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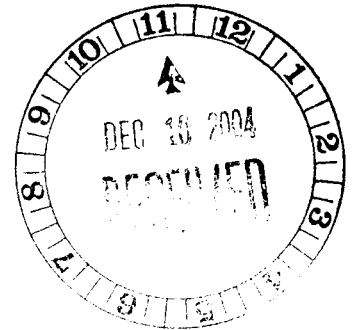
MYLES L. TOBIN
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December 9, 2004

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

444
FILED
DEC 10 2004
SURFACE
TRANSPORTATION BOARD



Re: **Finance Docket No. 34630**
MRC Regional Railroad Authority – Trackage Rights
Exemption – Lines of the State of South Dakota
11-2

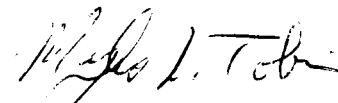
Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of MRC Regional Railroad Authority Pursuant to 49 C.F.R. § 1150.31**, dated December 9, 2004. A check in the amount of \$1,500, representing the appropriate fee for this filing, is attached.

One extra copy of the Notice and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,


Myles L. Tobin

MLT: arw

Enclosures

FEE RECEIVED
DEC 10 2004
SURFACE
TRANSPORTATION BOARD

ENTERED
Office of Proceedings

DEC 10 2004

Part of
Public Record

212751

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34630

MRC REGIONAL RAILROAD AUTHORITY
-- TRACKAGE RIGHTS EXEMPTION --
LINES OF THE STATE OF SOUTH DAKOTA

VERIFIED NOTICE OF EXEMPTION
OF
MRC REGIONAL RAILROAD AUTHORITY
PURSUANT TO 49 C.F.R. § 1150.31

FILED
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SURFACE
TRANSPORTATION BOARD

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Office of Hearings and Proceedings

OFFICE

Part of
Public Record

FEE RECEIVED
DEC 10 2004
SURFACE
TRANSPORTATION BOARD

Kenneth W. Cotton
Wipf & Cotton Law Offices, LLC
107 South Main Street
Wagner, South Dakota 57380
(605) 384-5471

**ATTORNEY FOR MRC REGIONAL
RAILROAD AUTHORITY**

Dated: December 9, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34630

MRC REGIONAL RAILROAD AUTHORITY
-- TRACKAGE RIGHTS EXEMPTION --
LINES OF THE STATE OF SOUTH DAKOTA

**VERIFIED NOTICE OF EXEMPTION
OF
MRC REGIONAL RAILROAD AUTHORITY
PURSUANT TO 49 C.F.R. § 1150.31**

Pursuant to 49 C.F.R. § 1150.31, et seq., MRC Regional Railroad Authority (“MRC”), a non-carrier, hereby files this Verified Notice of Exemption for the acquisition of overhead and certain limited local trackage rights over a line of railroad owned by the State of South Dakota between Mitchell, South Dakota and Sioux City, Iowa, a total distance of approximately 142.1 miles (“the Mitchell-Sioux City Line”). Based on projected revenues for the Mitchell-Sioux City Line, no party will exceed Class III revenue ceilings as a result of the transaction contemplated herein.

This Notice is related to Finance Docket No. 34630 (Sub-No. 1), Dakota Southern Railway Company -- Trackage Rights Exemption -- State of South Dakota and MRC Regional Railroad Authority, in which the Dakota Southern Railway Company is filing a Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(7) to operate the Mitchell-Sioux City Line trackage rights on behalf of MRC.

In accordance with the requirements of 49 C.F.R. § 1150.33, MRC submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the non-carrier applicant herein is as follows:

MRC Regional Railroad Authority
25129401st Avenue
Mitchell, South Dakota 57301

Applicant's Representative: 49 C.F.R. § 1150.33(b)

MRC's representative to whom correspondence regarding this transaction should be sent is as follows:

Kenneth W. Cotton
Wipf & Cotton Law Offices, LLC
107 South Main Street
Wagner, South Dakota 57380
(605) 384-5471

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

MRC has executed an agreement with the State of South Dakota providing for MRC's acquisition of trackage rights on the Mitchell-Sioux City Line.

Operation of the Property: 49 C.F.R. § 1150.33(d)

Dakota Southern Railway Company ("Dakota Southern") will operate the trackage rights on behalf of MRC pursuant to a separate Notice of Exemption being filed concurrently herewith in Finance Docket No. 34630 (Sub-No. 1).

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

MRC is a non-carrier which leases a previously abandoned line between Mitchell and Kadoka, South Dakota, now owned by the State of South Dakota. The Mitchell-Kadoka Line is subleased and operated by the Dakota Southern Railway Company.

The State of South Dakota owns various rail lines in the state which are either leased to regional railroad authorities for operation by third-party rail carriers or, alternatively, are directly operated by third-party rail carriers on behalf of the State. The Mitchell-Sioux City Line is operated on behalf of the State by The Burlington Northern and Santa Fe Railway Company ("BNSF"), pursuant to an Operating Agreement dated July 10, 1986. Under the Operating Agreement the State retains ownership of Mitchell-Sioux City Line and administrative and management responsibility for the line, and has the right to grant trackage rights on the line subject to certain BNSF consent.

Although the State has the right to grant trackage rights to MRC for operations by its third-party operator, BNSF has not consented to the grant of those rights, and the failure to provide this consent is the subject litigation between the State and BNSF in The Burlington Northern and Santa Fe Railway Company v. State of South Dakota, Case No. 04-470 (S.D. 6th Circuit). MRC recognizes that BNSF consent may have to be obtained (either voluntarily or through litigation) before its third-party trackage rights operations can commence on the Mitchell-Sioux City Line. Nevertheless, inasmuch as the Board's authority for this Notice of Exemption is permissive in nature, the filing of this Notice is appropriate here as a prelude to obtaining any necessary consent.

Pursuant to the agreement entered into between the State of South Dakota and MRC, the State has granted MRC overhead trackage rights from milepost 654 near Mitchell,

South Dakota to milepost 511.90 in Sioux City, Iowa, including such yard tracks, sidetracks and connecting tracks (existing or to be constructed) as are reasonable and necessary to (a) interchange railcars with BNSF and the Dakota, Minnesota & Eastern Railroad Corporation at Mitchell, (b) access the State-owned line extending westerly from Napa Junction to Platte, South Dakota, and (c) interchange railcars with BNSF, Union Pacific Railroad Company, and Canadian National Railway Company at Sioux City. MRC also will obtain certain limited local trackage rights on the Mitchell-Sioux City Line to move loaded cars of corn, soybeans and wheat (and to move the empty cars via the reverse route) originating at points on the Mitchell-Kadoka Line leased by MRC, and terminating at the Mitchell Elevator in Mitchell, South Dakota and the Beardsley Elevator in Beardsley, South Dakota.

The total distance of the Mitchell-Sioux City Line is 142.1 miles.

The State's agreement with MRC recognizes that MRC will utilize a third-party operating carrier to operate the trackage rights, in the same manner that a third-party carrier operates MRC's leased line between Mitchell and Kadoka. Pursuant to exemption in Finance Docket No. 34630 (Sub-No. 1), MRC will utilize Dakota Southern (the operator of the Mitchell-Kadoka Line) to operate the trackage rights on the Mitchell-Sioux City Line.

The complete name and address of the entity granting trackage rights to MRC is the State of South Dakota acting by and through its South Dakota State Railroad Board and the South Dakota Department of Transportation, Office of Railroads, 700 Broadway Avenue, East, Pierre, South Dakota 57501-2586.

MRC intends to consummate the trackage rights on or after December 17, 2004.

Map: 49 C.F.R. § 1150.33(f)

A map showing the Mitchell-Sioux City Line and the surrounding area is attached as Exhibit A to this notice.

Certificate of Compliance: 49 C.F.R. § 1150.33(g)

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.33(g) is attached as Exhibit B to this notice.

Advance Notice: 49 C.F.R. § 1150.32(e)

Inasmuch as the projected annual revenue of the MRC/Dakota Southern operations will not exceed \$5 million, the advance notice provisions of 49 C.F.R. § 1150.32(e) are not applicable to this transaction.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

Under 49 C.F.R. § 1105.6(c)(2), MRC's proposed acquisition of trackage rights on the Mitchell-Sioux City Line is exempt from environmental reporting requirements. The proposed acquisition will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), MRC's proposed acquisition of trackage rights on the Mitchell-Sioux City Line also is exempt from historic preservation reporting requirements. MRC's acquisition of trackage rights on the Mitchell-Sioux City Line is for the purpose of continued rail operations. Further Surface Transportation Board approval is required to abandon or discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.34

A caption summary in appropriate form is attached as Exhibit C to this notice.

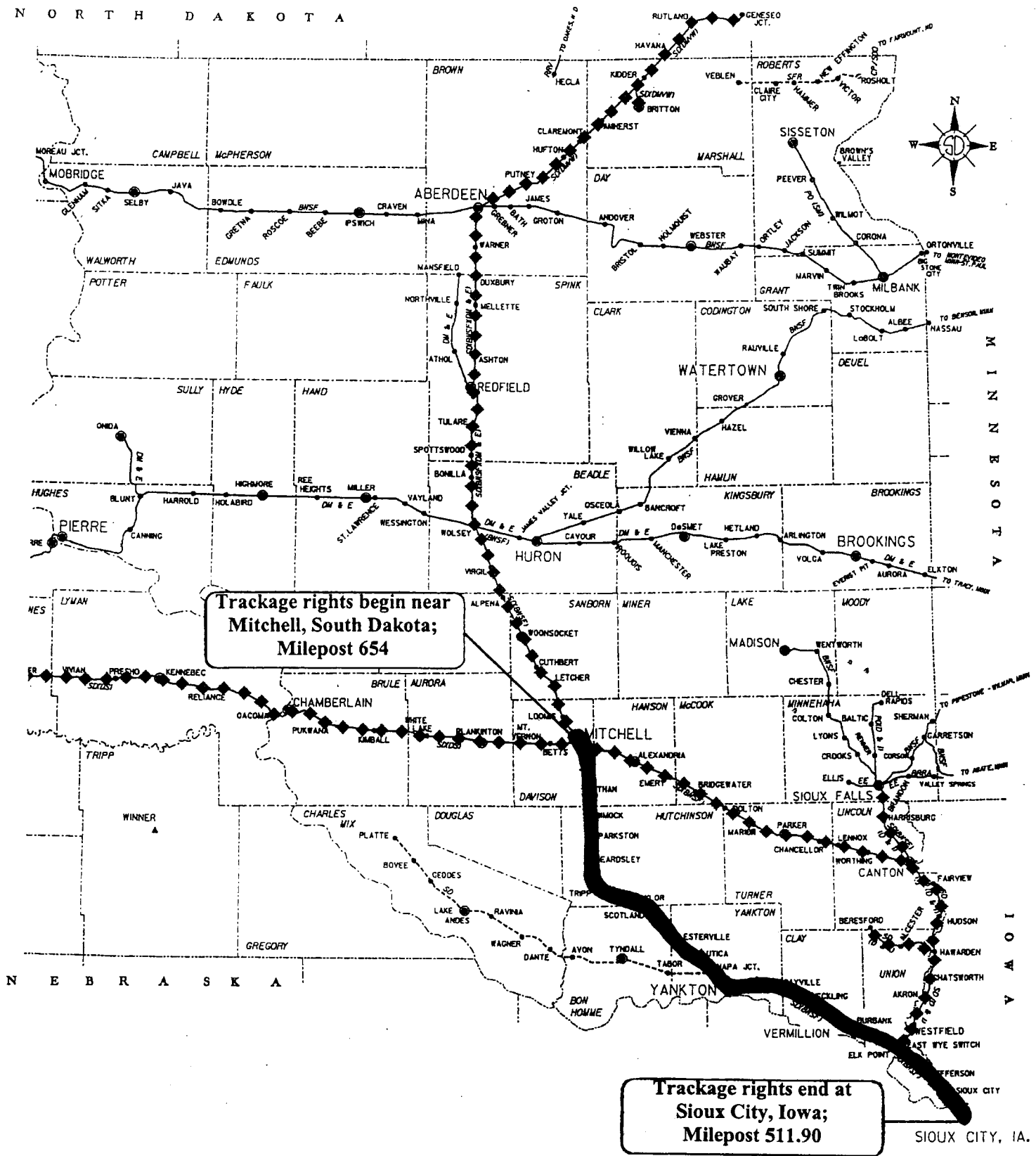
Respectfully submitted,

By: Kenneth W. Cotton
Kenneth W. Cotton
Wipf & Cotton Law Offices, LLC
107 South Main Street
Wagner, South Dakota 57380
(605) 384-5471

**ATTORNEY FOR MRC REGIONAL
RAILROAD AUTHORITY**

Dated: December 9, 2004

EXHIBIT A



CERTIFICATION

State of South Dakota)
) ss:
County of Davison)

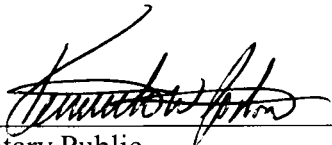
Thomas Greenway, being duly sworn, hereby certifies that:

The projected annual rail revenue of MRC Regional Railroad Authority (individually, and in combination with its third-party operator, Dakota Southern Railroad) does not exceed that which would create a Class II carrier under the provisions of 49 C.F.R. § 1201 (1-1).



Thomas Greenway
Chairman

SUBSCRIBED AND SWORN TO
before me this 7th day
of December __, 2004.



Notary Public
My Commission expires: 8-1-2009

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34630

MRC REGIONAL RAILROAD AUTHORITY
-- TRACKAGE RIGHTS EXEMPTION --
LINES OF THE STATE OF SOUTH DAKOTA.

MRC Regional Railroad Authority ("MRC"), a non-carrier, has filed a Verified Notice of Exemption to acquire from the State of South Dakota (the "State") overhead trackage rights over a line of railroad extending between milepost 654 near Mitchell, South Dakota to milepost 511.90 in Sioux City, Iowa, including such yard tracks, sidetracks and connecting tracks (existing or to be constructed) as are reasonable to (a) interchange railcars with The Burlington Northern and Santa Fe Railway Company ("BNSF") and Dakota, Minnesota & Eastern Railroad Corporation at Mitchell, (b) access the State-owned line extending westerly from Napa Junction to Platte, South Dakota, and (c) interchange railcars with BNSF, Union Pacific Railroad Company, and Canadian National Railway Company at Sioux City. MRC also will obtain limited local trackage rights on the Mitchell-Sioux City Line to move loaded cars of corn, soybeans and wheat (and to move the empty cars via the reverse route) originating at points on MRC's Mitchell to Kadoka, South Dakota line and terminating at the Mitchell Elevator in Mitchell, South Dakota and the Beardsley Elevator in Beardsley, South Dakota. The total distance of the trackage rights to be acquired is approximately 142.1 miles.

This Notice is related to Finance Docket No. 34630 (Sub-No. 1), Dakota Southern Railway Company -- Trackage Rights Exemption -- State of South Dakota and MRC Regional Railroad Authority, in which Dakota Southern Railway Company is filing a Verified Notice of

Exemption pursuant to 49 C.F.R. § 1180.2(d)(7) to operate the Mitchell-Sioux City Line trackage rights on behalf of MRC.

MRC intends to consummate the trackage rights on or after December 17, 2004.

Comments must be filed with the Board and served on:

Kenneth W. Cotton
Wipf & Cotton Law Offices, LLC
107 South Main Street
Wagner, South Dakota 57380
(605) 384-5471

This Notice is filed under 49 C.F.R. § 1150.31. If the Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: December __, 2004

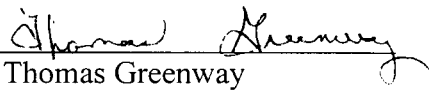
By the Board

Vernon A. Williams
Secretary

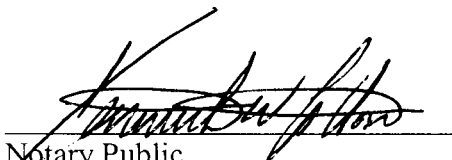
VERIFICATION

State of South Dakota)
) ss:
County of Davison)

Thomas Greenway, being duly sworn, deposes and says that he is Chairman of the MRC Regional Railroad Authority, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.


Thomas Greenway

SUBSCRIBED AND SWORN TO
before me this 7th day
of December, 2004.



Notary Public
My Commission expires: 8-1-2009