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KARI MORELL



June 27, 2007

219644

BY HAND DELIVERY

The Honorable Vernon Williams
Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

ENTERED
Office of Proceedings
JUN 27 2007
Part of
Public Record

Re STB Finance Docket No. 35056, John C. Nolan, Penn Eastern
Rail Lines, Inc., and East Penn Railways, Inc. – Corporate Family
Transaction Exemption

Dear Secretary Williams

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(3) and a check covering the \$1,500 filing fee.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

FEE RECEIVED

JUN 27 2007

**SURFACE
TRANSPORTATION BOARD**

Enclosures

FILED

JUN 27 2007

**SURFACE
TRANSPORTATION BOARD**

219644

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35056

JOHN C. NOLAN, PENN EASTERN RAIL LINES, INC , AND EAST PENN RAILWAYS,
INC -- CORPORATE FAMILY TRANSACTION EXEMPTION

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F.R. § 1180.2(d)(3)



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**SURFACE
TRANSPORTATION BOARD**

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for Applicants

Dated June 27, 2007

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**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35056

JOHN C NOLAN, PENN EASTERN RAIL LINES, INC., AND EAST PENN RAILWAYS,
INC -- CORPORATE FAMILY TRANSACTION EXEMPTION

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R. § 1180.2(d)(3)

John C. Nolan, an individual ("Mr. Nolan"), Penn Eastern Rail Lines, Inc., a Delaware corporation ("PRL"), and East Penn Railways, Inc., a Delaware corporation ("EPRY"), file this Notice of Exemption, pursuant to 49 C F.R. § 1180.2(d)(3), for a corporate family transaction. In support of this Notice of Exemption, the following information as required by 49 C F R. § 1180.4(g)(1)(i) is submitted.

Section 1180.6 Supporting Information

(a)(1)(i) Description of Proposed Transaction

Mr Nolan currently controls two Class III railroads operating in Pennsylvania and Delaware. PRL and EPRY See STB Finance Docket No. 34223, *John C Nolan – Control Exemption – Penn Eastern Rail Lines, Inc* (not printed), served July 22, 2002

As part of the proposed corporate restructuring, Mr Nolan will merge the PRL and EPRY into East Penn Railroad, LLC, a Delaware limited liability corporation ("EPLLC"), and EPLLC

will be the surviving corporation After the transaction is consummated, Mr. Nolan will control one Class III railroad

The proposed transaction is within a corporate family and will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family

Applicants are

John C Nolan
1299 E. Old Lincoln Highway
Langhorne, Pennsylvania 19047

Penn Eastern Rail Lines, Inc
1299 E Old Lincoln Highway
Langhorne, Pennsylvania 19047

East Penn Railways, Inc.
1299 E. Old Lincoln Highway
Langhorne, Pennsylvania 19047

Applicants' representative is

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N W
Washington, D C 20005
(202) 638-3307

(a)(1)(ii) Consummation Date

The proposed transaction will be consummated on or shortly after July 27, 2007.

(a)(1)(iii) Purpose Sought to be Accomplished

The purpose of the proposed transaction is to simplify the corporate structure of Mr Nolan's railroads and eliminate costs associated with separate accounting, tax, bookkeeping and reporting functions

(a)(5) List of States

The properties of the rail carriers involved in the proposed transaction are located in the States of Pennsylvania and Delaware

(a)(6) Map

A map of the rail lines operated by PRL and EPRY is attached as Exhibit 1.

(a)(7)(ii) Agreement

Applicants will not enter into any agreements to effectuate the merger of PRL and EPRY into EPLLC

LABOR PROTECTION

Under 49 U S C § 10502(g), the Surface Transportation Board ("Board") may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326 (c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction

ENVIRONMENTAL AND HISTORIC IMPACTS

Mr. Nolan is reorganizing its corporate family for the purpose of continued rail operations where further Board approval is required to 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)

Mr. Nolan's reorganization of its corporate family 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 these lines 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 lines; (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. The thresholds in 49 C.F.R. § 1105.7(e)(5)(ii) will also not be exceeded as a result of this transaction. Finally, this transaction does not contemplate the transportation of any ozone depleting material. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above a horizontal line.

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N W
Washington, DC 20005
(202) 638-3307

Attorney for Applicants

Dated. June 27, 2007

PENNSYLVANIA

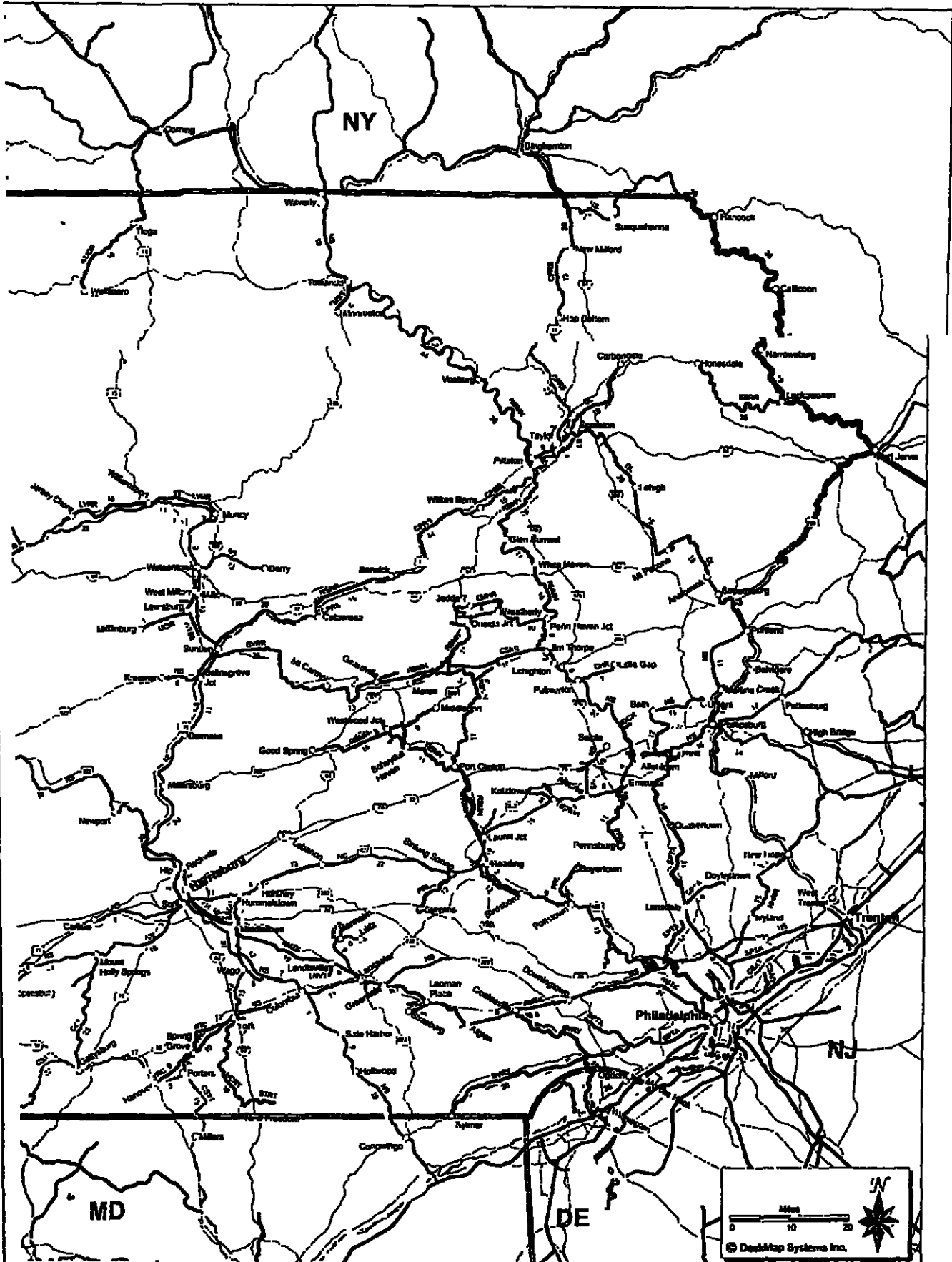
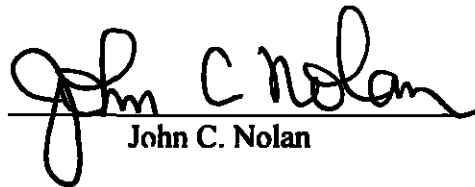


EXHIBIT 1

VERIFICATION

I, John C Nolan, President of Penn Eastern Rail Lines, Inc , and East Penn Railways, Inc , hereby verify under penalty of perjury that the foregoing Notice of Exemption is true and correct as stated to the best of my knowledge, information and belief. Further, I certify that I am qualified and authorized to file the foregoing Notice of Exemption

Executed on June 26, 2007


John C. Nolan