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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34769

MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
UNION PACIFIC RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.31



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Public Record

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Telephone: (801) 538-5010
Fax: (801) 538-5001

Attorneys for
Modoc Railway and Land
Company LLC

Dated: October 21, 2005

FILED

OCT 24 2005

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TRANSPORTATION BOARD

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STB FINANCE DOCKET NO. 34769

**MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
UNION PACIFIC RAILROAD COMPANY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.31**

Pursuant to provisions of 49 C.F.R Part 1150, Subpart D—Exempt Transactions, Modoc Railway and Land Company, a Utah LLC ("MR&L"), a non-carrier, files this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. 10901 to permit MR&L to acquire and operate, under a lease agreement with Union Pacific Railroad Company ("UPRR"), certain railroad tracks located in Oregon and California known as the Modoc Subdivision from Milepost 552.0 near Texum, Oregon, to Milepost 445.6 at the end of track near McArthur, California, and the Lakeview Branch from Milepost 456.89 to Milepost 458.60 at Alturas, California (the "Line"), approximately 107.15 miles in length, for the purpose of providing continuing rail services.

In support hereof, MR&L submits the following information required by 49 C.F.R § 1150.33:

Section 1150.33(a) and (b)
Identification of Applicant and Representative

Applicant:

Modoc Railway and Land Company LLC
1963 South 1900 West
Ogden, Utah 84401

Applicant's Representative:

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main
Suite 2200 Wells Fargo Center
Salt Lake City, Utah 84111
(801) 538-5000

Section 1150.33(c)
Statement of Agreement

MR&L and UPRR are currently negotiating a Lease Agreement with an option to purchase the Line during the term of the Lease.

Section 1150.33(d)
Operator of the Property

Effective as of the date of effective date of this exemption notice, MR&L will provide service over the Line through the use of a contract operator, namely: Modoc Northern Railroad Company, a Utah corporation ("MNRR").

MR&L presently is a non-carrier and is controlled by its directors and shareholders, Beth A. Blansett, William D. Blansett, and Stephen M. Richards, who are each non-carriers that also own another rail carrier, Utah Central Railway Company, a Utah corporation. MR&L will become a Class III carrier following consummation of the subject transaction. The continuance in control of MR&L is the subject of a Verified Petition for Exemption filed in Finance Docket No. 34722, MODOC RAILWAY AND LAND COMPANY LLC, BETH A. AND WILLIAM D. BLANSETT AND STEPHEN M. RICHARDS—CONTINUANCE IN CONTROL EXEMPTION—(Petition for Exemption filed concurrently herewith).

Sections 1150.33(e) (1)-(4)
Summary of the Proposed Transaction

- (1) The name and address of the railroad transferring the subject property:

Union Pacific Railroad Company
1400 Douglas Street
Mailstop 1350
Omaha, Nebraska 68179

- (2) The involved transaction is expected to be consummated on or shortly after November 1, 2005.

(3) The Lines that MR&L will lease from UPRR are located in Oregon and California and include:

- (i) the line known as the Modoc Subdivision between Milepost 552.0 near Texum, Oregon, and Milepost 445.6 at the end of track near McArthur, California; and
- (ii) the Lakeview Branch between Milepost 456.89 and Milepost 458.60 at Alturas, California.

(4) The total length of the Line is approximately 107.15 miles.

Section 1150.33(f)
Map of Property

A map of the Line is attached hereto as Exhibit A.

Sections 1150.32(e) and 1150.33(g)
Class III Revenue Certification

MR&L hereby certifies that MR&L's projected annual revenue as a result of this transaction will not exceed the annual revenue of a Class III railroad and will not result in the creation of a Class II or Class I rail carrier that would require processing under Section 1150.32(e).

Section 1150.32(d)
Historic Preservation

MR&L is leasing the Line from UPRR for the purpose of continuing rail operations. MR&L will preserve intact all sites and structures on the subject leased property that are more than 50 years old until compliance with Section 1056 of the National Historic Preservation Act, 16 U.S.C. 470f, is achieved. Abandonment of rail operations over the Line would require further Board approval and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Since the Lease provides for continuing rail operation and track maintenance, no historic preservation report is required under 49 CFR 1105.8(b)(1).

Section 1105.6(c)(2)
Environmental Documentation

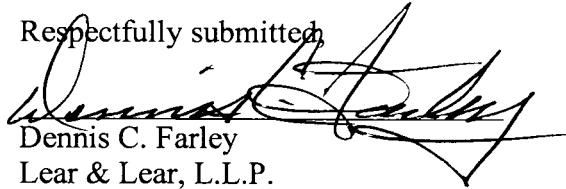
The proposed transaction will not result in significant changes in carrier operations. As such, no environmental documentation is required under the criteria of 49 CFR 1105.6(c)(2) since the acquisition and operation of the Line will not cause operating changes that exceed the thresholds in 49 CFR 1105.7(e)(4) or (5).

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

Section 1150.34
Caption Summary

A caption summary for publication in the Federal Register is attached.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis C. Farley", is written over the typed name and address.

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Attorneys for Modoc Railway
and Land Company LLC

Dated: October 21, 2005

VERIFICATION

State of Utah)
) ss.
County of Weber)

W. Don Blansett, being duly sworn, deposes and states that he is the Managing Director for the Modoc Railway and Land Company, is authorized to make this verification, has read the foregoing Notice of Exemption and has personal knowledge that the facts asserted therein are true and accurate as stated to the best of his knowledge, information, and belief.

W. Don Blansett
W. Don Blansett

SUBSCRIBED AND SWORN TO before me this 19 day of October, 2005.

Sandra June Dahl
Notary Public

My Commission expires: June 22, 2006

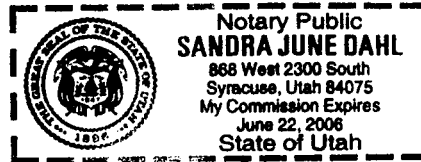
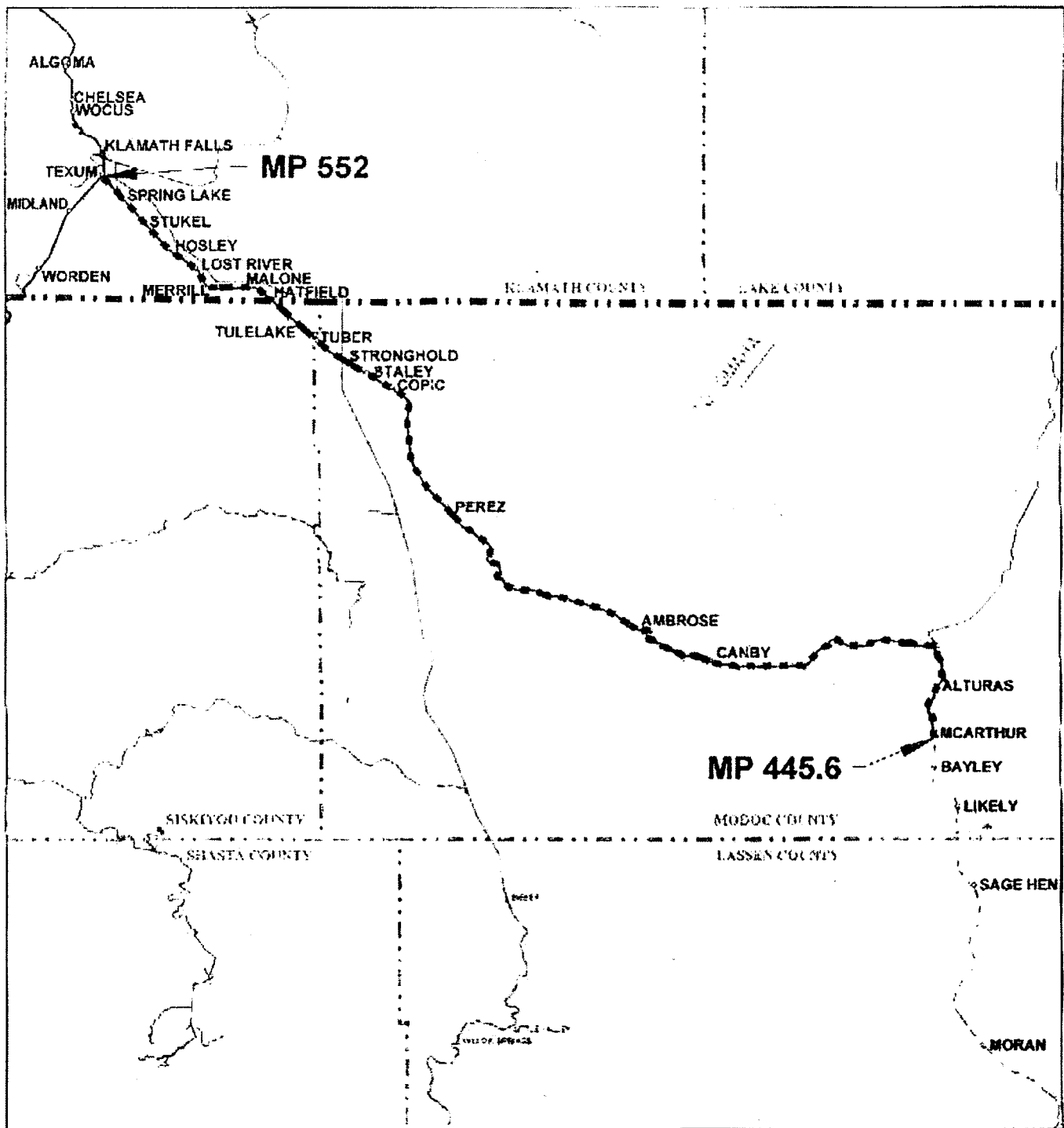


EXHIBIT A
MAP OF LEASED PREMISES



LEGEND

- LEASED TRACKAGE
- UPRR TRACKAGE
- OTHERS TRACKAGE

LEASE AGREEMENT

EXHIBIT A

UNION PACIFIC RAILROAD
 MODOC SUBDIVISION
 TEXUM, OR. TO MCARTHUR, CA.

DATED

CAPTION SUMMARY

{00011903.1}

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 34769

**MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
UNION PACIFIC RAILROAD COMPANY**

Modoc Railway and Land Company LLC, a Utah LLC ("MR&L"), has filed a Verified Notice of Exemption under 49 CFR 1150.31 *et. seq.* to acquire and operate Union Pacific Railroad Company's line in Oregon and California known as the Modoc Subdivision from Milepost 552.0 near Texum, Oregon, to Milepost 445.6 at the end of track near McArthur, California, and the Lakeview Branch from Milepost 456.89 to Milepost 458.60 at Alturas, California, approximately 107.15 miles of rail line (the "Line"), for the purpose of providing continuing rail services thereon.

Comments in this proceeding must be filed with the Surface Transportation Board, Office of the Secretary, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy must be served on MR&L's representative: Dennis C. Farley, Lear & Lear, L.L.P., at 299 South Main, Suite 2200 Wells Fargo Center, Salt Lake City, Utah 84111.

This transaction is related to STB Docket No. 34722, MODOC RAILWAY & LAND COMPANY LLC, BETH A. AND WILLIAM D. BLANSETT AND STEPHEN M. RICHARDS—CONTINUANCE IN CONTROL EXEMPTION—, wherein the Applicants concurrently filed a verified notice to continue in control of MNRR and MR&L upon their becoming Class III rail carriers.

This Notice is filed under 49 CFR 1150.31 *et. seq.*. 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.

Vernon A. Williams
Secretary