

BEFORE THE
SURFACE TRANSPORTATION BOARD

300693

FINANCE DOCKET NO. 36410

ENTERED
Office of Proceedings
June 3, 2020
Part of
Public Record

NORTHEAST TEXAS CONNECTOR, LLC
—OPERATING EXEMPTION—
NORTHEAST TEXAS RURAL RAIL TRANSPORTATION DISTRICT

**VERIFIED NOTICE OF EXEMPTION OF
NORTHEAST TEXAS CONNECTOR, LLC
PURSUANT TO 49 C.F.R. § 1150.31(a)(3)**

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**ATTORNEYS FOR NORTHEAST
TEXAS CONNECTOR, LLC**

Dated: June 3, 2020

FILED
June 3, 2020
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
June 3, 2020
SURFACE
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SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36410

NORTHEAST TEXAS CONNECTOR, LLC
—OPERATING EXEMPTION—
NORTHEAST TEXAS RURAL RAIL TRANSPORTATION DISTRICT

**VERIFIED NOTICE OF EXEMPTION OF
NORTHEAST TEXAS CONNECTOR, LLC
PURSUANT TO 49 C.F.R. § 1150.31(a)(3)**

Northeast Texas Connector, LLC (“NETC”), a non-carrier, files this Verified Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D—Exempt Transactions, to permit NETC to operate over approximately 65.59 miles of rail line (the “Line”) owned by the Northeast Texas Rural Rail Transportation District (“NETEX”) in Hunt, Delta, Hopkins, Franklin, and Titus Counties, Texas. The extends from milepost 555.0 in Greenville, TX to milepost 489.41 in Winfield, TX, a distance of approximately 65.59 route miles. The current operator of the Line is The Blacklands Railroad (“BLR”). The Board recently granted BLR an exemption to discontinue its operations on the Line. See STB Docket No. AB 1108 (Sub-No. 1X), *The Blacklands Railroad—Discontinuance of Service Exemption—In Hunt, Delta, Hopkins, Franklin, and Titus Counties, Tex.* (not printed) served February 14, 2020. Based on projected revenues for the Line, NETC expects to be a Class III rail carrier upon consummation of the proposed transaction. NETC’s notarized Verification signed by a knowledgeable officer, certifying as to all factual statements in this Notice, is attached as Exhibit C.

In support of this Verified Notice of Exemption, NETC submits the following information as required by 49 C.F.R. § 1150.33:

(a) Full name and address of applicant:

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

Northeast Texas Connector, LLC
Attn: Jeff Lederer
250 S Castle Rock Lane
Mustang, OK 73064
jlederer@thefreedomrailgroup.com
(832) 465-4525

(b) Applicant's Representative:

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

Charles Shewmake
Thompson & Knight, LLP
One Arts Plaza
1722 Routh Street, Suite 1500
Dallas, TX 75201
(214) 969-2122

(c) Statement of Agreement:

NETC and NETEX will enter into an Operating Agreement prior to closing. The Agreement will provide for NETC's operation of and provision of rail common carrier service on the Line. Under the new Operating Agreement, NETC will replace BLR as common carrier operator of the Line.

(d) The operator of the property:

NETC will operate and provide all rail common carrier service to shippers on the Line pursuant to the transaction proposed herein. NETC's operations will replace those of BLR, which, upon consummation of the subject transaction, will have no further common carrier obligation with respect to the Line

(e) Summary of proposed transaction:

NETEX acquired the Line in two separate transactions in 1996 and 2000. In 1996, NETEX acquired the portion of the Line that extends 31 miles between milepost 524.0 and 555.0, as well as trackage rights over approximately seven miles of the Line extending between milepost 524.0 and 517.0. Ne. Tex. Rural Rail Transp. Dist.—Purchase (Portion) Exemption—St. Louis Sw. Ry., FD 32841, slip op. at 1 (STB served Jan. 26, 1996). In April 1996, the East Texas Central Railroad operated the Line between milepost 517.0 and 555.0. E. Tex. Cent. R.R.—Operation Exemption—Ne. Tex. Rural Rail Transp. Dist., FD 32841 (Sub-No. 1), slip op. at 1 (STB served Sept. 27, 1996). BLR acquired the rights to operate the Line from milepost 555.0 to 517.0 from the East Texas Central Railroad in 1999. Blacklands R.R.—Operation Exemption—Lines of Ne. Tex. Rural Rail Transp. Dist., FD 33708, slip op. at 1 (STB served Feb. 16, 1999).

In 2000, NETEX acquired from Union Pacific the portion of the Line extending approximately 34.59 miles between milepost 524.0 and milepost 489.41, at the eastern county line of Franklin County, Texas. Ne. Tex. Rural Rail Transp. Dist.—Acquis. Exemption—Lines of Union Pac. R.R., FD 33892, slip op. at 1 (STB served Jul. 26, 2000). In a concurrently filed verified notice of exemption, BLR agreed to operate over this portion of the Line. Blacklands R.R.—Operation Exemption—Ne. Tex. Rural Rail Transp. Dist., FD 33893 (STB served Jul. 26, 2000).

NETC is a non-carrier rail operator. Pursuant to an NETEX decision made on May 28, 2020, NETEX approved NETC as operator and authorized the NETEX Executive Committee to negotiate an Operating Agreement between NETEX and NETC allowing NETC to operate the Line extending from milepost 555.0 in Greenville, Texas, to milepost 489.41 in Winfield, Texas, a total distance of approximately 65.59 route miles.

The complete name and address of the current operator of the Line to be replaced by NETC pursuant to this change in operators class exemption notice is as follows:

The Blacklands Railroad
641 Church Street
Sulphur Springs, TX 75482

NETEX has agreed to grant NETC rights to conduct operations on the Line upon the consummation of the transaction between NETC and NETEX.

The complete name and address of the non-carrier owner of the Line is as follows:

Northeast Texas Rural Rail Transportation District
208 Highway 37 South
Mount Vernon, TX 75457

NETC intends to consummate its proposed operation of the Line on or about July 1, 2020

- (1) The name and address of the entity owning the subject property

Northeast Texas Rural Rail Transportation District
208 Highway 37 South
Mount Vernon, TX 75457

- (2) The involved transaction is expected to be consummated on or some time after the filing date of this Notice of Exemption.

- (3) NETC will operate the rail line located at or near milepost 555.0 in Greenville, Texas to a point at or near milepost 489.41 in Winfield, Texas. The Line extends through Hunt, Delta, Hopkins, Franklin, and Titus Counties, Texas.

- (4) The length of the Line over which NETC will operate is approximately 65.59 miles.

- (f) A map of Line over which NETC will operate is attached as Exhibit A.

(g) NETC hereby certifies that this transaction will not result in NETC becoming a Class II or Class I rail carrier. Upon consummation of this transaction, NETC will become a Class III carrier. The projected annual revenue of NETC will not exceed \$5 million. Consequently, NETC does not need to comply with the notice requirements of 49 C.F.R. § 1150.32(e).

(h) The Agreement between NETC and NETEX does not contain any provision that prohibits NETC from interchanging traffic with a third party or limits NETC's ability to interchange with a third party.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached as Exhibit B.

ENVIRONMENTAL AND HISTORIC IMPACTS

NETC will operate the rail line owned by NETEX for continued rail operations. Further Board approval is required for NETC to abandon or discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require a historic report under 49 C.F.R. § 1105.8(b)(1).

NETC's operations over the rail line will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines 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 lines; (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 a day. NETC's operation of the rail line will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(4) and (5) will not be exceeded. Finally, the transportation of ozone depleting

materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully Submitted,

/s/ Charles Shewmake
Charles Shewmake
Charles.Shewmake@tklaw.com
(214)-969-2122

Jake Winslett
Jake.Winslett@tklaw.com
(214)-969-1377

Thompson & Knight, LLP
One Arts Plaza
1722 Routh Street, Suite 1500
Dallas, TX 75201
(214) 969-2122

Attorneys for:
Northeast Texas Connector, LLC

Dated: June 3, 2020

EXHIBIT A

MAP

EXHIBIT B

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36410

NORTHEAST TEXAS CONNECTOR, LLC
—OPERATING EXEMPTION—
NORTHEAST TEXAS RURAL RAIL TRANSPORTATION DISTRICT

Northeast Texas Connector, LLC (“NETC”), a non-carrier, has filed a Verified Notice of Exemption to assume operation of approximately 65.59 miles of rail line owned by the Northeast Texas Rural Rail Transportation District (“NETEX”) and located at or near milepost 555.0 in Greenville, Texas, extending to at or near milepost 489.41 in Winfield, Texas (the “Line”). The Line extends through Hunt, Delta, Hopkins, Franklin, and Titus Counties, Texas. NETC has entered into an Operating Agreement with NETEX to assume the right to conduct operations on the Line. The Board has granted the current operator, the Blacklands Railroad, an exemption to discontinue its operations on the Line. See STB Docket No. AB 1108 (Sub-No. 1X), *The Blacklands Railroad—Discontinuance of Service Exemption—In Hunt, Delta, Hopkins, Franklin, and Titus Counties, Tex.* (not printed) served February 14, 2020.

Comments must be filed with the Board and served on NETC’s representative as follows:

Charles Shewmake
Thompson & Knight, LLP
1722 Routh Street, Suite 1500
Dallas, TX 75201
(214) 969-2122

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.

EXHIBIT C

VERIFICATION

VERIFICATION

STATE OF OKLAHOMA

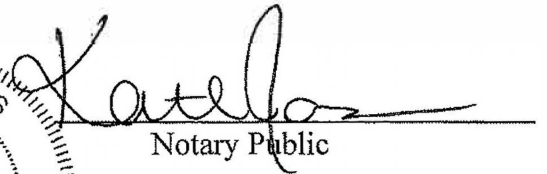
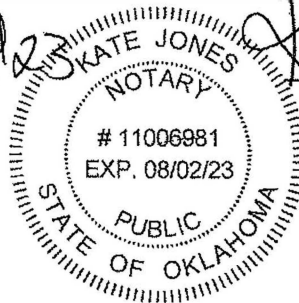
COUNTY OF CANADIAN

I, Mike Salek being duly sworn depose and state that I am MP of Northeast Texas Connector, LLC, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



SUBSCRIBED AND SWORN TO before me this 2nd day of June, 2020, in the County of OK, State of Texas.

My Commission Expires: 08/02/23


Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Notice of Exemption will be served via first class mail on June 4, 2020 on the following known customers that will be served by NETC on the Lines:

Aaron Ranch
5983 County Road 4400
Commerce, TX 75428

Legacy Housing
4801 Mark IV Parkway
Ft. Worth, TX 76106

Northeast Texas Farmers Co-Op (formerly Greenville Co-Op)
3000 Bois D' Arc St.
Greenville, TX 75401

Cell-O-Core
165 CMH Rd.
Sulphur Springs, TX 75482

Custom Commodities, Inc.
P.O. Box 190
Gilmer, TX 75644

Feeders Supply Co.
P.O. Box 792
Sulphur Springs, TX 75483

Martinek Grain
3001 Bois D' Arc St.
Greenville, TX 75401

Northeast Texas Farmers Co-Op (formerly Sulphur Springs Co-Op)
P.O. Box 489
Sulphur Springs, TX 75483

AB Mauri North America (formerly Fleischmann's)
6311 Industrial Dr.
Greenville, TX 75402

FSTI, Inc.
6300 Bridge Point Parkway
STE #1-200
Austin, TX 78730

Royal Oak Enterprises (formerly Pine Mountain Corp.)
7000 Industrial Blvd.
Greenville, TX 75402

New Phoenix Metals
6400 Industrial Dr.
Greenville, TX 75402

/s/ Charles Shewmake

Charles Shewmake