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November 26, 2019  
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Karl Morell & Associates  
440 1<sup>st</sup> Street, NW, Suite 440  
Washington, DC 20001  
(202) 595-9045  
karlm@karlmorell.com

November 26, 2019

BY HAND DELIVERY

Ms. Cynthia T. Brown  
Chief, Section of Administration  
Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423-0001

Re: Finance Docket No. 36275, Middletown & New Jersey  
Railroad, L.L.C. – Lease Exemption Containing  
Interchange Commitment—Norfolk Southern Railway  
Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption pursuant to 49 C.F.R 1150.41 and a check covering the \$2,100 filing fee.

If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in black ink that reads 'Karl Morell'.

Karl Morell

Enclosures

FEE RECEIVED  
November 26, 2019  
SURFACE  
TRANSPORTATION BOARD

FILED  
November 26, 2019  
SURFACE  
TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

\_\_\_\_\_  
FINANCE DOCKET NO. 36275  
\_\_\_\_\_



MIDDLETOWN & NEW JERSEY RAILROAD, L.L.C.  
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
NORFOLK SOUTHERN RAILWAY COMPANY  
\_\_\_\_\_

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.  
\_\_\_\_\_

KARL MORELL  
Karl Morell & Associates  
Suite 440  
440 1<sup>ST</sup> Street, N.W.  
Washington, D.C. 20001  
(202) 595-9045

Attorney for:  
MIDDLETOWN & NEW JERSEY  
RAILROAD, L.L.C.

Dated: November 26, 2019

BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36275

MIDDLETOWN & NEW JERSEY RAILROAD, L.L.C.  
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.



Middletown & New Jersey Railroad, L.L.C. ("M&NJ"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit M&NJ to continue to lease, sublease and operate approximately 36.15 miles of rail lines in New York from Norfolk Southern Railway Company ("NSR").

In support of this Notice of Exemption, M&NJ submits the following information as required by 49 C.F.R. § 1150.43:

- (a) Full name and address of applicant:

Middletown & New Jersey Railroad, L.L.C.  
505 S. Broad Street  
Kennett Square, PA 19348

(b) Applicant's Representative:

Karl Morell  
Karl Morell & Associates  
Suite 440  
440 1<sup>st</sup> Street, N.W.  
Washington, DC 20001  
(202) 595-9045

(c) Statement of Agreement:

M&NJ entered into a Lease Agreement with NSR in 2010. *See* STB Finance Docket No. 35412, *Middletown & New Jersey Railroad, LLC – Lease and Operation Exemption – Norfolk Southern Railway Company* (not printed), served September 16, 2010. M&NJ recently entered into Lease Amendment No. 1 with NSR (“Amended Agreement”) which, among other things, extended the term of the lease to December 31, 2028.

(d) The operator of the property:

M&NJ will continue to be the operator of the property.

(e) Summary of proposed transaction:

(1) The name and address of the company leasing the subject property is:

Norfolk Southern Railway Company  
Three Commercial Place  
Norfolk, VA 23510

(2) The involved transaction is expected to be consummated on or shortly after the effective date of this notice of exemption.

(3) The rail lines that will continue to be leased by M&NJ are: (1) the Hudson Secondary located between Mileposts LX 2.1 and LX 20.6 (18.5 miles in length); (2) the Walden Secondary located between Mileposts DJ5.0-DJ 10.5 and WI 29.1-WI 32.9 (9.3 miles in length); (3) the Maybrook

Industrial Track located Mileposts RT 1.3 and RT 7.5 (6.2 miles in length); (4) the Greycourt Industrial Track located between Mileposts IL 52.5 and IL 53.4 (1.0 mile in length); and (5) the EL Connection Track located between Mileposts QK 0.0 and QK 0.8 (0.8 mile in length). In conjunction with the lease of these lines: (1) NSR granted M&NJ incidental overhead trackage rights over NSR's rail line located between Mileposts JS 67.50 and 63.14 (4.36 miles in length); (2) NSR subleased to M&NJ NSR's lease operations over the connecting track owned by the New York, Susquehanna & Western Railway ("NYS&W") located between Milepost JS 63.14, at Hudson Jct., NY, and Milepost LX 2.1, at Hudson Jct., NY (approximately .35 mile in length); and (3) NSR partially assigned to M&NJ all of NSR's rights under the NYS&W Trackage Rights Agreement for NYS&W's continued trackage rights operations over the Hudson Secondary track between Hudson Jct., NY and Warwick, NY.

- (4) The length of the rail lines being leased and subleased is approximately 36.15 miles.
- (f) A map of the rail lines that will continue to be leased is attached as Exhibit A.
- (g) M&NJ hereby certifies that M&NJ's projected revenues as a result of this transaction will not result in M&NJ becoming a Class II or Class I rail carrier. M&NJ further certifies that the projected annual revenue of M&NJ will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. 1150.42(e) do not apply to this transaction.

(h)(1)

(i) The Amended Agreement contains an interchange commitment. The affected interchange point is Campbell Hall, NY.

(ii) The Amended Agreement is being filed with the Board under 49 C.F.R. § 1104.14(a).

(iii) PDJ Components, M&M Produce, Mid State Lumber, Jones Chemical, Kuiken Brothers, Reed Systems, American Lumber, Truffa Seed Company, Ampac, Messco Supply, Carlisle Construction Materials, Eastern Alloys, Russin Lumber, Staples, and Crestwood.

(iv) Information being filed under Section 1104.14(a).

(v) M&NJ hereby certifies that M&NJ has provided notice of the proposed transaction and interchange commitment to the shippers identified in paragraph (iii).

(vi) NYS&W

(vii) Information being filed under Section 1104.14(a).

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

### **ENVIRONMENTAL AND HISTORIC IMPACTS**

M&NJ is leasing the rail lines from NSR for continued rail operations. Further Board approval is required for M&NJ to discontinue or abandon 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 an historic report under 49 C.F.R. § 1105.8(b)(1).

M&NJ's lease 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 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 a day. M&NJ's lease of the rail lines 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)(5)(ii) 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,

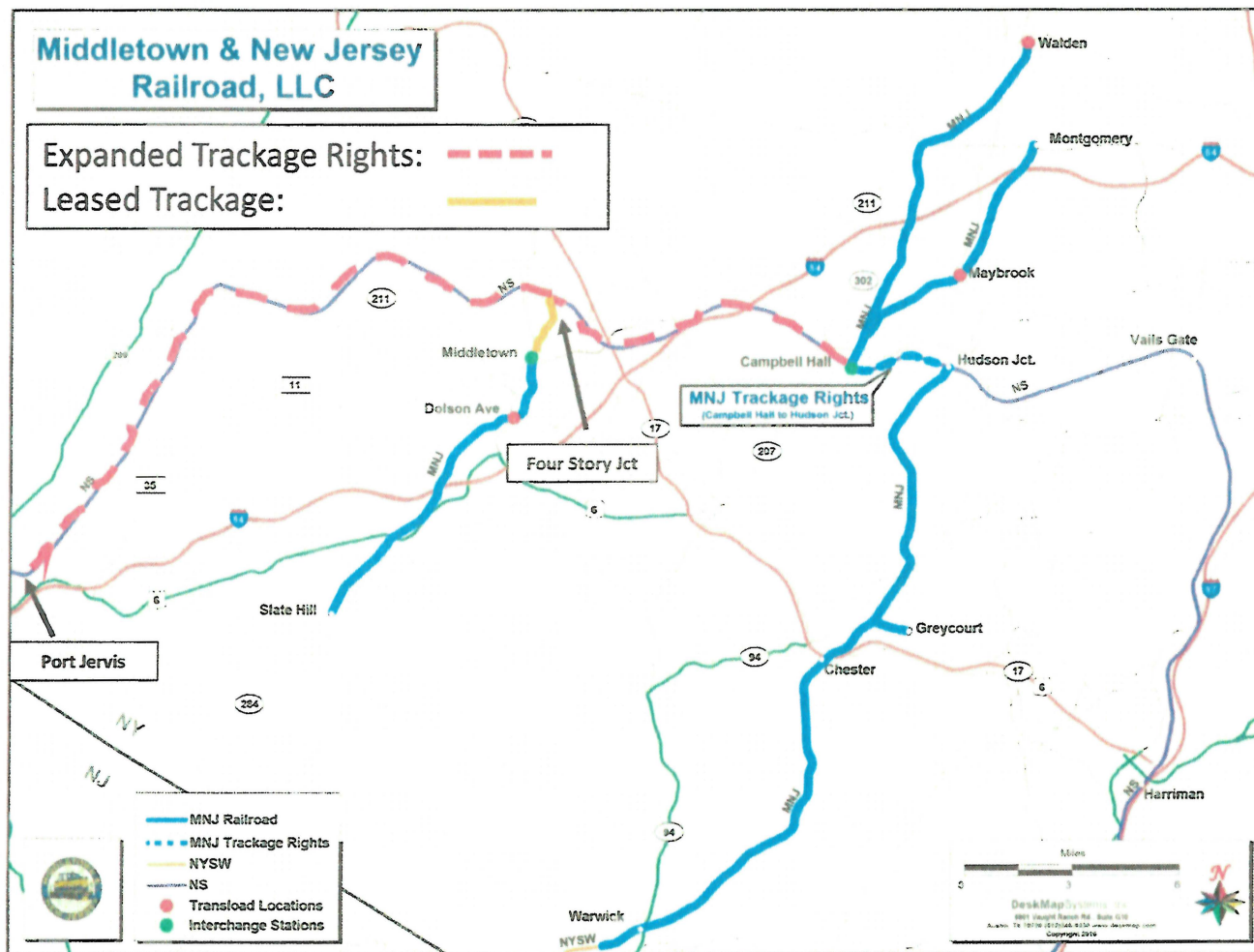
A handwritten signature in cursive script that reads "Karl Morell".

---

KARL MORELL  
Karl Morell & Associates  
Suite 440  
440 1<sup>st</sup> Street, N.W.  
Washington, DC 20001  
(202) 595-9045

Attorney for:  
MIDDLETOWN & NEW JERSEY RAILROAD,  
L.L.C.

Dated: November 26, 2019



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36275

MIDDLETOWN & NEW JERSEY RAILROAD, L.L.C.  
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
NORFOLK SOUTHERN RAILWAY COMPANY

---

Middletown & New Jersey Railroad, L.L.C. (M&NJ), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41, et. seq. to continue to lease and sublease from The Norfolk Southern Railway Company (NSR) approximately 36.15 miles of rail lines as follows: (1) the Hudson Secondary located between Mileposts LX 2.1 and LX 20.6 (18.5 miles in length); (2) the Walden Secondary located between Mileposts DJ5.0-DJ 10.5 and WI 29.1-WI 32.9 (9.3 miles in length); (3) the Maybrook Industrial Track located Mileposts RT 1.3 and RT 7.5 (6.2 miles in length); (4) the Greycourt Industrial Track located between Mileposts IL 52.5 and IL 53.4 (1.0 mile in length); and (5) the EL Connection Track located between Mileposts QK 0.0 and QK 0.8 (0.8 mile in length). In conjunction with the lease of these lines: (1) NSR granted M&NJ incidental overhead trackage rights over NSR's rail line located between Mileposts JS 67.50 and 63.14 (4.36 miles in length); (2) NSR subleased to M&NJ NSR's lease operations over the connecting track owned by the New York, Susquehanna & Western Railway ("NYS&W") located between Milepost JS 63.14, at Hudson Jct., NY, and Milepost LX 2.1, at Hudson Jct., NY (approximately .35 mile in length); and (3) NSR partially assigned to M&NJ all of NSR's rights under the NYS&W Trackage Rights Agreement for NYS&W's continued trackage rights operations over the Hudson Secondary track between Hudson Jct., NY and Warwick, NY.

Comments must be filed with the Board and served on Karl Morell, Karl Morell & Associates, Suite 440, 440 1<sup>st</sup> Street, N.W., Washington, DC 20001, (202) 595-9045.

This notice is filed under 49 C.F.R. 1150.41, et. seq. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

# VERIFICATION

STATE OF PENNSYLVANIA

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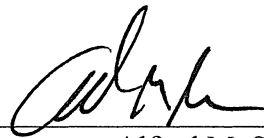
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ss.

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COUNTY OF CHESTER

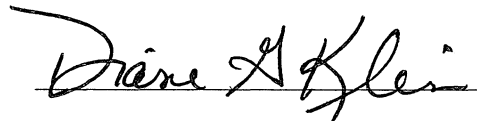
I, Alfred M. Sauer, being duly sworn depose and state that I am President & CEO of Middletown & New Jersey Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Alfred M. Sauer

SUBSCRIBED AND SWORN TO before me this 4<sup>th</sup> day of February, 2019, in the County of Chester, State of Pennsylvania.

My Commission Expires: Sept. 3, 2020



COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL  
DIANE G KLEIN  
Notary Public  
KENNETT SQUARE BORO, CHESTER COUNTY  
My Commission Expires Sep 3, 2020

RECEIVED  
JAN 10 1964  
U.S. AIR FORCE  
HEADQUARTERS  
WASHINGTON, D.C.

Karl Morell & Associates  
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Karl Morell

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