

SERVICE DATE – APRIL 14, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 35217 (Sub No. 1)

STILLWATER CENTRAL RAILROAD, L.L.C. — LEASE AND OPERATION
EXEMPTION—HOLLIS & EASTERN RAILROAD, L.L.C.

[REQUEST FOR WAIVER OF 49 C.F.R. § 1150.42(e)]

Digest:¹ This decision waives the 60-day advance notice requirement and allows Stillwater Central Railroad, L.L.C., to extend the term of, and update, its lease of approximately 14 miles of rail line in Jackson County, Okla., on or after April 19, 2026.

Decided: April 13, 2026

On March 20, 2026, Stillwater Central Railroad, L.L.C. (SLWC), a Class III rail carrier, filed a verified notice of exemption under 49 C.F.R. § 1150.41 to continue to lease and to operate, pursuant to a lease agreement entered into with Hollis & Eastern Railroad, L.L.C. (HE), approximately 14 miles of rail line extending from milepost 0.0 at Duke, Okla., to milepost 14.0 at Altus, Okla. (the Line).

SLWC states that, in 2010, it entered into an agreement with HE to lease and operate the Line. (Verified Notice 2); Stillwater Cent. R.R.—Lease & Operation Exemption—Hollis & E. R.R. FD 35217 (STB served Feb. 12, 2010). SLWC states that it has concluded an amended and restated lease and transportation services agreement with HE that updates and extends the current arrangement for SLWC’s lease and operation of the Line. (Verified Notice 2.)

In its verified notice, SLWC certifies that its projected annual revenues will exceed \$5 million. (Id. at 3.) Accordingly, unless waived, 49 C.F.R. § 1150.42(e) would require SLWC, at least 60 days before the exemption becomes effective, to post a notice of its intent to undertake the proposed transaction setting forth certain information at the workplace of the employees on the affected lines, serve a copy of the notice on the national offices of the labor unions with employees on the affected lines, and certify to the Board that it has done so. However, concurrently with its verified notice, SLWC has filed a petition for waiver of those notice requirements.

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol’y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

In its petition, SLWC states that the 60-day labor notice requirements are unnecessary because the lease maintains the operational and labor status quo in effect since SLWC assumed operation of the Line in 2010. (Pet. 3.) According to SLWC, no SLWC jobs will be abolished or relocated due to the transaction, and the lease will have no effect on any HE employees as there have been no HE employees on the Line for the last 15 years. (Id. at 4.) No opposition to this waiver request has been filed.

Notice of SLWC's exemption was served and published in the Federal Register on April 3, 2026 (91 Fed. Reg. 17,054). The published notice announced that the Board would establish the effective date of the exemption in a separate decision on the waiver request.

DISCUSSION AND CONCLUSIONS

The purpose of the notice requirements at 49 C.F.R. § 1150.42(e) is to ensure that rail labor unions and employees who would be affected by the transfer of a line are given sufficient notice of the transaction before consummation.

Here, however, it does not appear that the purpose behind the requirements would be thwarted if the requested waiver is granted. The record indicates that no employees would be adversely affected by a waiver of the 60-day notice requirements. SLWC is the current operator of the Line, and SLWC states that there would be no changes for any SLWC employees working on the Line as a result of the proposed transaction. Moreover, SLWC indicates that HE has no employees who would be affected by the transaction.

Because no employees would be adversely affected by the requested waiver of the 60-day notice period, the Board will grant the waiver. SLWC's lease and operation exemption, unless stayed, will become effective on April 19, 2026, the effective date under the Board's rules absent the notice requirement.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

It is ordered:

1. SLWC's petition for waiver is granted.
2. SLWC's exemption will be effective on April 19, 2026, unless stayed.
3. This decision is effective on its date of service.

By the Board, Board Members Fuchs, Hedlund, and Schultz.