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SERVICE DATE – SEPTEMBER 14, 2012

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35669]

Rusk, Palestine & Pacific Railroad, LLC—Operation Exemption—Texas State Railroad Authority

Rusk, Palestine & Pacific Railroad, LLC (RP&P), formerly American Heritage Railways of Texas, LLC (American), a noncarrier subsidiary of Iowa Pacific Holdings, LLC (IPH), has filed a verified notice of exemption under 49 C.F.R. § 1150.31 to operate approximately 27 miles of railroad¹ (the Line) between Rusk and Palestine, Tex., currently owned by the Texas Parks and Wildlife Authority. The Line is leased to the Texas State Railroad Authority, which has entered into an operating agreement with American/RP&P. American had been operating a noncommon carrier intrastate excursion passenger railroad over the Line using the name Texas State Railroad. RP&P plans to continue that service using the name Texas State Railroad and plans to restore common carrier freight service over the Line using the name RP&P.² RP&P also seeks incidental trackage rights for the purpose of interchange over approximately 1.3 miles of

¹ RP&P states there are no mileposts on the line.

² RP&P states that there are no agreements applicable to the line imposing any interchange commitments.

track owned and operated by the Union Pacific Railroad Company (UP) that connects to UP's rail yard in Palestine, Tex.³

This transaction is related to a concurrently filed verified notice of exemption in Iowa Pacific Holdings, LLC and Permian Basin Railways—Continuance in Control Exemption—Rusk, Palestine & Pacific Railroad, LLC, Docket No. FD 35668, in which IPH and Permian Basin Railways seek to continue in control of RP&P, upon RP&P's becoming a Class III rail carrier.

The transaction may be consummated on or after September 29, 2012 (30 days after the notice of exemption was filed).

RP&P certifies that its projected annual revenues as a result of this transaction will not result in RP&P's becoming a Class I or Class II rail carrier and will not exceed \$5 million.

If the verified 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 effectiveness of the exemption. Petitions for stay must be filed no later than September 21, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35669, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington,

³ On August 31, 2012, UP submitted a letter to the Board confirming that it is willing to enter into an interchange agreement with RP&P and that such an agreement has been drafted but not yet executed.

DC 20423-0001. In addition, one copy of each pleading must be served on John D. Heffner, Strasburger & Price, LLP, 1700 K Street, N.W., Suite 640, Washington, DC 20006.

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Decided: September 12, 2012.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.