

WEINER BRODSKY SIDMAN KIDER PC

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AUG 25 2005

SURFACE
TRANSPORTATION BOARD

214591

1300 NINETEENTH STREET NW
FIFTH FLOOR
WASHINGTON DC 20036 1609
TEL 202 628 2000
FAX 202 628 2011

ENTERED
Office of Proceedings

AUG 25 2005

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Public Record

August 25, 2005

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

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AUG 25 2005

SURFACE
TRANSPORTATION BOARD



Re: Finance Docket No. 34748, Morehead & South Fork Railroad Co., Inc. –
Acquisition and Operation Exemption – Carolina Rail Service, LLC

Finance Docket No. 34749, Gulf & Ohio Railway Holdings Co., Inc., H.
Peter Claussen and Linda C. Claussen – Continuance in Control
Exemption – Morehead & South Fork Railroad Co., Inc.

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of each of (i) the verified notice of exemption of Morehead & South Fork Railroad Co., Inc., pursuant to 49 C.F.R. § 1150.31, and (ii) the verified notice of exemption of Gulf & Ohio Railways Holding Co., Inc. and H. Peter Claussen and Linda C. Claussen, pursuant to § 1180.2(d)(2) (the "Control Filing"). Also enclosed, pursuant to 49 C.F.R. § 1180.6(a)(6), are 20 additional copies of the maps attached to the Control Filing. Also enclosed are checks in the amounts of \$1,500 and \$1,100 to cover the filing fees for these proceedings.

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Sincerely,

Rose-Michele Nardi

Enclosures

214591

BEFORE THE
SURFACE TRANSPORTATION BOARD

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STB FINANCE DOCKET NO. 34749

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TRANSPORTATION BOARD

GULF & OHIO RAILWAYS HOLDING CO., INC.,
H. PETER CLAUSSEN AND LINDA C. CLAUSSEN
- CONTINUANCE IN CONTROL EXEMPTION -
MOREHEAD & SOUTH FORK RAILROAD CO., INC.

FILED

AUG 25 2005

SURFACE
TRANSPORTATION BOARD

VERIFIED NOTICE OF EXEMPTION

Pursuant to 49 CFR Part 1180.2(d)(2), Gulf & Ohio Railways Holding Co., Inc. ("G&O"), and H. Peter and Linda C. Claussen (the "Claussens") file this Notice of Exemption from the prior approval requirements of 49 U.S.C. § 11323. (G&O and the Claussens are referred to herein together as the "Owners".)

Applicant's full name and current mailing address:

Gulf & Ohio Railways Holding Co., Inc.
401 Henley Street, Suite 5
Knoxville, Tennessee 37902
(865) 525-9400

H. Peter Claussen and Linda C. Claussen
401 Henley Street, Suite 5
Knoxville, TN 37902
(865) 525-9400

Applicant's representative to receive correspondence:

Rose-Michele Nardi
Weiner Brodsky Sidman Kider PC
1300 Nineteenth Street, NW
Fifth Floor
Washington, D.C. 20036-1609
(202) 628-2000

Description of the proposed transaction:

G&O, a non-carrier corporation, and the Claussens, non-carrier individuals, seek to continue to control Morehead & South Fork Railroad Co., Inc. ("MHSF") upon its

becoming a class III railroad in a related proceeding. *See* STB Finance Docket No. 34748, *Morehead & South Fork Railroad Co., Inc. – Acquisition and Operation Exemption – Carolina Rail Service, LLC* (the “Related Proceeding”). Currently, MHSF is a non-carrier, but it will become a class III rail common carrier upon consummation of the proposed transaction with Carolina Rail Service, LLC described in the Related Proceeding.

G&O wholly owns the following other class III rail carriers: Chattahoochee & Gulf Railroad Co., Inc., which operates in Alabama and Georgia; Conecuh Valley Railroad Co., Inc., which operates in Alabama; Knoxville & Holston River Railroad Co., Inc., which operates in east Tennessee; Lauringburg & Southern Railroad Co., Inc., which operates in North Carolina; Piedmont & Atlantic Railroad, Inc., which operates in northwestern North Carolina under the trade name of Yadkin Valley Railroad; Rocky Mount & Western Railroad Co., Inc., which operates in central North Carolina; Three Notch Railroad Co., Inc., which operates in Alabama; and Wiregrass Central Railroad Company, Inc., which operates in southeast Alabama. The Claussens wholly own G&O and also own one class III rail carrier, H&S Railroad, Inc., which operates in southeast Alabama (“H&S”). The class III rail carriers controlled by G&O and/or the Claussens are referred to herein as the “Affiliates.”

MHSF will not connect with any of the Affiliates, nor is this transaction part of a series of anticipated transactions that would connect MHSF with any of the Affiliates. There are no class I carriers involved.

Proposed consummation date:

The transaction is expected to be consummated on or after September 1, 2005.

Purpose of the transaction:

By establishing a separate non-carrier entity to consummate the transactions described in the Related Proceeding, Owners are able to insulate their other railroads from the financial, legal, and operational risks associated with the transactions contemplated in that proceeding.

States where property is located:

MHSF is wholly located within the State of North Carolina.

Maps of lines:

A map of the line of MHSF is attached as Exhibit A. Also attached as Exhibit A are maps identifying the general location of the lines owned and/or operated by Affiliates.

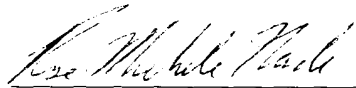
Labor protection:

No labor protection may be imposed in this case, as it involves only class III rail carriers.
See 49 U.S.C. § 11326(c).

Environmental issues:

Under 49 C.F.R. § 1105.6(c)(2)(i), environmental documentation normally will not be prepared for an action that will not exceed the quantitative thresholds set forth in 49 CFR §§ 1105.7(e)(4) or (5). Owner's continuance in control of MHSF, upon MHSF's becoming a class III rail carrier, will not result in changes in carrier operations that exceed the above-referenced thresholds. Therefore, no environmental documentation is required for this Verified Notice of Exemption. Similarly, the control transaction is not an action described in 49 C.F.R. §§ 1105.6(a) or (b), and is not an action described in section 1105.6(c) that will "result in the lease, transfer, or sale of a railroad's line, sites or structures." Therefore, no historic documentation is required for this Verified Notice of Exemption.

Respectfully submitted,



Rose-Michele Nardi
Weiner Brodsky Sidman Kider PC
1300 Nineteenth Street, NW, Fifth Floor
Washington, D.C. 20036-1609

Attorneys for:

GULF & OHIO RAILWAYS HOLDING
CO., INC.
H. PETER CLAUSSEN AND LINDA C.
CLAUSSEN

Dated: August 25, 2005

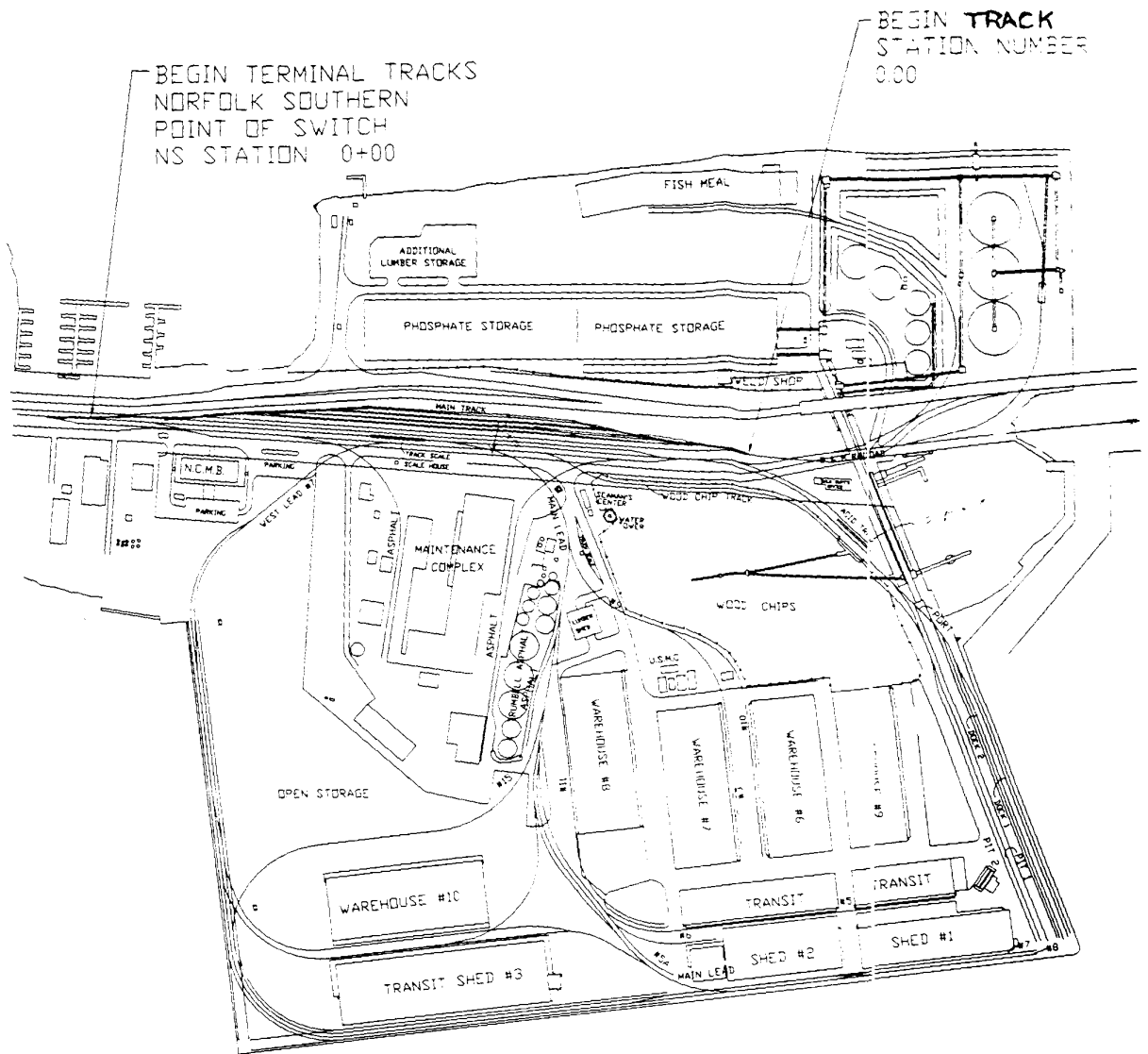
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

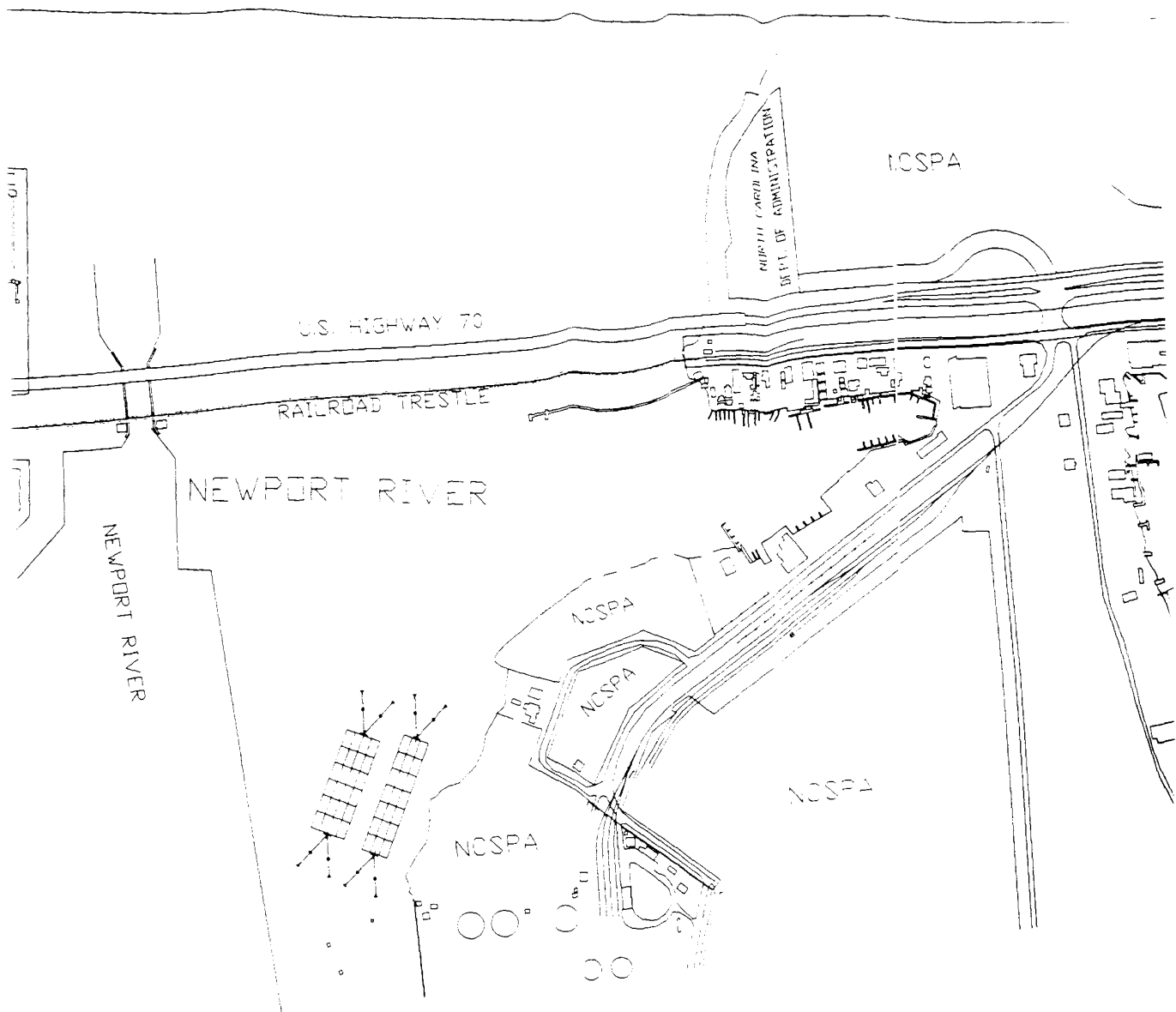
STB FINANCE DOCKET NO. 34749

**GULF & OHIO RAILWAYS HOLDING CO., INC.,
H. PETER CLAUSSEN AND LINDA C. CLAUSSEN
– CONTINUANCE IN CONTROL EXEMPTION –
MOREHEAD & SOUTH FORK RAILROAD CO., INC.**

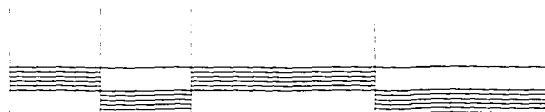
EXHIBIT A

MAPS OF THE LINES

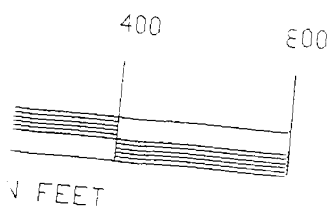
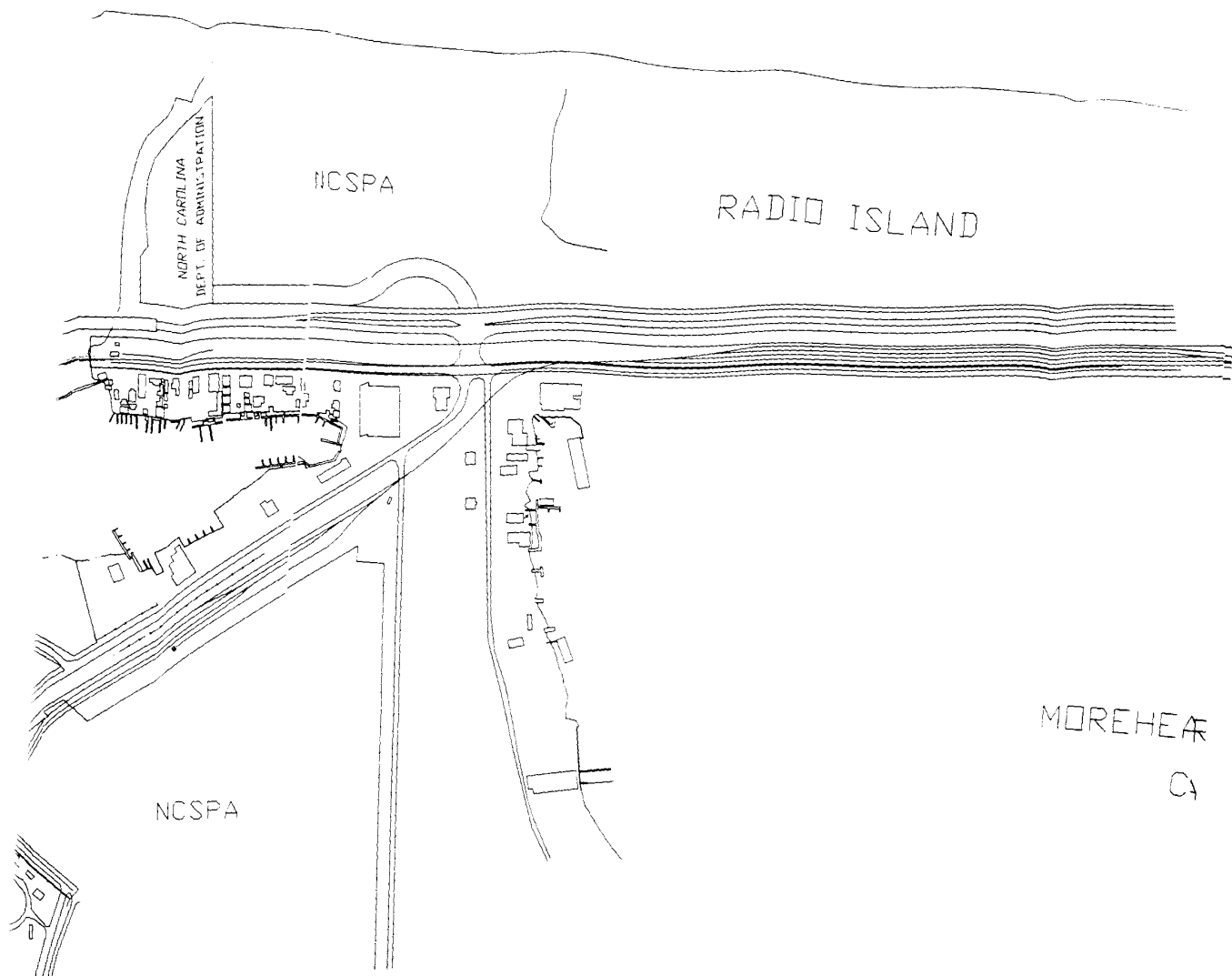




400 200 0 400 800



SCALE IN FEET

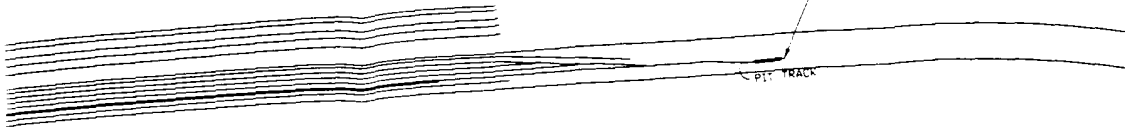


REV 1

DIO ISLAND

END TRACK
STATION NUMBER
00.87 MI

BEAUFORT CHANNEL



MOREHEAD CITY, NORTH CAROLINA
CARTERET COUNTY

Exhibit B
to Rail Operating Agreement

DEPARTMENT OF ENGINEERING

PORT OF MOREHEAD CITY AND
RADIO ISLAND RAILROAD

REV	DESCRIPTION	DATE

SEAL



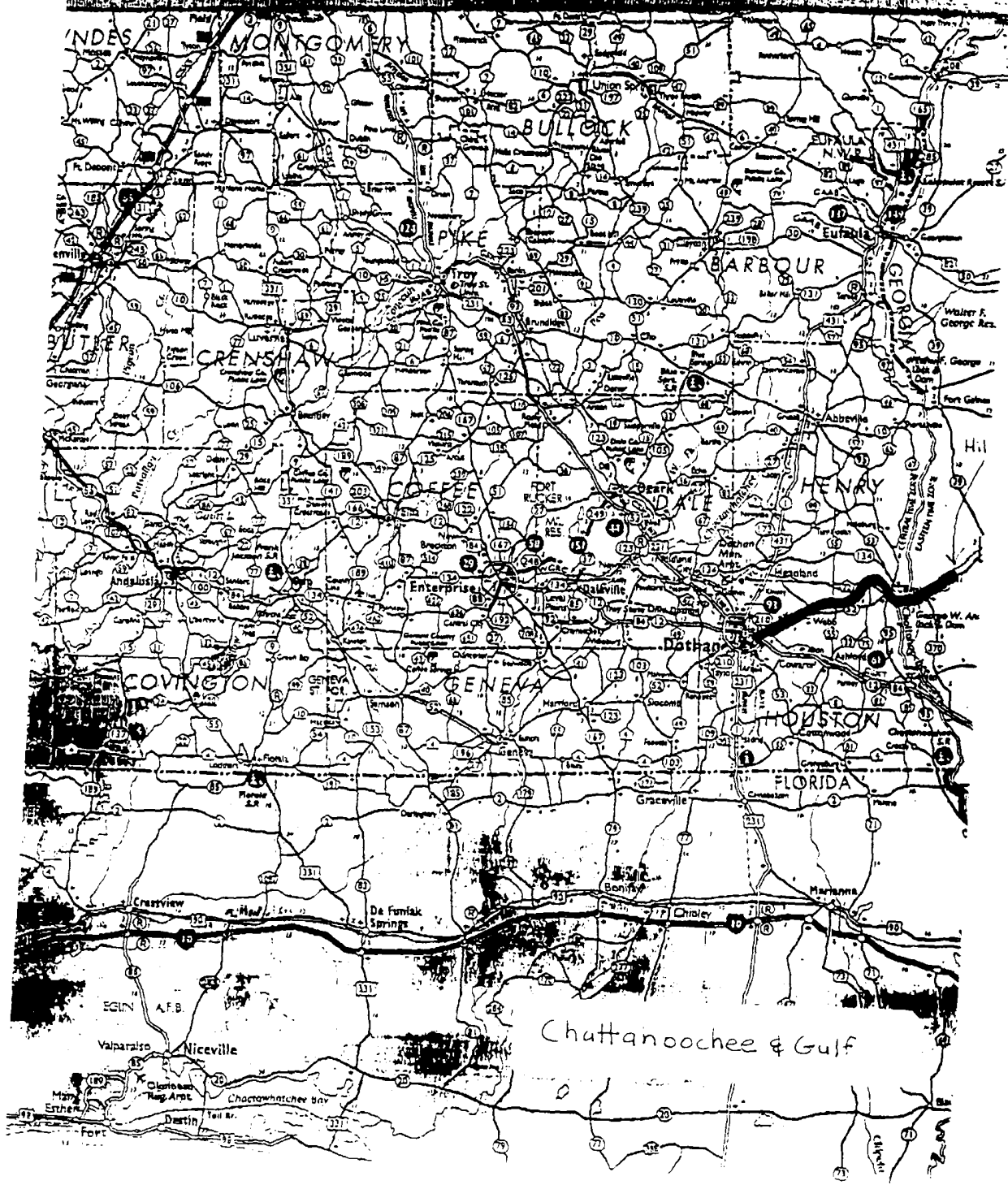
CHIEF ENGINEER
JERREL FREEMAN, P.E.
PROJ. No.
DESIGN
DRAWN: R.D.S.
CHK.
DATE: 9/25/02
SCALE: AS SHOWN

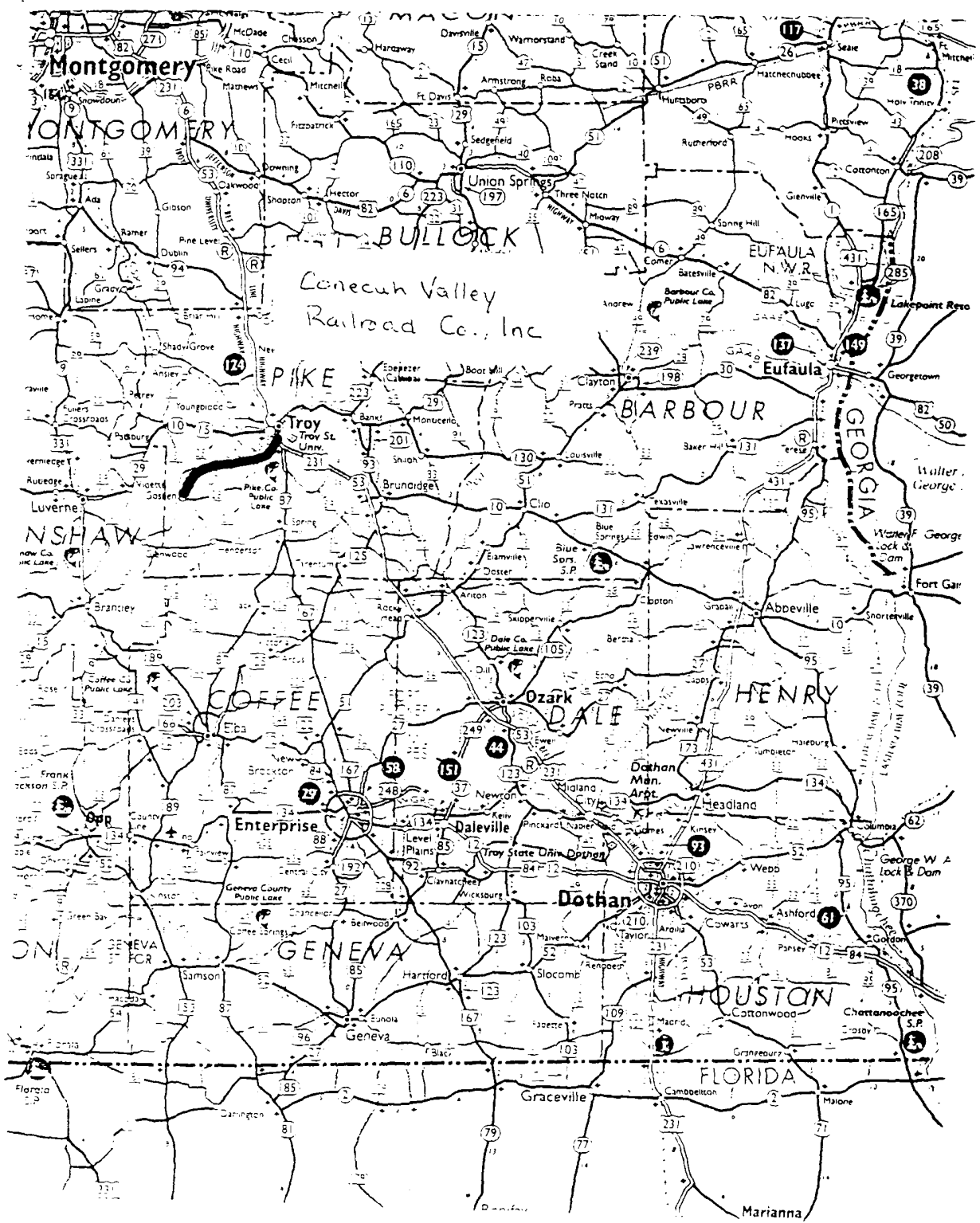
SHEET 1 OF 1

FEB. 25. 2003 5:43PM

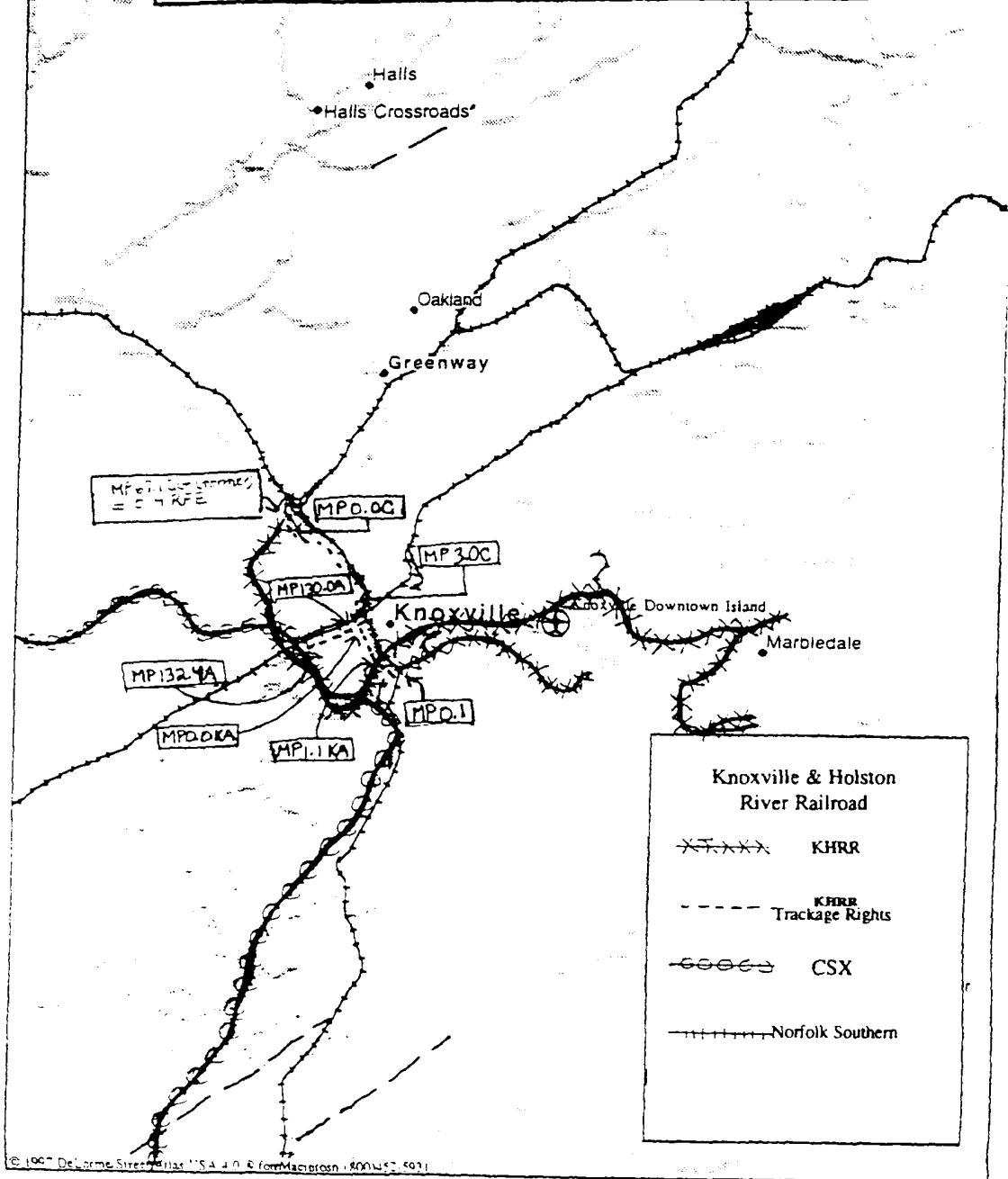
GULF & OHIO RAILWAYS

NO. 884 P. 3/4

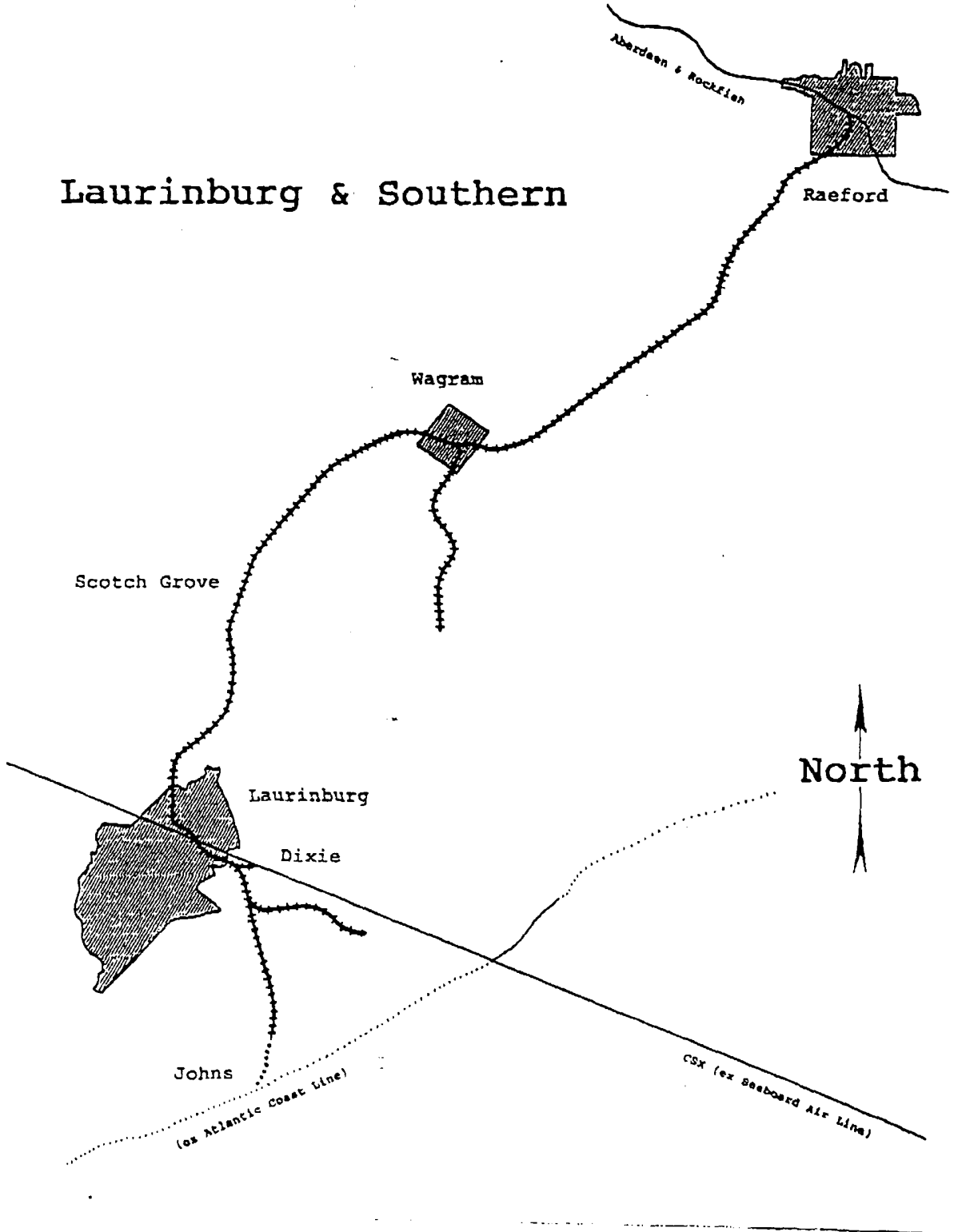


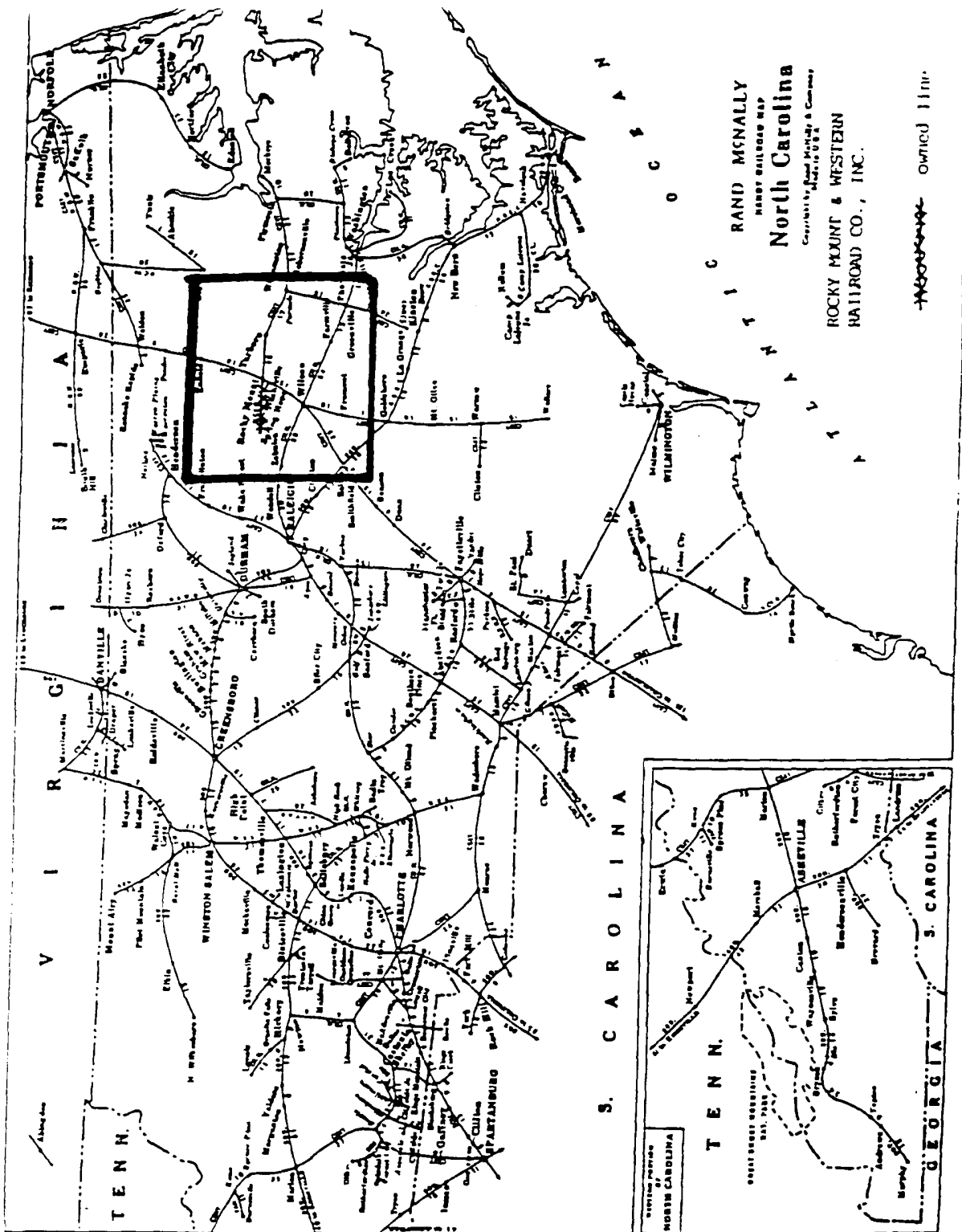


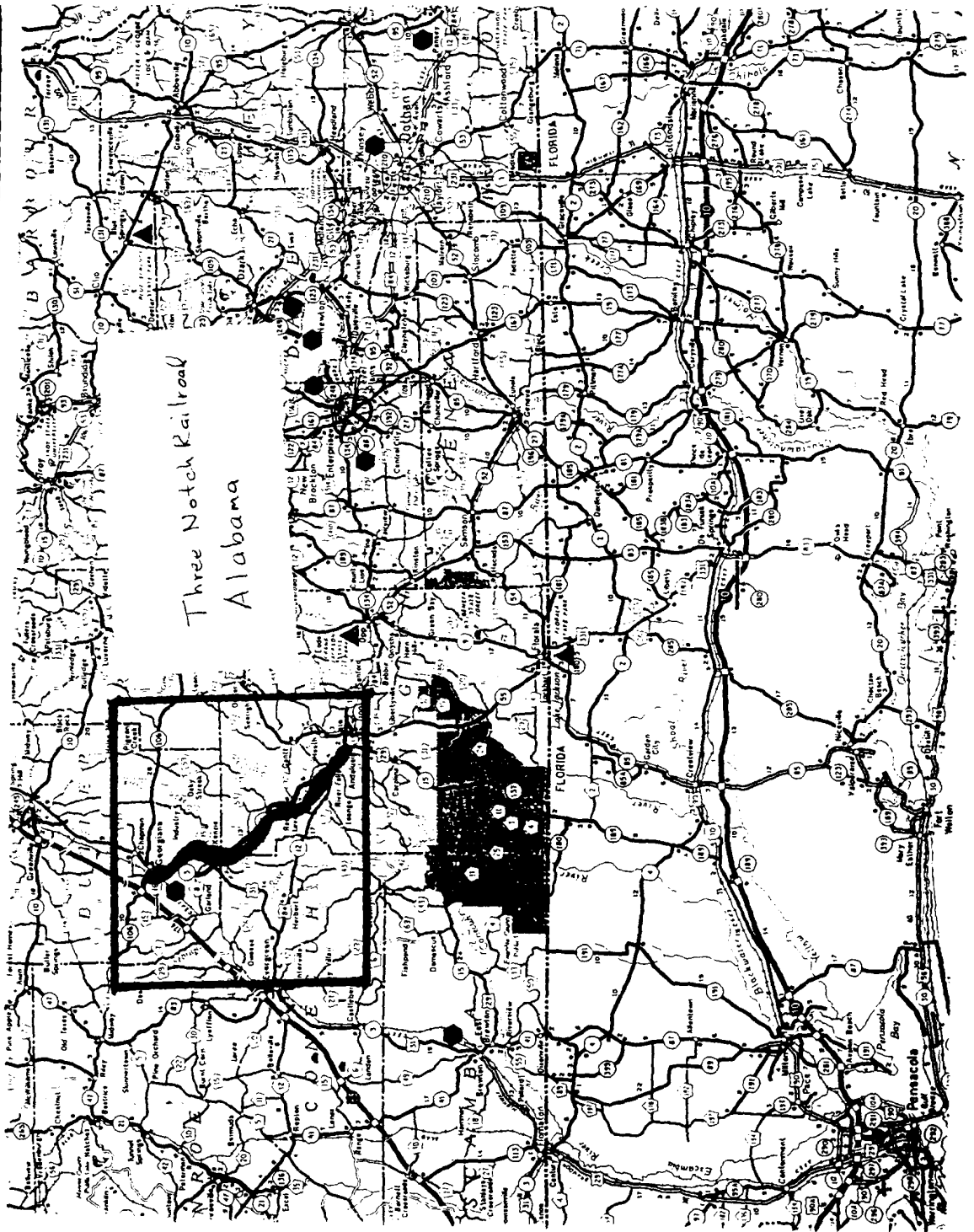
Knoxville & Holston River Railroad



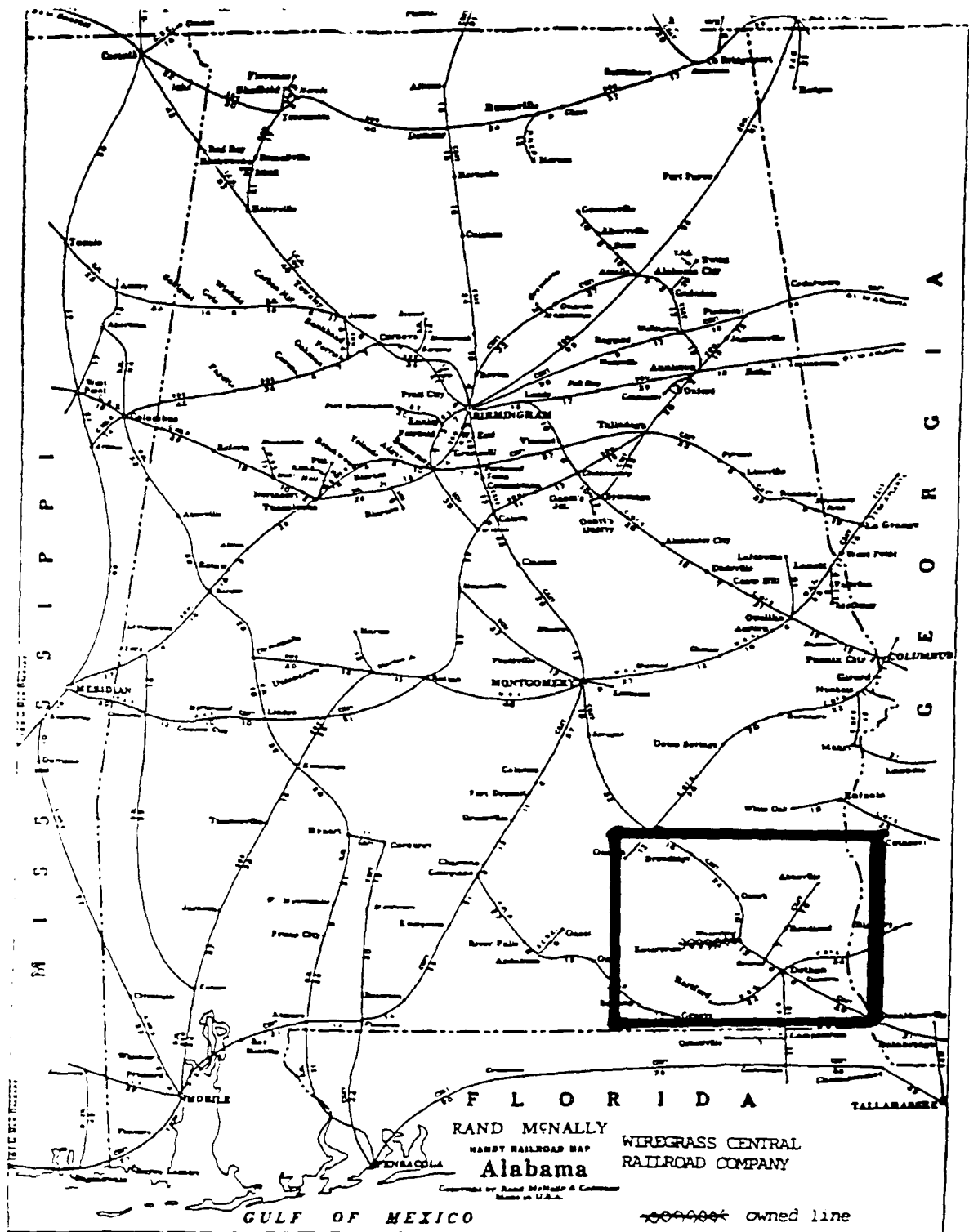
Laurinburg & Southern

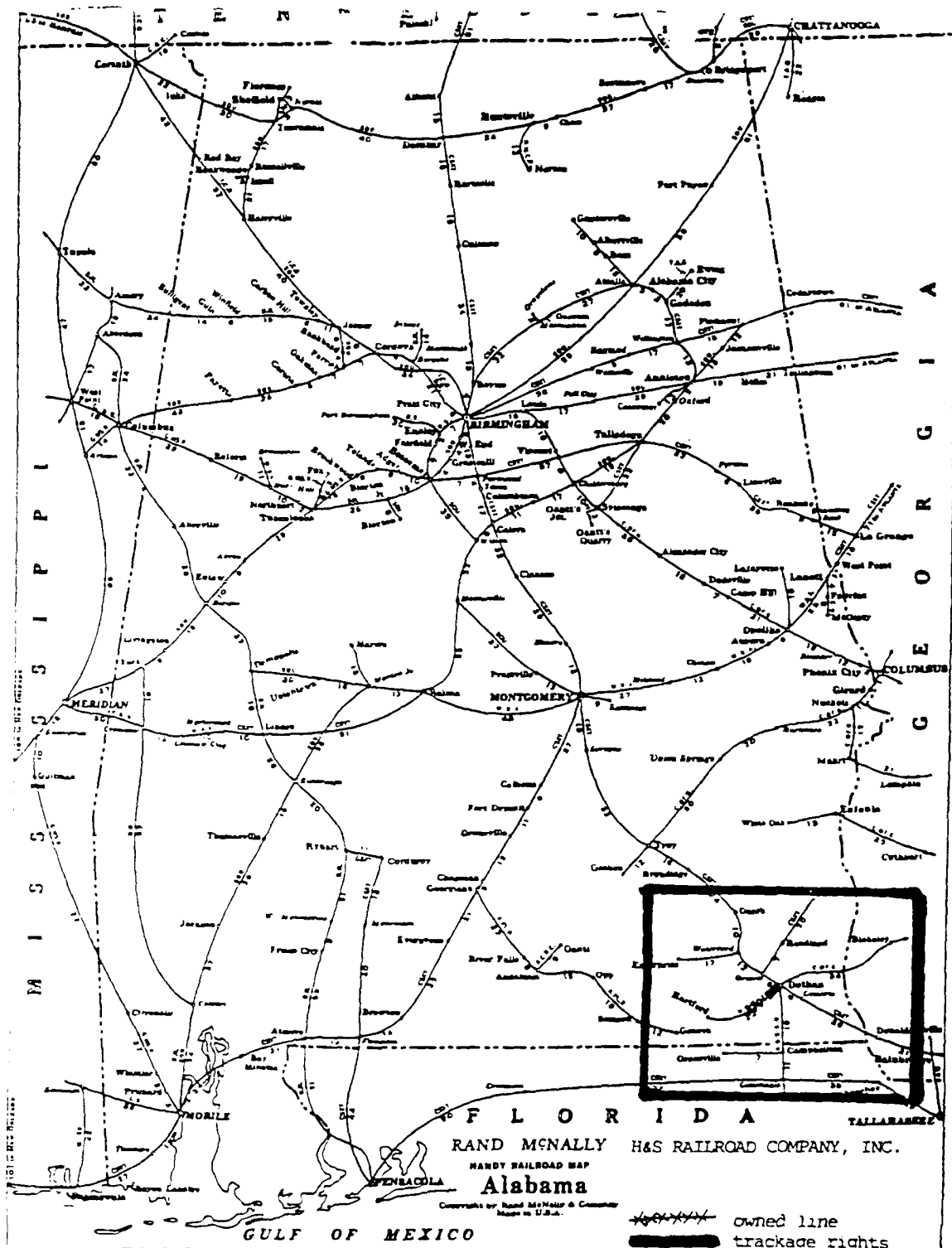






Three Notch Railroad
Alabama





VERIFICATION

I, H. Peter Claussen, certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Further, I certify that I am qualified and authorized to cause this Verified Notice of Exemption to be filed.



H. Peter Claussen

Dated: August 23, 2005