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OCT 24 2003

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Public Record

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WASHINGTON DC 20036 1609
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OCT 24 2003

**SURFACE
TRANSPORTATION BOARD**

BY HAND DELIVERY

The Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

October 24, 2003

FILED

OCT 24 2003

**SURFACE
TRANSPORTATION BOARD**

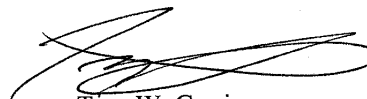
Re: STB Finance Docket No. 34430; San Pedro Railroad Operating Company,
LLC – Acquisition and Operation Exemption – SWKR Operating Co., Inc.

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of the verified notice of exemption pursuant to 49 C.F.R. § 1150.31. Attached is a check in the amount of \$1,400 to cover the filing fee for this proceeding.

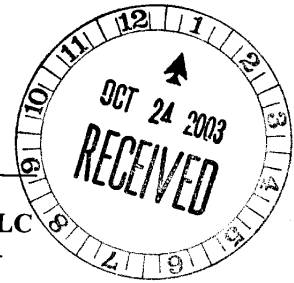
Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Sincerely,


Troy W. Garriss

BEFORE THE
SURFACE TRANSPORTATION BOARD

SAN PEDRO RAILROAD OPERATING COMPANY, LLC
- ACQUISITION AND OPERATION EXEMPTION -
SWKR OPERATING CO. INC.



STB FINANCE DOCKET NO. 34430

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31

San Pedro Railroad Operating Company, LLC ("SPROC"),¹ hereby files this Verified Notice of Exemption to acquire the interests of the SWKR Operating Co., Inc. ("SWKR") in, and operate, the Subject Line and acquire certain related assets as described below.

1. **Applicant's name and current mailing address.**

San Pedro Railroad Operating Company, LLC
221 Gateway Road West, #401
Napa, California 94558

2. **Applicant's representative to receive correspondence.**

Troy W. Garris
Weiner Brodsky Sidman Kider PC
1300 19th Street, NW
Fifth Floor
Washington, D.C. 20036-1609
(202) 628-2000

¹ SPROC is a wholly-owned subsidiary of Arizona Railroad Group, LLC, which does not currently own any other railroads. Therefore, no control filing is necessary in a companion docket.

3. **Information concerning the agreement.**

SPROC, a non-carrier, and SWKR are close to reaching an agreement whereby SPROC will acquire SWKR's interests in the Subject Line (defined in Section 5 *infra*) and other rail-related assets.

4. **Operator of the property.**

SPROC will be the operator.

5. **Brief summary of the proposed transaction.**

SPROC and SWKR, c/o RailAmerica, Inc., 5300 Broken Sound Blvd., NW, Boca Raton, Florida, expect to consummate the transaction on or after October 31, 2003. SPROC will acquire all of SWKR's interest in: (a) those rail lines extending from approximately milepost N 1033.008 (at or near Benson, AZ) to approximately milepost NA 1055.8 (at or near Charleston, AZ) (the "Subject Line");² (b) the assets and railbanked common carrier rights in that segment of the Douglas Branch, extending from approximately milepost NA 1055.8 to approximately milepost NA 1106.5 (at or near Douglas, AZ), and in the Bisbee Branch, extending from approximately milepost NB 1085.0 (at or near Bisbee Junction, AZ) to approximately milepost NB 1090.4 (at or near Bisbee, AZ);³ and (c) certain other miscellaneous assets. The Subject Line and all related properties are wholly within Cochise County, AZ. A map is attached hereto as Exhibit A.

6. **Related Filings:**

This proceeding is indirectly related to Docket Nos. AB-441 (Sub-No. 1X), (Sub-No. 2X) and (Sub-No. 3X).

7. **Environmental Issues.**

Pursuant to Implementation of Environmental Laws, 7 I.C.C.2d 807 (1991) ("Environmental Laws"), environmental documentation normally need not be prepared for a transaction that does not involve the diversion from rail to motor carriage of more than (A) 1,000 rail carloads a year, or (B) an average of 50 rail carloads per mile per year for any part of the affected line (49 C.F.R. § 1105.7(e)(4)), on the one hand, or that does not involve (A) an increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, (B) an increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment (49 C.F.R. § 1105.7(e)(5)), on the other hand. See 49 C.F.R. § 1105.6(c)(2).

² The milepost designation changes at Fairbank, AZ from milepost N 1050.57 to milepost NA 1046.39.

³ Historically, it appears that milepost prefixes inadvertently have been reversed or omitted in various regulatory decisions. It is unclear why this occurred. In any event, the actual milepost numbers following the prefixes in the decisions appear to have been accurate.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**SAN PEDRO RAILROAD OPERATING COMPANY, LLC
– ACQUISITION AND OPERATION EXEMPTION –
SWKR OPERATING CO. INC.**

STB FINANCE DOCKET NO. 34430

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

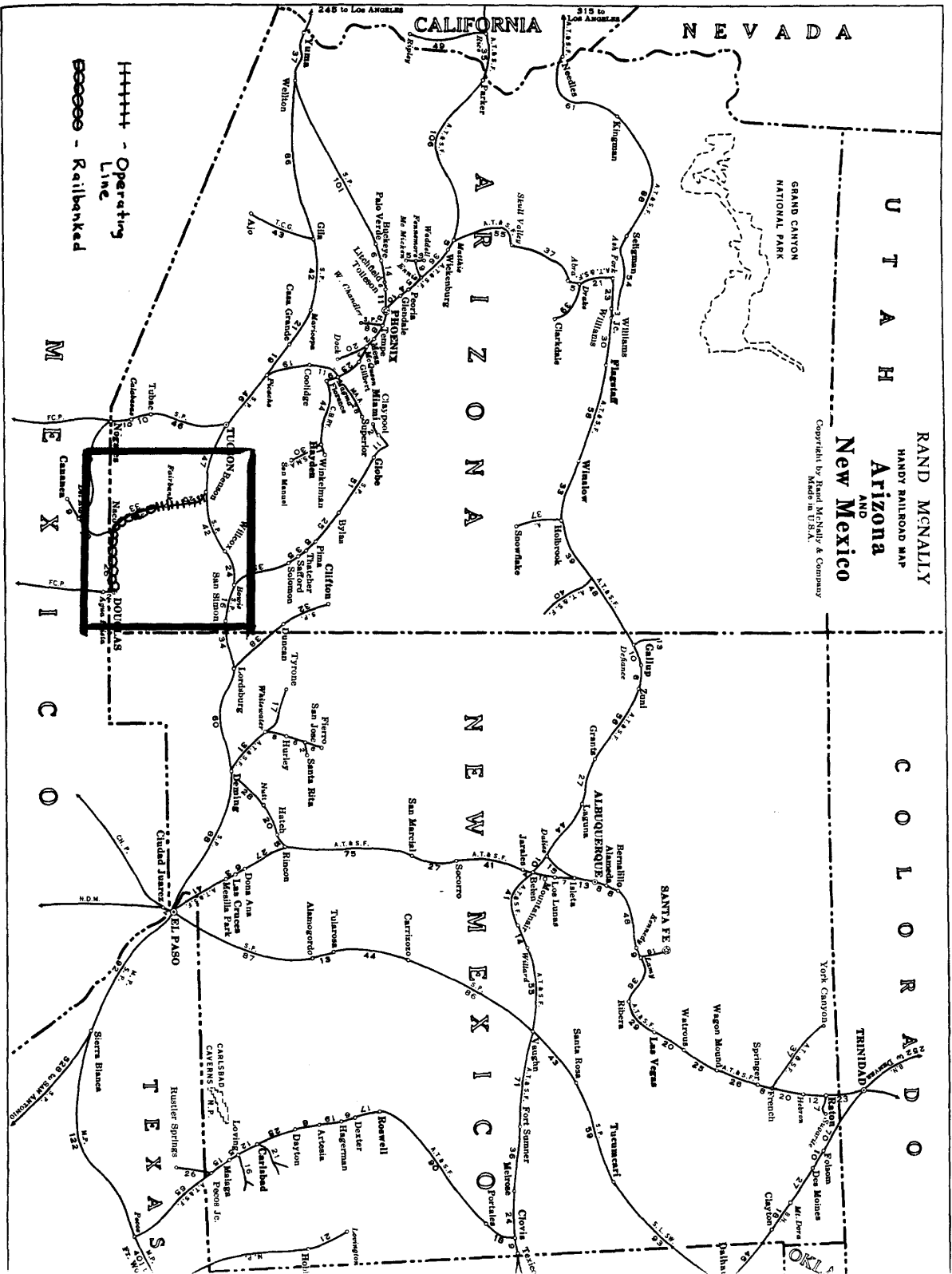
EXHIBIT A

MAP OF SUBJECT LINE

U T A H

RAND McNALLY
HANDY RAILROAD MAP
Arizona
AND
New Mexico

Copyright by Rand McNally & Company
Made in U.S.A.



+++++ - Operating
Line
----- - Railbanked

M E X I C O

T E X A S

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**SAN PEDRO RAILROAD OPERATING COMPANY, LLC
– ACQUISITION AND OPERATION EXEMPTION –
SWKR OPERATING CO. INC.**

STB FINANCE DOCKET NO. 34430

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

**EXHIBIT B
CERTIFICATION OF REVENUE**

CERTIFICATION OF REVENUE

The undersigned hereby certifies that the projected revenues of San Pedro Railroad Operating Company, LLC ("SPROC") do not exceed that which qualify it as a class III carrier, nor will they exceed the \$5 million threshold that would require SPROC to provide a 60-day notice to employees pursuant to CFR § 1150.32(e).



David L. Parkinson
Managing Member
San Pedro Railroad Operating Company, LLC

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**SAN PEDRO RAILROAD OPERATING COMPANY, LLC
– ACQUISITION AND OPERATION EXEMPTION –
SWKR OPERATING CO. INC.**

STB FINANCE DOCKET NO. 34430

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

CAPTION SUMMARY

San Pedro Railroad Operating Company, LLC (“SPROC”) has filed a notice of exemption to acquire all of SWKR Operating Co., Inc.’s (“SWKR’s”) interest in: (a) those rail lines extending from approximately milepost N 1033.008 (at or near Benson, AZ) to approximately milepost NA 1055.8 (at or near Charleston, AZ) (the “Subject Line”);¹ (b) the assets and railbanked common carrier rights in that segment of the Douglas Branch, extending from approximately milepost NA 1055.8 to approximately milepost NA 1106.5 (at or near Douglas, AZ), and in the Bisbee Branch, extending from approximately milepost NB 1085.0 (at or near Bisbee Junction, AZ) to approximately milepost NB 1090.4 (at or near Bisbee, AZ);² and (c) certain other miscellaneous assets.

¹ The milepost designation changes at Fairbank, AZ from milepost N 1050.57 to milepost NA 1046.39.

² Historically, it appears that milepost prefixes inadvertently have been reversed or omitted in various regulatory decisions. It is unclear why this occurred. In any event, the actual milepost numbers following the prefixes in the decisions appear to have been accurate.

Comments must be filed with the Surface Transportation Board and served on Troy W. Garris, Weiner Brodsky Sidman Kider PC, 1300 19th Street, NW, Washington, DC 20036-1609.

This notice is filed under 49 CFR § 1150.31. 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.

VERIFICATION

I, David L. Parkinson, certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Further, I certify that I am qualified and authorized to cause the foregoing to be filed.



David L. Parkinson
Managing Member
San Pedro Railroad Operating Company, LLC

Dated: October 24, 2003