

SERVICE DATE – APRIL 14, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36854

UNION PACIFIC RAILROAD COMPANY—
CONSTRUCTION AND OPERATION EXEMPTION—IN MATAGORDA COUNTY, TEX.

Digest:¹ The Board directs Union Pacific Railroad Company to file a supplemental brief and invites a reply from BNSF Railway Company.

Decided: April 13, 2026

By petition filed September 24, 2025, Union Pacific Railroad Company (UP), a Class I rail carrier, seeks an exemption under 49 U.S.C. § 10502 from the prior approval requirements of 49 U.S.C. § 10901 to construct and operate approximately five miles of rail line in south central Matagorda County, near Wadsworth and Bay City, Tex. (the Line). The Line would connect LyondellBasell’s existing Matagorda facility, a polymer plant in Bay City (just south of Wadsworth), to UP’s Angleton Subdivision. (Pet. 2-3.) UP states that it plans to connect the Line to its network via existing trackage known as the Celanese Industrial Lead² and the Cities Service Track.³ (*Id.* at 3.) UP further states that, as part of the project, it plans to construct a new west wye connection track near the intersection of FM 2668 and FM 3057 to connect the north-south joint track with the east-west joint track. (*Id.* at 3-4.) UP represents that the joint track segments are governed by joint facility agreements between UP and BNSF’s predecessors. (*Id.* at 3 n.2.) According to UP, one of those agreements contemplates the construction of the new west wye connection track described in the petition. (*Id.*) UP states that it has had “preliminary discussions with BNSF regarding the proposed project.” (*Id.* at 4 n.2.) According to UP, the Line to be constructed would run from approximately Gilmore Road to LyondellBasell’s Matagorda facility, roughly parallel to FM 2668. (*Id.* at 4.)

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).

² The Celanese Industrial Lead consists of: (1) track that is solely owned by UP that runs south from the Angleton Subdivision to the Celanese facility; and (2) track that is partly jointly owned and partly jointly used by UP and BNSF Railway Company (BNSF) that runs east-west between the Celanese facility and a connection to BNSF’s network near Farm-to-Market Road (FM) 2668. (Pet. 3.)

³ The Cities Service Track is jointly owned by UP and BNSF and runs north-south parallel to FM 2668 between the Celanese Industrial Lead and Gilmore Road. (*Id.*)

UP states that LyondellBassell's Matagorda facility is an integral part of the local economy and is currently served by BNSF. (*Id.*) UP contends that the Line will strengthen LyondellBassell's position in the region by providing the facility with competitive rail access through the addition of a second carrier. (*Id.*) According to UP, the Line will also provide long-term support for the local economy by making Matagorda County more attractive to future industrial investments along the Line. (*Id.*) UP argues that the Line qualifies for an exemption under 49 U.S.C. § 10502 because a full application for construction and operation authority under 49 U.S.C. § 10901 is not necessary to carry out the rail transportation policy at 49 U.S.C. § 10101, the proposed construction is limited in scope, and regulation is not necessary to protect any shipper from an abuse of market power. (*Id.* at 2.)⁴

By decision served December 22, 2025, a proceeding was instituted pursuant to 49 U.S.C. § 10502(b), and January 22, 2026, was established as the deadline for filing replies to the petition. Union Pac. R.R.—Constr. & Operation Exemption—in Matagorda Cnty., Tex., FD 36854, slip op. at 1-2 (STB served Dec. 22, 2025).

On January 21, 2026, BNSF filed a reply, stating that it could not properly comment on the merits of UP's petition until UP provides details regarding the impacts of UP's proposal on BNSF's property and operations and on other shippers in the area. (BNSF Reply 1, Jan. 21, 2026.) In response to UP's assertion that it has had "preliminary discussions" with BNSF regarding the proposed project, BNSF states that no such discussions have occurred. (*Id.* at 2.) BNSF represents that it contacted UP twice asking for details regarding the proposed construction, but UP had not responded to BNSF's inquiries. (*Id.*) BNSF claims that UP's petition does not provide any details regarding the planned construction, nor does it include a track schematic or specific details regarding the proposed operations, such as the amount of joint trackage that will be used or the planned route. (*Id.*) According to BNSF, in its assessment, each of the three potential routes included in UP's Alternatives Analysis, submitted to the Board's Office of Environmental Analysis, could have different impacts on its property and operations and on other shippers in the area. (*Id.*) In addition, exhibits included in BNSF's filing suggest there may be a dispute between BNSF and UP regarding whether UP has a right under a joint facility agreement to construct and operate a portion of the proposed Line. (*See id.*, Ex. A (emails between UP and BNSF regarding the Line and UP's rights under one of the joint facility agreements).)

BNSF filed a letter on January 22, 2026, stating that it received a response from UP arguing broadly that UP has the right to use BNSF's property. (BNSF Letter 1, Jan. 22, 2026.) BNSF reiterates that, because it has still not received any details from UP regarding the location of the planned construction, it remains unable to properly comment on the merits of the petition. (*Id.*)

In light of the issues raised and to develop a more complete record, supplemental briefing is warranted. UP will be directed to provide more information on the impact of the construction and operation of the Line on the joint UP/BNSF track segments described in the petition. In its

⁴ UP notes that its petition is supported by LyondellBassell, the City of Bay City, and Matagorda County. (*Id.* at 3.)

submission, UP should address the amount of joint trackage that will be used in each of the potential routes for the Line and how UP will coordinate operations of the joint track segments with BNSF. The Board also requires additional information from UP on the impact of the project on rail shippers in the area, aside from LyondellBassell. This information about operational and shipper impacts is necessary for the Board to fully assess the Line under the exemption criteria at 49 U.S.C. § 10502.

Furthermore, to provide additional context, the Board directs UP to inform the Board of the status of any dispute with BNSF under any joint facility agreement related to the Line, including its planned course of action and estimated timeline for resolution, as well as any potential impacts of the dispute on the proposed project.

UP will be directed to file a supplemental brief addressing the issues described above by May 4, 2026. BNSF may file a reply to UP's supplemental brief by May 26, 2026.

It is ordered:

1. UP is directed to file a supplemental brief, as discussed above, by May 4, 2026.
2. BNSF may file a reply to UP's supplemental brief by May 26, 2026.
3. This decision is effective on its service date.

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