

DD#0101937001
LEONARD, STREET AND DEINARD

PROFESSIONAL ASSOCIATION



Diane P. Gerth

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May 1, 2001

HAND DELIVERED – RETURN COPY REQUESTED

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423-0001

Re: STB Finance Docket Number 34185

Dear Secretary Williams:

Enclosed for filing in STB Finance Docket Number 34185, Cloquet Terminal Railroad Company, Inc. – Acquisition and Operation Exemption – Duluth & Northeastern Railroad Company, are the original and 10 copies of the Verified Notice of Exemption of Cloquet Terminal Railroad Company, Inc. This firm's check for \$1,300 in payment of the filing fee is enclosed.

Additional copies of this letter and the notice are enclosed for you to stamp to acknowledge your receipt of them and return via the messenger. If there are any questions concerning this filing, please do not hesitate to contact me.

Very truly yours,

LEONARD, STREET AND DEINARD

Diane P. Gerth
DPG:km

ENTERED
Office of the Secretary
MAY 02 2002
Part of
Public Record

cc: Michael Leslie
Sarah Manchester
Tantiana Lapuschek
Fritz Kahn
Stephen Quinlivan

150 SOUTH FIFTH STREET SUITE 2300 MINNEAPOLIS, MINNESOTA 55402 TEL 612-335-1500 FAX 612-335-1657
2208817v1

LAW OFFICES IN MINNEAPOLIS, SAINT PAUL AND MANKATO

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34185

CLOQUET TERMINAL RAILROAD COMPANY, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DULUTH & NORTHEASTERN RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
OF
CLOQUET TERMINAL RAILROAD COMPANY, INC.

ENTERED
Office of the Secretary
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Public Record

Diane P. Gerth
Barry McGrath
Leonard, Street and Deinard
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402

Attorneys for

CLOQUET TERMINAL RAILROAD
COMPANY, INC.

Dated: May 1, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

STB Finance Docket No. 34185

CLOQUET TERMINAL RAILROAD COMPANY, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DULUTH & NORTHEASTERN RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
OF
CLOQUET TERMINAL RAILROAD COMPANY, INC.

Applicant, Cloquet Terminal Railroad Company, Inc., a non-carrier, hereby files this
Verified Notice of Exemption pursuant to 49 U.S.C. § 10502(a) and 49 C.F.R. § 1150.31 et seq.,
and states, as follows:

1. Applicant's name, address and telephone number:

Cloquet Terminal Railroad Company, Inc.
315 St. Louis Avenue
Dunlap Island
Cloquet, MN 55720
(218) 879-2357

2. Applicant's representatives:

Diane P. Gerth
Barry McGrath
Leonard, Street and Deinard
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402
Tel.: (612) 335-1500

3. Agreement:

Applicant Cloquet Terminal Railroad Company, Inc., is a wholly owned subsidiary of Northern Holdings LLC, which has been or will be renamed Sappi Cloquet LLC, which is not a railroad and does not control either directly or indirectly any other railroad. Northern Holdings LLC has entered into an Asset Purchase Agreement with Potlatch Corporation, the owner of Duluth & Northeastern Railroad Company, pursuant to which applicant will acquire and operate the assets of Duluth & Northeastern Railroad Company, including the franchise to operate as a common carrier railroad between Milepost 0.0 and Milepost 1.24, a distance of 1.24 miles in Cloquet 55720, Carlton County, Minnesota.

4. Operator:

Applicant, Cloquet Terminal Railroad Company, Inc., a non-carrier, will operate the line. Applicant is a wholly owned subsidiary of Northern Holdings LLC, which has been or will be renamed Sappi Cloquet LLC.

5. Summary of proposed transaction:

a. Seller's name and address:

Potlatch Corporation, as sole owner of
Duluth and Northeastern Railroad Company
315 St. Louis Avenue
Cloquet, MN 55720
(218) 879-2357

b. Consummation date:

On or after seven days from the day of filing.

c. Milepost designations:

The line of railroad runs from Milepost 0.0 at the roundhouse on Dunlap Island to Milepost 1.24 at the switch with the Burlington Northern Santa Fe, for total mainline trackage of 1.24 miles. There is additional trackage that is industrial or spur trackage serving only an adjacent paper production facility.

6. Map

A map of the railroad line is attached.

7. Environmental certification:

Since this is an acquisition of a railroad line under a class exemption from the provisions of 49 U.S.C. § 10901(a) which will result in no significant changes in railroad operations, that is, no increase in rail traffic of more than 50% or three trains a day at any segment of rail line or a 20% increase of rail yard activity, no environmental documentation is required, pursuant to 49 C.F.R. § 1105.6(c)(2). Similarly, since the proposed transaction will not result in the disposition or alteration of properties subject to board jurisdiction that are 50 years old or older, no historic report is required, pursuant to 49 C.F.R. § 1105.8(b).

8. Revenue certification:

Applicant certifies that the projected revenues of Cloquet Terminal Railroad Company, Inc. will not exceed those that would qualify it as a Class III carrier as defined in 49 C.F.R. § 1201.1-1. In addition, projected revenues of applicant's interest in the assets will not exceed \$5 million annually. Therefore, no notification pursuant to 49 C.F.R. § 1150.32(e) need be given.

Respectfully submitted,

CLOQUET TERMINAL
RAILROAD COMPANY, INC.

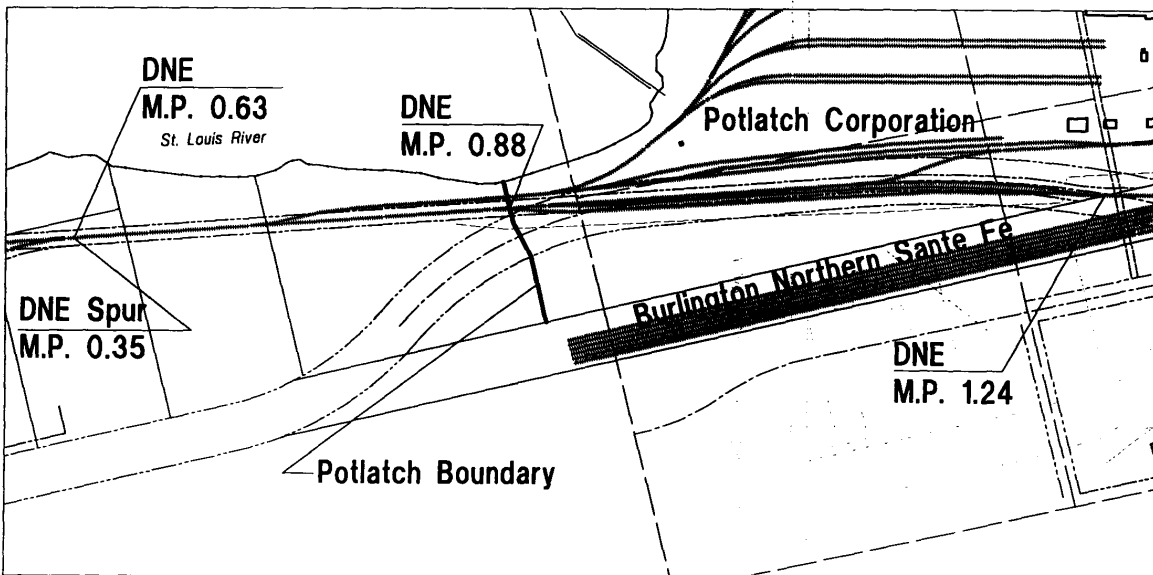
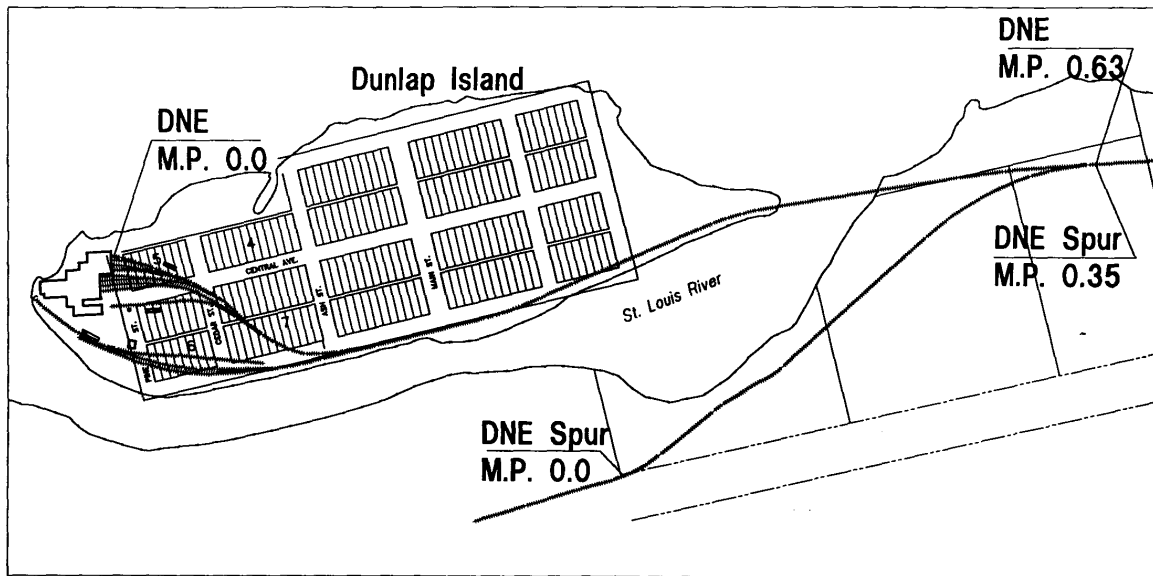


Diane P. Gerth
Barry McGrath
Leonard, Street and Deinard
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402

Dated: May 1, 2002

EXHIBIT A

MAP OF RAILROAD LINE



ENGINEERS • SURVEYORS • PLANNERS

SALO ENGINEERING, INC.

15 East First Street • Duluth, Minnesota 55802 • 218/727-8796

Duluth & Northeastern Railroad

Track Centerline & Mileposts

From Dunlap Island to BNSF Right-of-Way

VERIFICATION

I, Mark T. Becker, being the Vice President and Treasurer of Cloquet Terminal Railroad Company, Inc., verify that I have read the foregoing Notice of Exemption and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Cloquet Terminal Railroad Company, Inc.

Dated at Boston, Massachusetts
this 19 day of April, 2002.



Notary Public

Printed Name: Mary Lou Palmer

My Commission Expires:

My Commission Expires November 8, 2002

EXHIBIT C

CAPTION SUMMARY

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

STB Finance Docket No. 34185

CLOQUET TERMINAL RAILROAD COMPANY, INC.
--ACQUISITION AND OPERATION EXEMPTION--
DULUTH & NORTHEASTERN RAILROAD COMPANY

Cloquet Terminal Railroad Company, Inc., a non-carrier, has filed a Verified Notice of Exemption to acquire from Duluth & Northeastern Railroad Company and to operate the assets currently owned by Duluth & Northeastern, including a line of railroad between Milepost 0.0 and Milepost 1.24 in Cloquet 55720, Minnesota. Comments must be filed with the Board and served on Diane Gerth, Leonard, Street and Deinard, 150 South Fifth Street, Suite 2300, Minneapolis, Minnesota 55402.

The Notice of Exemption is filed under 49 C.F.R. § 1150.31, et seq. If the Notice of Exemption 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 any time. The filing of a petition to revoke will not automatically stay the transaction.