BF 41097

JUL 10 2006