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219387



24 May 2007
by express delivery

FILED

MAY 25 2007

**SURFACE
TRANSPORTATION BOARD**

Hon. Vernon Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20024

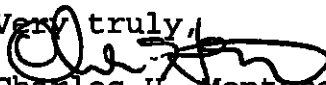
Ozark Valley Railroad -- Acquisition and Operation
Exemption -- The Kansas City Southern Railway
Company, F.D. 34989

Dear Mr. Secretary:

Enclosed for filing on behalf of Ozark Valley Railroad please find the original and ten copies of a notice of exemption per 49 C.F.R. § 1150.31, et seq. A check for the filing fee in the amount of \$1600 is also enclosed.

Thank you for your assistance in this matter.

Very truly,


Charles H. Montange
for Ozark Valley Railroad

Encls.

cc. David Reeves, Associate Gen. Counsel
The Kansas City Southern Railway Co.
427 West 12th St.
Kansas City, MO 64105

Mr. Michael Williams
Ozark Valley Railroad
P.O. Box 824
Mexico, MO 65265-0824

(w/encls)

**ENTERED
Office of Proceedings**

MAY 25 2007

**Part of
Public Record**

FILED

MAY 25 2007

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE SURFACE TRANSPORTATION BOARD

Ozark Valley Railroad
-- acquisition and operation exemption--
The Kansas City Southern Railway Company

Finance Docket No. 34989

Ozark Valley Railroad (OVR) hereby gives notice, pursuant to 49 C.F.R. § 1150.31, et seq, of a notice of exemption to engage in the following transaction:

(i) to acquire (by purchase) and to operate the following line of The Kansas City Southern Railway Company (KCSR):

a portion of the KCSR Fulton Branch between MP 3.0, near Mexico, MO, and MP 24.99, at Fulton, MO;¹

(ii) to lease from KCSR and to operate the portion of the Fulton Branch between MP 0.0 and MP 3.0; and

(iii) to acquire and to operate over incidental overhead trackage rights and incidental trackage rights to interchange over the portion of the Roodhouse Subdivision from Milepost 321.0 near Arthur, MO, to Milepost 329.0 near Mexico, MO, including the connection with the Fulton Branch at Milepost 326.3 at Mexico, MO, and designated yard tracks at Mexico, MO.

The lines are located in Audrain and Callaway Counties, MO.

¹ As part of the overall transaction, Ozark Valley Railroad will also acquire and operate the Arthur Industrial Spur (approximately 2.565 miles in length connecting to the Roodhouse Subdivision at the siding located at MP 322.9 at Arthur, MO. However, KCSR and Ozark Valley Railroad regard the Arthur Industrial Spur as an industrial spur within the meaning of 49 U.S.C. § 10906. Accordingly, Ozark Valley Railroad's acquisition and operation of the Arthur Industrial Spur does not require a notice of exemption under 49 C.F.R. § 1150.31.

As required by 49 C.F.R. § 1150.33, Ozark Valley Railroad makes the following representations:

(a) Full name and address of applicant: Ozark Valley Railroad, P.O. Box 824, Mexico, Missouri 65265-0824, telephone 206-546-1936.

(b) Representative of applicant who should receive correspondence: Charles H. Montange, 426 NW 162d St., Seattle, WA 98177.

(c) Statement concerning status of agreement: Ozark Valley Railroad and Kansas City Southern Railway have entered into a letter of intent, and are preparing a definitive contract. The parties project completion of the contract within fourteen calendar days and wish to close as soon as possible.

(d) Operator: Ozark Valley Railroad (OVRR).

(e) Summary.

(1) Name and address of railroad transferring the subject property: The Kansas City Southern Railway Company, 427 West 12th St., Kansas City, MO 64105

(2) The proposed time schedule for consummation of the transaction: OVRR and KCSR expect to enter into a final contract within fourteen calendar days and wish to consummate the transaction as quickly as permitted by STB regulations (30 days from filing of this notice).

(3) Mileposts of the subject property:

OVRR would acquire by purchase and operate

the portion of the KCSR Fulton Branch between MP 3.0

near Mexico, MO, and MP 24.99 at Fulton, MO.²

OVRP would lease from KCRS and operate the portion of the KCRS Fulton Branch between MP 0.0 (at Mexico, MO) and MP 3.0.

OVRP would also acquire both overhead and incidental trackage rights over the portion of the KCRS Roodhouse Subdivision from Milepost 321.0 near Arthur, MO, to Milepost 329 near Mexico, MO, including the connection with the Fulton Branch at Milepost 326.3 at Mexico, MO, and designated yard tracks at Mexico, MO, in order to effect efficient interchange between OVRP and KCSR.

Total route miles: approximately 24.99 acquired or leased, and approximately 8 miles in overhead or incidental trackage rights. See also note 1.

(f) Map. See Exhibit A.

(g) Certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier. See Exhibit B.

Compliance with 49 C.F.R. § 1150.34 (caption summary). See Exhibit C.

Compliance with 49 C.F.R. § 1150.32(e). Inasmuch as expected revenue is projected to be substantially under \$5 million, no further compliance with the notice requirements of § 1150.32(e) is required.

Compliance with 49 C.F.R. § 1150.32(d) (requirement that applicant preserve intact all sites and structures more than 50

² See also note 1 supra.

years old). OVRB will preserve intact all sites and structures more than 50 years old.

Environmental matters. The OVRB acquisition will not result in significant changes in carrier operations. There will not be a diversion of:

- (1) more than 1000 carloads a year to motor carriage; or
- (2) an average of 50 carloads per mile per year for any part of this line to motor carriage.

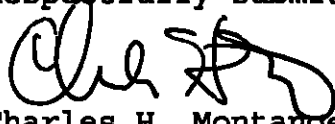
This transaction will not result in:

- (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line;
- (2) an increase of rail yard activity of at least 100 percent; or
- (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles per day.

OVRB's acquisition will not affect a Class I or nonattainment area under the Clean Air Act. The thresholds of 49 C.F.R. § 1105.7(3)(5)(ii) will not be exceeded. The transportation of ozone depleting materials is not contemplated. Under 49 C.F.R. § 1105.6(c)(2), further environmental documentation is not required.

Verification. See Exhibit D.

Respectfully submitted,



Charles H. Montange
426 NW 162d St.
Seattle, WA 98177
(206) 546-1936
for Ozark Valley Railroad

Att(s): Exhibit A -- Map
Exhibit B -- Revenue Certificate
Exhibit C -- Caption Summary
Exhibit D -- Verification

Exhibit A

Map

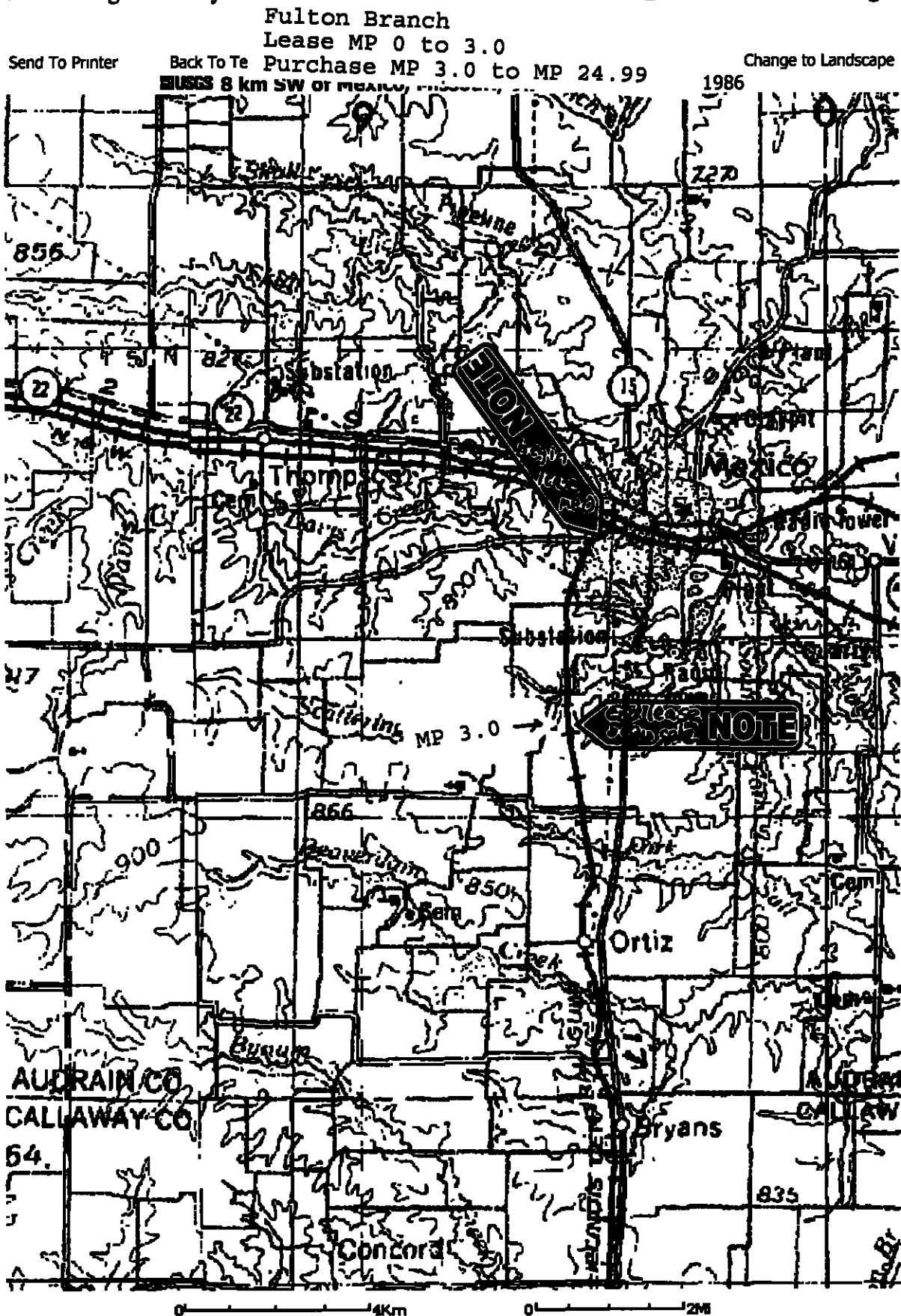


Image courtesy of the U.S. Geological Survey

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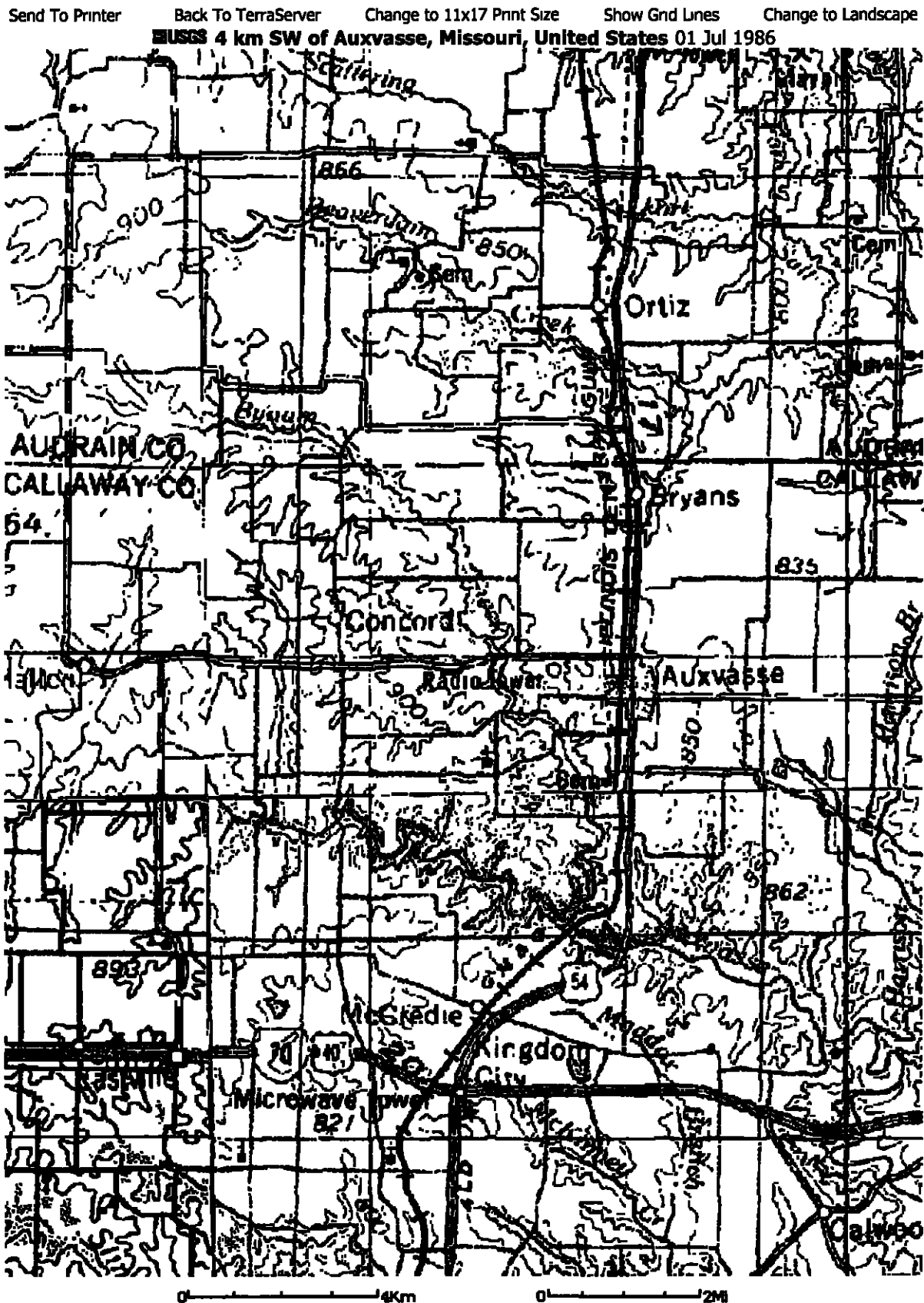


Image courtesy of the U.S. Geological Survey

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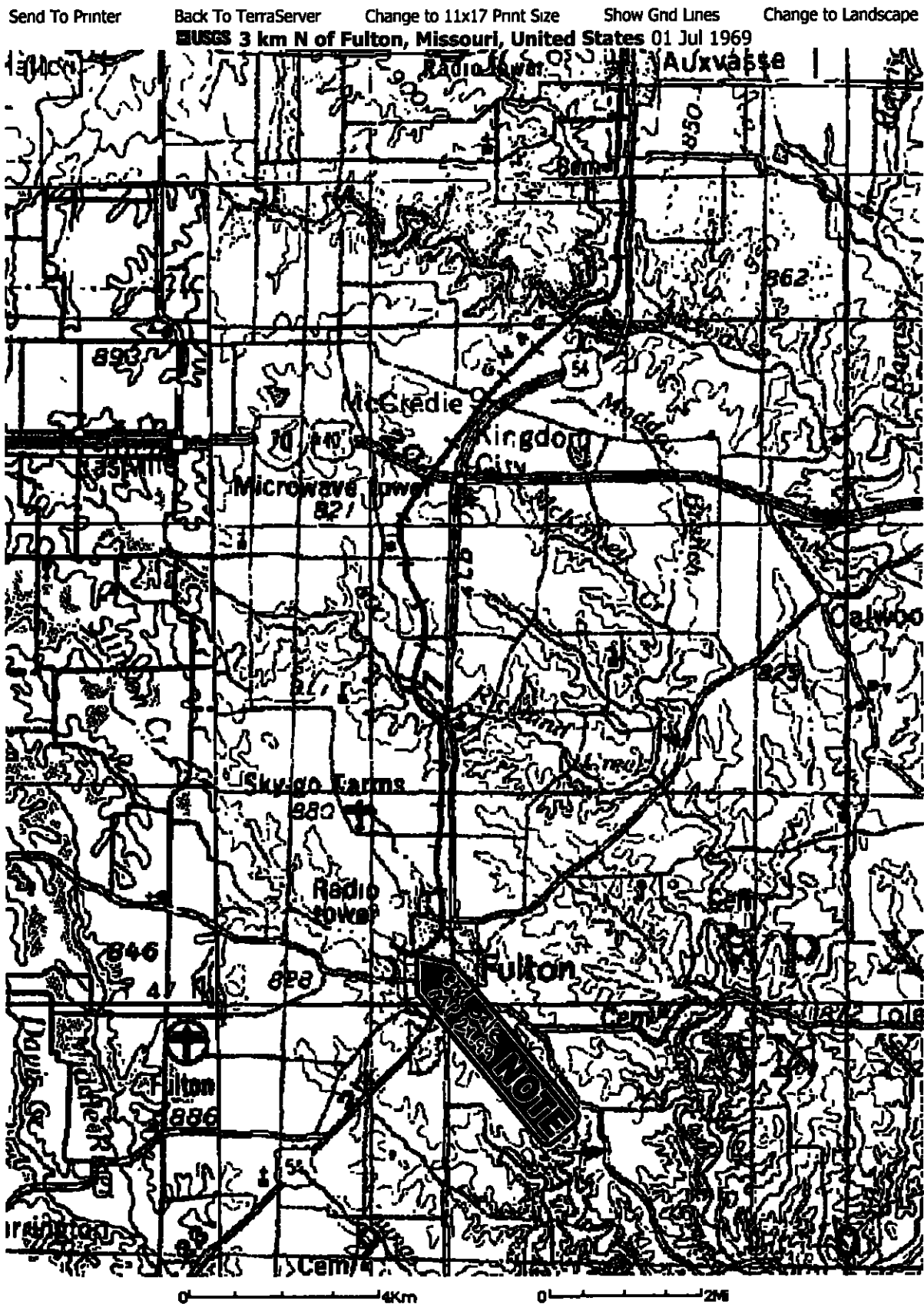
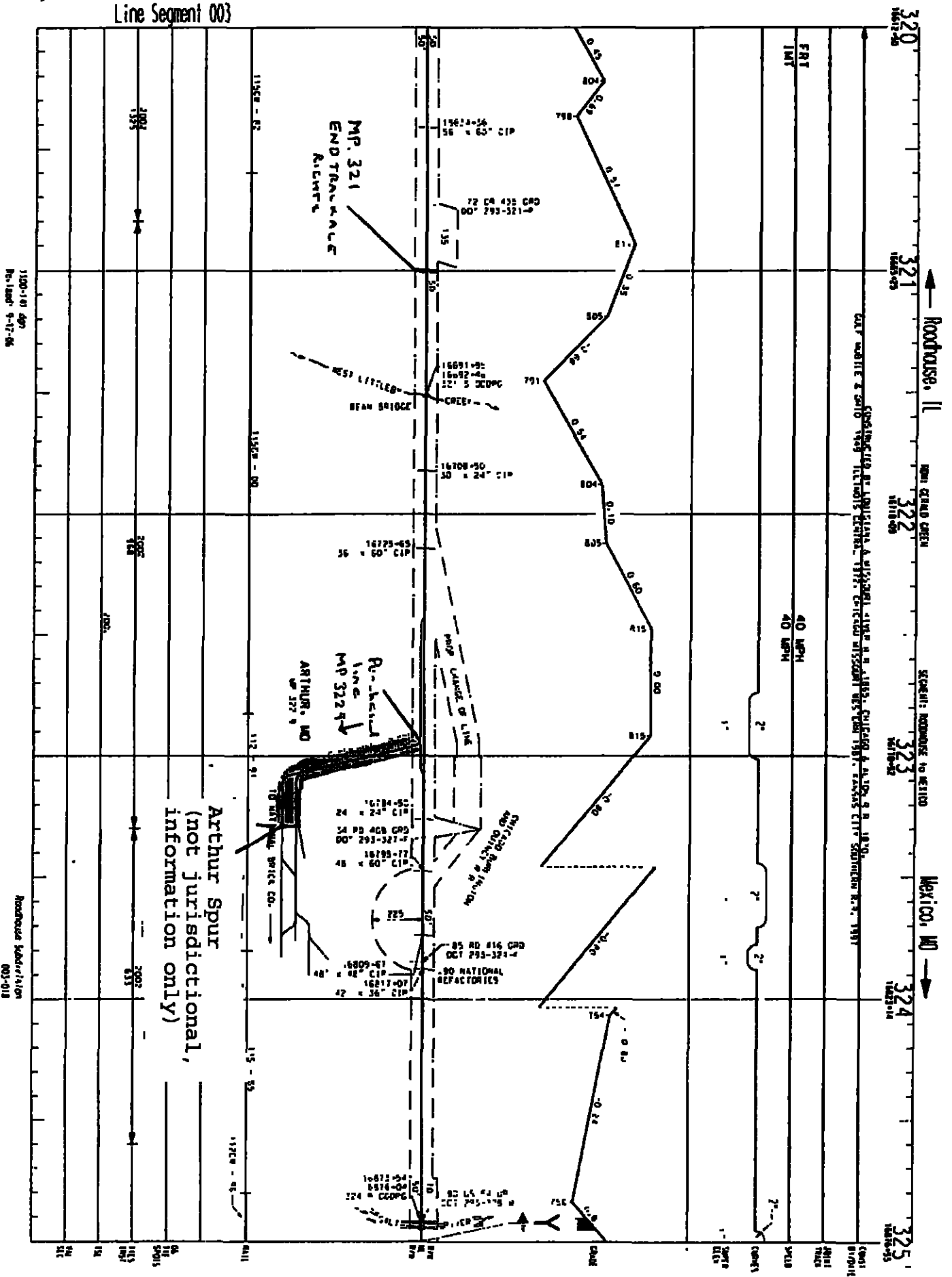


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Line Segment 003



1150-01 401
Revised 9-17-06

Revised Stationing
003-018

325 326 327 328 329 330
1000+05 1000+40 1000+60 1000+80 1000+90 1000+95

→ Roadhouse, IL

ONE ROAD CROSS

STRAIGHT APPROACH TO MEXICO

Mexico, MO →

FRT
1MT

40 MPH
40 MPH

1000+05
1000+40
1000+60
1000+80
1000+90
1000+95

MP 326.3
start of leased line,
and subsequent sale,
to Fulton

MP 329
END TRACK
RIGHTS

MEXICO, MO

Line Segment 003

11.15
4.11.5

Address Information
U.S. 11

Arthur Spur
(not jurisdictional,
information only)
- - - -



Exhibit B

Revenue Certification

I, Michael Williams, president of Ozark Valley Railroad, hereby certify that expected annual revenues from this line will be well below the revenue limitations for a Class III railroad.

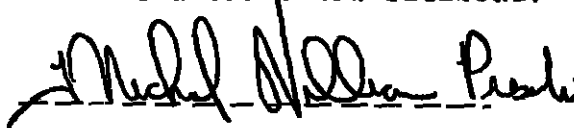
A handwritten signature in black ink, appearing to read "Michael Williams", is written over a horizontal line.

Exhibit C
Caption Summary
pursuant to
49 C.F.R. § 1150.34

BEFORE THE SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

Ozark Valley Railroad
-- acquisition and operation exemption--
The Kansas City Southern Railway Company

F.D. 34989

Ozark Valley Railroad has filed a notice of exemption

(i) to acquire and to operate the following line of the
Kansas City Southern Railway Company (KCSR):

the portion of the KCRS Fulton Branch between MP 3.0 and
MP 24.99¹;

(ii) to lease from KCRS and to operate the portion of the
Fulton Branch between MP 0.0 and MP 3.0; and

(iii) to acquire and to operate over incidental and
overhead trackage rights to interchange over the portion of KCRS
Roodhouse Subdivision from Arthur, MO, at Milepost 321.0 near
Arthur, MO, to Milepost 329.0 near Mexico, MO, including the
connection with the Fulton Branch at Milepost 326.3 at Mexico,
MO, and designated yard tracks at Mexico, MO. The lines are

¹ The transaction will also include acquisition and
operation of the Arthur Industrial Spur (approximately 2.565
miles in length connecting to the KCRS Roodhouse Subdivision at
the siding located at MP 322.9 at Arthur, MO), but the parties
do not seek prior authorization for this portion of the
transaction because industrial spurs are covered by 49 U.S.C. §
10906.

located in Audrain and Callaway Counties, MO. Comments must be filed with the Board and served on Ozark Valley Railroad's representative: Charles H. Montange, 426 NW 162d St., Seattle, WA 98177, telephone (206) 546-1936; fax (206) 546-3739.

The notice is filed under § 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. 10505(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Exhibit D

Verification

I, Michael Williams, declare under penalty of perjury (a) that I am president of Ozark Valley Railroad, and (b) that the statements contained in the Notice of Exemption of which this Verification is a part are true and correct.

Michael Williams Pres

Executed on: May 20, 2007.