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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 36927

**DENTON & NORTH TEXAS RAILROAD LLC
– CONSTRUCTION AND OPERATION EXEMPTION –
LINE OF RAILROAD IN DENTON COUNTY, TX**

**VERIFIED NOTICE OF CLASS EXEMPTION
UNDER 49 C.F.R. § 1150.36**

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Denton & North Texas Railroad LLC (DNT), a non-carrier, respectfully provides notice of its exemption from 49 U.S.C. § 10901 for construction and operation of a new connecting rail line in Denton County, Texas. This new line would be constructed inside an existing Canadian Pacific Kansas City right-of-way with the goal of connecting CPKC's mainline to DNT-operated track within a planned industrial park. The new connecting rail line would be less than a mile in length and, with the Board's authorization, DNT would operate on it as a common carrier.

The DNT line opportunity arose directly from the CPKC merger. As CPKC sought to grow rail traffic on its new north-south transcontinental network, it stepped up dialogue with potential partners like DNT's parent, Patriot Rail. The two companies jointly announced the industrial park as a way to "serve the cement, aggregate and lumber markets in the southwest" while "creating a

more sustainable supply chain” that “meet[s] the future needs of the marketplace.”¹

By providing a common-carrier link between the planned line within the industrial park and the national rail network, the DNT line would advance multiple rail transportation policy objectives. Those objectives include developing and continuing a sound rail transportation system, encouraging effective competition and coordination among rail carriers and with other modes of transportation, and fostering sound economic conditions in transportation. The new DNT rail line would also foster economic development at the planned industrial park and beyond. Because connecting track often provides benefits like these, the Board has already concluded that “prior review of connecting track” like the DNT line “is not necessary to carry out the rail transportation policy” and that “continued regulation” of such connecting track “is not necessary to protect shippers from abuse of market power.” 49 C.F.R. § 1150.36(a); *see Class Exemption for the Construction of Connecting Track Under 49 U.S.C. 10901*, 1 S.T.B. 75, 81 (1996) (describing the benefits of connecting track under the rail transportation policy). And at a length of just 4,200 feet, the new DNT line would also be limited in scope. *See* 49 U.S.C. § 10502(a).

DNT knows that the class exemption for construction of connecting track is little used. But by the rule’s plain terms, the exemption should be available

¹ Press Release, Patriot Rail to Construct New Multi-Commodity Transload Facility on CPKC Network (March 11, 2025), available at <https://patriotrail.com/media/patriot-rail-company-to-construct-new-multi-commodity-transload-facility-on-cpkc-network/>.

to projects like this one that link a main line to an industrial line, so long as the “connecting track” is built “withing existing rail rights-of-way or on land owned by connecting railroads.” 49 C.F.R. § 1150.36(a). Indeed, connecting a main line to an industrial line in an industrial park can be just as valuable as connecting two main lines—a value that the proposed DNT line will realize.

Because the DNT line is a small project within an existing rail right-of-way, it will have no significant environmental effects. It would thus qualify for a categorical exclusion under an existing Federal Railroad Administration rule, as well as under the Board’s recently proposed environmental rules. So, based on the information in this filing and the accompanying verified statement, DNT asks that the Board waive its usual environmental rules.

DNT is filing this request as a class exemption notice so that the benefits of the proposed line and planned industrial park can be realized sooner. The speed and certainty of the notice process will allow everyone involved to make better plans. But if the Board concludes that the class exemption for connecting track should not be applied here, DNT asks that the Board treat this filing as a petition for exemption under 49 U.S.C. § 10502, and that it rule on that petition expeditiously.

INFORMATION REQUIRED FOR CLASS EXEMPTION

1. *The name and address of the railroad or other entity proposing to construct the trackage and the proposed operator.*

Denton & North Texas Railroad LLC (DNT), a subsidiary of Patriot Rail Company LLC, proposes to construct and operate this new connecting line of rail. DNT and Patriot Rail are located at 10752 Deerwood Park Blvd., Ste. 300, Jacksonville, FL 32256.

2. *A complete description of the proposed construction and operation, including a map.*

DNT proposes to construct approximately 4,200 feet of track inside an existing Canadian Pacific Kansas City (CPKC) right-of-way near Krum, Texas. The new DNT line would be double-tracked and would offer access to a planned industrial park owned by DNT. Because the proposed line would connect the track within the industrial park to the CPKC mainline, it qualifies as a connecting line of rail under 49 C.F.R. § 1150.36. DNT expects that its strong partnership with CPKC will encourage new connections, provide customers more efficient and cost-effective transportation, and exemplify the benefits of Class I and short line cooperation.

The project is described in more detail as part of the Additional Background section below. A map of the proposed line is attached.

3. *An indication of the class exemption procedure being used.*

DNT is filing this notice using the rule creating a class exemption for construction and operation of connecting track that was adopted by the Board in *Class Exemption for the Construction of Connecting Track under 49 U.S.C. 10901*, 1

S.T.B. 75 (1996). The procedures for processing such class exemption notices are set out in 49 C.F.R. § 1150.36(c).

This class exemption is rarely used. Since it was adopted 30 years ago, DNT can find just four decisions applying it. But the rule is broadly worded: “This class exemption applies to ... construction and operation of connecting lines of railroad within existing rail rights-of-way, or on land owned by connecting railroads, under 49 U.S.C. 10901(a), (b), and (c).” 49 C.F.R. § 1150.36(a). Because the proposed DNT line would be built within an existing CPKC right-of-way, the class exemption’s applicability here turns solely on whether the DNT line qualifies as a “connecting line of railroad.”

Nothing in the rule specially defines the terms “connecting line of railroad” or “connecting track.” Nor, for that matter, does the Board decision adopting the class exemption define those terms. That leaves the terms’ plain meaning. By that standard, a new line of rail that will “join or fasten” one line to another is a connecting track. Am. Heritage Dictionary of the English Language 399 (3d ed. 1992) (defining “connect”). Here, the proposed DNT line joins the CPKC main line to track that will be built within the proposed industrial park. That connection should be all it takes for the DNT line to qualify as connecting track under the rule’s plain language.

One of the few Board decisions applying this class exemption underscores that the exemption should be read consistent with the plain meaning of the rule’s broadly worded text. There, the Board approved connecting track that linked an existing Meridian Southern main line “to a yard track” in a Norfolk Southern rail yard. *Meridian S. Ry., LLC – Constr. of Connecting Track Exemption*

– *In Lauderdale Cnty., MS*, Fin. Docket No. 35218 at 1 (Sept. 22, 2009). And while in that case the yard track allowed Meridian Southern to reach the NS main line, *id.*, that connection was indirect. The new line itself—the line seeking a class exemption—reached only the yard track. *Id.* The same is true here: The proposed DNT line would connect the CPKC main line track with track inside an industrial park. Thus, by the terms of the class exemption, and consistent with the *Meridian Southern* decision, the DNT line would be connecting track.

The Board’s decision adopting the class exemption does not suggest a different result. It says that the class exemption “will make it easier for carriers to connect their operations and rationalize the physical placement of assets” and that “the construction of connecting track improves the efficiency and integration of the rail network.” 1 S.T.B. at 81. The proposed DNT line would achieve those ends. In particular, by connecting DNT’s industrial line operations to CPKC’s main line, the proposed common carrier DNT line would improve overall efficiency and benefit rail customers.

DNT’s use of the class exemption is also consistent with a separate Board decision rejecting an effort to reopen the original rulemaking proceeding. In that decision, the Board explained that because the rule’s discussion of “connecting track” did not “specifically us[e] the word ‘short’ or limit[] the exemption to track of not more than a specified length,” no such restriction should be forced into the exemption. *Class Exemption for the Constr. of Connecting Tracks under 49 U.S.C. 10901*, 2 S.T.B. 456, 457–58 (1997). The Board reasoned instead that any disputes over the length of a line proposed for the class exemption were

better handled on a case-by-case basis. *Id.* at 458. The Board thus rejected an overly strict reading of the exemption that could “block the railroads’ ability to use the exemption for construction of connection projects that have little or no competitive significance.” *Id.* at 458–59. That logic applies with equal force here. The DNT line meets the exemption’s plain terms. Reading additional, implied restrictions into the exemption would just limit the good it can do.

4. *The approximate date that the construction is proposed to begin.*

DNT plans to start construction of the proposed jurisdictional line as soon as possible, but it would not start earlier than 90 days after this exemption notice is filed with the Board.

5. *Environmental and pre-filing notice compliance.*

DNT hereby certifies that it is complying with the Board’s pre-filing notice requirements of 49 C.F.R. § 1150.36(c)(1). *Tisa V.S.* ¶ 24.

DNT will comply with the Board’s environmental regulations codified at 49 C.F.R. Part 1105. Those regulations generally require the Board to prepare an environmental assessment for the construction of a connecting line of rail. *See* 49 C.F.R. § 1105.6(b)(1). But because the proposed DNT line is a small project within an existing rail right-of-way that will have no significant environmental effects, DNT is asking the Board to waive its usual rules. *See id.* § 1105.7(g). Such a waiver is particularly appropriate here because the proposed DNT line would qualify for a categorical exclusion under an existing Federal Railroad Administration rule, *see* 23 C.F.R. § 771.116(c)(12), and under the Board’s recently proposed environmental rules, which expressly exempt from

environmental review connecting track that is built within an existing right-of-way, *see* Surface Transp. Bd., *Permitting Reform—Environmental Review Process*, 91 Fed. Reg. 14490, 14503 (March 25, 2026).

Environmental review of the proposed industrial park is already being conducted under applicable federal, state, and local rules. Any future development in the park will be subject to those same rules. And because the Board is “not required to analyze the effects of projects over which [it does] not exercise regulatory authority,” *Seven Cnty. Infrastructure Coal. vs. Eagle County*, 605 U.S. 168, 188 (2025), it need not review the effects of the non-jurisdictional industrial park. Thus, by applying *Seven County*, the Board can avoid duplicative environmental review of the industrial park.

DNT discusses these environmental issues further in section II, below.

ADDITIONAL BACKGROUND

A. Petitioner

DNT is an operating subsidiary within the larger Patriot Rail system.² Tisa V.S. ¶ 6. Patriot Rail is a leading operator of short-line railroads, with a portfolio that includes 31 regional and short-line railroads that cover more than 1,200 total rail miles around the country. *Id.* ¶ 3. Patriot Rail’s subsidiaries also operate a variety of yards, transload facilities, and industrial developments that are

² The principal non-carriers comprising Patriot Rail are Patriot Rail Company LLC; SteelRiver Transport Ventures LLC; Global Diversified Infrastructure Fund (North America) LP; First State Infrastructure Managers (International) Limited; and Mitsubishi UFJ Financial Group, Inc. An organizational chart with more detail will be filed with a notice of exemption seeking continuance in control.

served by its short-line railroads. *Id.* ¶ 5. In this way, Patriot Rail brings value to its customers and traffic to the national rail network that would not exist if service were solely up to the larger railroads. *Id.* ¶¶ 3–4.

Patriot Rail currently controls Class III rail carriers in 21 states. *Id.* ¶ 3. These Patriot Rail short lines operate as common carriers because common-carrier status offers advantages to both customers and their serving railroads. Those advantages include customer access to carload tracking and carrier access to waybill data; the use of the Board’s rules in case of disputes; the applicability of the Board’s rules to govern interchanges; and the Federal Railroad Administration’s safety oversight and regulatory authority. *Id.* ¶ 4. DNT wants to secure those same advantages here.

B. The DNT project

The Dallas-Fort Worth metroplex is one of the country’s fastest-growing regions, and Denton County is one of the best locations for business within that region. The county sits just north of the Dallas-Fort Worth International Airport, enjoys access to both Dallas and Fort Worth via Interstate 35, and—most important here—connects to CPKC’s national rail network. DNT proposes to enhance customer service choice and competitive options in this thriving economic hub by building a 4,200-foot line of jurisdictional rail within the existing CPKC right-of-way near Krum, Texas. *Id.* ¶¶ 9–10. This new DNT line would be double-tracked and would offer common carrier access to a planned industrial park. *Id.* ¶¶ 7–9. And the strong partnership between DNT and CPKC will encourage new connections, giving customers more efficient and cost-effective

transportation and exemplifying the benefits of Class I and short line cooperation. *Id.* ¶ 11.

DNT was organized to operate the proposed DNT line and to own the real estate for the planned industrial park that the line will serve. *Id.* ¶ 7. This structure allows DNT to better market the industrial park as a rail-served facility. *Id.* ¶ 8. Already, DNT has a signed lease with one industrial park tenant that wants rail service. *Id.* ¶ 14. It will now be up to that customer to get whatever state, local, and federal approvals it may need to build and run its facility. *Id.* In the meantime, DNT needs the Board’s authority to construct and operate the common-carrier rail line that will serve the industrial park.

ADDITIONAL DISCUSSION

I. The DNT project qualifies for an exemption.

When Congress passed the ICC Termination Act, it created “a clear presumption in favor of approving railways.” *Seven Cnty. Infrastructure Coal. v. Eagle Cnty.*, 605 U.S. 168, 194 (2025) (Sotomayor, J., concurring); *see also Mid States Coal. for Progress v. Surface Transp. Bd.*, 345 F.3d 520, 552 (2003) (endorsing the same presumption). This approval may come either through the formal application process set out in 49 U.S.C. § 10901 or via an exemption from that process under 49 U.S.C. § 10502(a). ICCTA favors the latter, streamlined process, encouraging the Board to use exemptions “to the maximum extent consistent” with the law. 49 U.S.C. § 10502(a). That means, as the Board has put it, “unless there is a good reason for full regulation, [the Board] should be looking toward exemption or relaxation of unneeded regulatory burdens.” *Cal. High-Speed Rail*

Auth. – Constr. Exemption – Merced, Madera & Fresno Cntys., Cal., Docket No. FD 35724, 2013 WL 3053064, at *15 (STB served June 13, 2013). So as long as (1) the formal application process “is not necessary to carry out the [rail transportation policy]” and (2) either (a) the transaction has a “limited scope” or (b) formal procedures are “not needed to protect shippers from the abuse of market power,” the Board “shall exempt” any proposed transaction. 49 U.S.C. § 10502(a). In addition to qualifying for the Board-established class exemption in 49 C.F.R. § 1150.36, the DNT line meets all these exemption criteria.

A. DNT can show that its project meets rail transportation policy without a formal application.

Exemptions save time and money by focusing on the issues that matter most. Here, the information in this filing and the accompanying verified statement readily shows that the DNT line furthers the rail transportation policy. Thus, a formal application is unnecessary.

To start, the DNT line will “ensure the development and continuation of a sound rail transportation system” by promoting “effective competition among rail carriers and with other modes” in a way that will “meet the needs of the public.” 49 U.S.C. § 10101(4). Indeed, an industrial park without the DNT line, served only by truck, would likely fail to attract any tenants. *Tisa V.S.* ¶ 15. The DNT line will be the vital link between the park and the national rail network, allowing rail and truck modes to compete for customers, and offering customers more efficient and cost-effective transportation services. *Id.* ¶ 16. This competition will bring more tenants into the industrial park, which will benefit the public—exactly how the rail transportation policy is supposed to work.

At the same time, the DNT rail link to the planned industrial park will “foster sound economic conditions in transportation and ensure effective competition and coordination between rail carriers and other modes.” 49 U.S.C. § 10101(5). Like any rail-connected industrial facility, the tenants of the park are sure to use multiple modes of transportation to ship and receive materials. *Tisa V.S.* ¶ 15. That dynamic will inevitably involve both competition and coordination between modes. If both modes are capable of shipping the same materials, they will compete, but if only one can do it, the park tenants will have to coordinate their transportation choices. Either way, the rail transportation policy is met.

Using an exemption to authorize construction and operation of the DNT line would also satisfy the rail transportation policy by “expedit[ing] regulatory decisions” and “reducing regulatory barriers to entry.” 49 U.S.C. § 10101(2), (7); see *Alaska Survival v. STB*, 705 F.3d 1073, 1084 (9th Cir. 2013) (concluding the objectives in Sections 10101(2) and 10101(7) were satisfied when “the exemption made it unnecessary ... to go through the otherwise lengthy regulatory procedures”). These aspects of the policy are especially important here, where the initial review and permitting of the industrial park is nearly done, meaning that rail service could be called for soon. A drawn-out review would thus thwart key rail transportation policy goals.

The DNT line would also further the health and safety aspects of the rail transportation policy, including the policy “to operate transportation facilities and equipment without detriment to the public health and safety” and the policy “to encourage fair wages and safe and suitable working conditions in the

railroad industry.” 49 U.S.C. § 10101(8), (11). As the Board has explained, the policy in section 10101(8) is directed at “safety concerns” and “compliance with FRA safety regulations.” *Am. Rocky Mountaineer, LLC – Petition for Exemption from 49 U.S.C. Subtitle IV*, Docket No. FD 36468, 2021 WL 2182295, at *4 (STB decided May 27, 2021). DNT will operate its line safely, complying with all applicable regulations. *Tisa V.S.* ¶ 19. The rail labor policy advanced by section 10101(11) is similarly fulfilled when “an exemption will not alter the applicability of the Railway Labor Act or the Railroad Retirement Act.” *Am. Rocky Mountaineer*, 2021 WL 2182295 at *5. Since granting DNT’s requested exemption will not affect those laws’ applicability, the policy in section 10101(11) is also met.

B. The Project is limited in scope and does not threaten shippers with an abuse of market power.

The second requirement for an exemption can be met in two ways. If an application is not required to assess rail transportation policy goals, an exemption is proper if the project is *either* limited in scope *or* will not threaten shippers with an abuse of market power. *See* 49 U.S.C. § 10502(a)(2); *Alaska Survival*, 705 F.3d at 1082-83 (holding the STB may grant an exemption “if the project is either of limited scope *or* the full statutory proceedings are not necessary to protect shippers from the abuse of market power,” and noting that the Board is not required to consider both factors) (emphasis in original)). Both options are available here, and the Board can rely on either or both.

First, because the DNT line will be just 4,200 feet long, *Tisa V.S.* ¶ 9., it plainly qualifies as limited in scope. *See* 49 U.S.C. § 10502(a)(2)(A). The Board

has set little precedent on this piece of the exemption petition test in recent years, but older decisions suggest that far longer rail lines may qualify as “limited.” See, e.g., *Black v. ICC*, 762 F.2d 106, 118 (D.C. Cir. 1985) (upholding the conclusion that an “only” 22-mile-long rail line was limited in scope); *Palestine v. ICC*, 936 F.2d 1335, 1337, 1340-41 (D.C. Cir. 1991) (concluding that 90 miles of track was limited in scope when the project would not require the issuance of new securities nor the restructuring of rail operations). In any case, the Board need not endorse those cases to hold that a rail line that is less than a mile long qualifies as having a “limited scope.”

Regardless of whether the Board addresses the DNT line’s “limited scope,” formal procedures are not necessary here “to protect shippers from the abuse of market power.” See 49 U.S.C. § 10502(a)(2)(B). The DNT line would in fact enhance transportation services to shippers in the planned industrial park and promote competition between transportation modes, neither of which threaten shippers. See *Six Cnty. Ass’n of Gov’ts – Construction and Operation Exemption – Rail Line Between Levan and Salina, Utah*, STB Fin. Docket No. 34075, 2001 WL 1299451, at *2 (STB served Oct. 26, 2001) (finding no threat to shippers when the project would provide the area with a new transportation option and increase competition). In short, an exemption is appropriate here because the DNT line will make shippers better off.

II. The DNT line does not require a detailed NEPA review.

NEPA review of the DNT line should not block a speedy exemption decision. The proposed line is a short connecting track within an existing rail right-

of-way—just the kind of project that the Board is now proposing to cover with a categorical exclusion from NEPA review. *See* 91 Fed. Reg. at 14503. But if DNT waits for the Board’s proposed categorical exclusion to be finalized, its customers may not have rail service when they need it. DNT is thus asking the Board to waive its current rules in favor of the principles in its proposed ones. As for the planned industrial park, the Supreme Court’s *Seven County* decision holds that such extra-jurisdictional projects need not (and ought not) stand in the way of a beneficial new rail line.

A. Because the DNT line has no reasonably foreseeable adverse effects, a detailed environmental review is not necessary.

The Board’s current environmental rules presume that an environmental assessment will be prepared for construction of connecting track within an existing right-of-way. 49 C.F.R. § 1105.6(b)(1). But those same rules also give the Board authority to waive environmental review when the information that the NEPA process would gather “is not necessary for the Board to evaluate the environmental impacts of the proposed action.” *Id.* § 1105.7(g). As underscored by the FRA’s existing categorical exclusions from NEPA review, and the Board’s own proposal to categorically exclude projects like this one, such review is “not necessary” here.

NEPA encourages federal agencies to forgo preparation of an EA or EIS if a proposed action qualifies for a “categorical exclusion”—a defined set of actions that “normally does not significantly affect the quality of the human environment.” 42 U.S.C. §§ 4336(a)(2), 4336e(1). The FRA, for example, uses a categorical exclusion that allows it to approve “[m]inor rail line additions”

including “new tracks within existing rail yards or right-of-way” without preparing an EA or EIS. 23 C.F.R. § 771.116(c)(12). And while the Board’s environmental rules do not yet contain a categorical exclusion like FRA’s for new tracks in existing right-of-way, the Board recently published a notice of proposed rulemaking that would add several categorical exclusions to the Board’s rules, including an exclusion that parallels the relevant FRA rule by excluding from NEPA review “[c]onstruction of connecting track within an existing rail right-of-way or on land owned by the connecting railroads and/or applicant” 91 Fed. Reg. at 14503 (proposing a new rule at 49 C.F.R. § 1105.7(a)(8)).

Consistent with these exclusions, DNT’s proposed 4,200-foot line would be built entirely within the existing CPKC right-of-way. *Tisa V.S.* ¶¶ 9–10. As FRA’s experience suggests, the already-disturbed land in such an existing right-of-way is not usually a source of significant effects on environmental or historic resources. 23 C.F.R. § 771.116(a); *see* Dep’t of Transp., *Env’t Impacts and Related Procedures*, 83 Fed. Reg. 54480, 54497 (Oct. 29, 2018) (noting FRA’s “experience with similar actions”). Nothing about the DNT site warrants a different conclusion: The National Wetlands Inventory shows no jurisdictional wetlands within the DNT line’s footprint, and the U.S. Fish and Wildlife Service’s Information for Planning and Consultation online tool shows no habitat for any listed species. *Tisa V.S.* ¶¶ 20–21. Beyond that, an environmental baseline audit in May 2025 found no evidence of pollutant releases at the site. *Id.* ¶ 22. Further, a map prepared by the Denton County Historical Commission

shows no sites of any kind within miles of the project.³ Given these facts and FRA’s longstanding categorical exclusion, it “is not necessary for the Board to evaluate the environmental impacts” of the proposed DNT line. 49 C.F.R. § 1105.7(g). And even if the Board chose not to waive its environmental rules, NEPA allows it to adopt FRA’s categorical exclusion and apply it here. *See* 42 U.S.C. § 4336c.

The applicability of the Board’s proposed categorical exclusion presents the ideal occasion for using the Board’s environmental review waiver. The FRA’s rules show that projects like the DNT line qualify for categorical exclusion because they normally lack significant environmental effects. *See, e.g.*, FRA Categorical Exclusion Worksheet, Rail-Truck Transload Facility Phase 2, prepared by Spokane Airport Board (signed by Stephanie Bennet Perez-Arrieta on Jan. 28, 2021) (applying the FRA categorical exclusion to the extension of an existing rail spur totaling 1.7 miles of railroad trackwork). Its newly proposed rule shows that the Board, at least preliminarily, agrees. *See* 91 Fed. Reg. at 14503 (proposing a new rule at 49 C.F.R. § 1105.7(a)(8)). And the evidence in this petition and the accompanying verified statement confirms that the DNT line meets all the Board’s proposed criteria for categorical exclusion. Tisa V.S. ¶ 23. What is more, if CPKC built these same tracks within its right of way, it would not require the Board’s approval, and thus would not trigger any Board NEPA review. Similarly, if DNT chose to operate as a switching carrier—

³ *See* <https://www.dentoncounty.gov/DocumentCenter/View/728/Geographical-County-Map-PDF>.

something that it is not interested in doing—it could build the same tracks without Board approval or NEPA review. *See* 49 U.S.C. § 10906. Requiring a full NEPA process in these circumstances would be, at best, odd.

The DNT line also does not trip the “extraordinary circumstances” failsafe built into the Board’s proposed categorical exclusion. 91 Fed. Reg. at 14503 (proposing a new rule at 49 C.F.R. § 1105.7(e)). Under that part of the proposed rule, the Board’s new categorical exclusions “will be applied unless the Director [of the Office of Environmental Analysis] determines that extraordinary circumstances indicate that a normally categorically excluded action is likely to have a reasonably foreseeable significant adverse effect.” *Id.* As already discussed, the DNT line is not out of the ordinary. Rather, the DNT line is just the kind of project that qualifies for a waiver because it does not have any significant environmental impacts. *See* 49 C.F.R. § 1105.7(g).

Finally, without a waiver that applies the Board’s proposed categorical exclusion, DNT faces serious financial harm. The planned industrial park that DNT hopes to serve is moving forward. *Tisa V.S.* ¶ 12. Soon, it will be home to at least one new potential customer that will want rail service from DNT. *Id.* ¶ 14. To meet that customer’s schedule, DNT must start soliciting bidders for the construction process by early July of 2026. *Id.* If the Board’s usual NEPA process for new rail construction were applied, the DNT line would not be ready in time. *See* 42 U.S.C. § 4336a(g) (setting deadlines of two years for an EIS and one year for an EA). And if rail service is unavailable, it will reduce the economic benefits of the industrial park—not only to DNT, but also to the customers and employees who would benefit from it. *Tisa V.S.* ¶ 17.

In sum, given the proposed DNT line's lack of environmental effects, the existing FRA categorical exclusion, and the Board's proposed categorical exclusion, DNT asks the Board to waive its usual NEPA review here, or else adopt and apply FRA's existing categorical exclusion.

B. Because the proposed industrial park is outside the Board's jurisdiction, no additional review of it is needed.

Once the Board has reviewed the proposed DNT rail line, its NEPA responsibilities are at an end. "[A]gencies are not required to analyze the effects of projects over which they do not exercise regulatory authority." *Seven Cnty.*, 605 U.S. at 188. And the Board lacks any regulatory authority over the planned industrial park that the DNT line will serve, much less over the activities of the tenants who may operate there. Thus, a decision approving the DNT line "cannot be considered a legally relevant 'cause'" of the industrial park's "effects." *Id.* (quoting *U.S. Dep't of Transp. v. Pub. Citizen*, 541 U.S. 752, 770 (2004)). Nor, as the D.C. Circuit recently affirmed, can the now-withdrawn definition of "connected actions" apply when one action lies outside the agency's jurisdiction. *Sierra Club v. FERC*, 153 F.4th 1295, 1308 (D.C. Cir. 2025).

It does not matter that DNT owns both the proposed rail line and the planned industrial park. The Board's jurisdiction extends to "transportation by rail carrier," 49 U.S.C. § 10501(a), not to rail carriers generally. And DNT is not claiming that the operation of the planned industrial park would qualify as "transportation" under the ICC Termination Act. *See id.* § 10102(9). DNT owns the real estate at the planned industrial park, and would serve as a

landlord, but its tenants would have to get their own permits and environmental approvals from other agencies to operate there. *Tisa* V.S. ¶ 7, 13.

For the same reason, the Board’s lack of jurisdiction over the industrial park does not mean that the park’s environmental effects will be ignored. In fact, the effects of DNT’s planned work at the park—mostly clearing and grading—have already been studied by state and local regulators, including the City and County of Denton and the Texas Department of Environmental Quality. *Tisa* V.S. ¶ 12. And whatever work the park’s future tenants do there will be subject to separate, independent environmental reviews. *Id.* ¶ 13. Anything the Board might do now would just duplicate those efforts—precisely the result that the Supreme Court in *Seven County* sought to avoid.

“An agency need not assess the environmental effects of other separate projects simply because those projects (and effects) might not materialize but for the project at hand, or are in some sense foreseeable.” *Seven Cnty.*, 605 U.S. at 190. As soon as it steps outside its jurisdiction, the agency steps onto the slippery slope of “more agency analysis of separate projects, more consideration of attenuated effects, more exploration of alternatives to proposed agency actions, more speculation and consultation and estimation and litigation.” *Id.* at 184. After *Seven County*, the Board can keep off that slippery slope by relying on its limited jurisdiction over rail construction and operation as its “manageable line” under NEPA. *Id.* at 189. Here, that line excludes the effects of the extra-jurisdictional industrial park.

* * *

“NEPA is a procedural cross-check, not a substantive roadblock.” *Seven Cnty.*, 605 U.S. at 173. So when an action like the DNT line lacks significant environmental effects, agencies need not delay. After *Seven County*, NEPA’s days as a “blunt and haphazard tool” used “to stop or at least slow down new infrastructure and construction projects” are over. *Id.* at 183. Consistent with that NEPA “course correction,” *id.* at 184, the Board should waive review where it is not needed—especially when a newly proposed categorical exclusion would apply—and should draw a “manageable line” that limits review to the jurisdictional “project at hand,” *id.* at 189.

III. If the Board grants an exemption, DNT will become a common carrier.

In this filing, DNT asks that the Board authorize both the construction and operation of the DNT line. As an authorized operator of the new line, DNT would become a “rail carrier,” which means that it would be “providing common carrier railroad transportation” under the Board’s rules. 49 U.S.C. § 10102(5); see *New England Transrail, LLC – Construction, Acquisition, and Operation Exemption – Wilmington and Woburn, Mass.*, STB Fin. Docket No. 34797, 2007 WL 1989841 at *6–7 (decided June 29, 2007) (explaining that a common carrier is “an entity that holds itself out to the general public as engaged in the business of transporting property from place to place for compensation”). This common carrier status will benefit both DNT and DNT’s customers in several ways. For example, the customer of a common carrier has access to carload tracking and the short line common carrier has access to waybill data. A common carrier and its customer also have access to the Board in case of disputes.

Railroad operating rules govern interchanges, not contracts with Class I carriers. FRA safety oversight and regulatory authority applies. For all these reasons, DNT expressly seeks authority to operate the new line as a rail carrier. The entities that control DNT are separately filing a notice of exemption seeking authority to continue that control if this common carrier request is granted.

IV. Expedited handling of this filing will benefit DNT, its customers, and the national rail system.

It took many months for DNT and CPKC to formalize the partnership that led to this project. *Tisa V.S.* ¶ 10. DNT took that time to be sure that its neighbors were happy with the planned industrial park and rail line. *Id.* Now, DNT and its customers are eager to take advantage. DNT has nearly completed its environmental review of the planned industrial park and has a customer that is ready to start moving in. *Id.* ¶¶ 12, 14. To accommodate that customer's schedule, DNT needs to start soliciting bidders for the construction of its proposed common carrier line by early July of 2026. *Id.* ¶ 14. Once that common carrier line is built, it will be far easier for the park to attract more tenants, multiplying the benefits to DNT, CPKC, and their customers, and adding traffic to the national rail network. *Id.* ¶¶ 15-17. The expedited decision proposed in this filing would bring those benefits forward.

CONCLUSION

DNT respectfully requests that the Board use the notice of class exemption procedures for connecting track in 49 C.F.R. § 1150.36 to authorize construction and operation of the DNT line. If the Board finds those procedures inapplicable for any reason, DNT asks that the Board instead treat this filing as a petition for exemption under 49 U.S.C. § 10502 and issue an expedited decision authorizing the construction and operation of the DNT line.

Respectfully submitted,



Jay C. Johnson
Megan L. Algys
VENABLE LLP
600 Massachusetts Ave. NW
Washington, D.C. 20001
(202) 344-4000
(202) 344-8300 (fax)

Counsel for Denton & North Texas
Railroad LLC

Dated: May 7, 2026

CERTIFICATE OF SERVICE

I hereby certify that on May 7, 2026, I served a copy of the foregoing petition on all parties of record via email.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 36927

**DENTON & NORTH TEXAS RAILROAD LLC
– CONSTRUCTION AND OPERATION EXEMPTION –
LINE OF RAILROAD IN DENTON COUNTY, TX**

VERIFIED STATEMENT OF THOMAS J. TISA

I, Thomas J. Tisa, pursuant to 28 U.S.C. § 1746, do hereby state and declare as follows:

1. I am the Chief Commercial Officer of Patriot Rail, a position I have held since October 2024.

2. The principal non-carriers comprising Patriot Rail are Patriot Rail Company LLC; SteelRiver Transport Ventures LLC; Global Diversified Infrastructure Fund (North America) LP; First State Infrastructure Managers (International) Limited; and Mitsubishi UFJ Financial Group, Inc. An organizational chart with more detail will be provided with a separately filed notice of exemption.

3. Patriot Rail controls Class III rail carriers in 21 states, including 31 regional and short-line railroads covering more than 1200 total miles in the United States. These lines provide connections to the national rail network.

4. Patriot Rail's short lines serve as common carriers to enhance customer access to carload tracking and carrier access to waybill data, use the Board's rules in case of disputes, and apply the Board's rules to govern interchanges, among many other benefits.

5. Patriot Rail's short line companies also operate various yards, transload facilities, and industrial developments served by its short-line railroads.

6. Denton & North Texas Railroad LLC (DNT) is a newly formed entity that is controlled by Patriot Rail. At present, DNT is a non-carrier, but it is seeking authority to construct, and operate as a common carrier, a new rail line in Denton County, Texas. *See Exhibits 1 and 2.*

7. Patriot Rail formed DNT both to operate this proposed new rail line and to own the real estate for an approximately 120-acre planned industrial park that the new line will serve.

8. DNT's ownership of the planned industrial park will allow DNT to market the industrial park as a facility that will enjoy common carrier rail service. This common carrier service, as already explained, would bring numerous benefits, including access to carload tracking and waybill data. It would also place the DNT line within the Federal Railroad Administration's safety oversight and regulatory authority. Once the Board approves common carrier service over the DNT line, it will make marketing the planned industrial park to potential customers far easier.

9. DNT's rail line would be approximately 4,200-feet long, with about 2,700 feet of the route double-tracked.

10. The DNT line would be built and operated entirely within an existing Canadian Pacific Kansas City (CPKC) right-of-way near Krum, Texas. The proposed tracks lie between CPKC mileposts 109 and 110. DNT and CPKC negotiated their agreement to build the DNT line over many months to ensure neighbors were happy with the planned industrial park and rail line.

11. CPKC strongly supports the proposed DNT line. DNT's partnership with CPKC leverages the strengths of each party to develop projects that drive rail growth

and enhance competition. The strong partnership between DNT and CPKC will create new connections and provide customers with more efficient and cost-effective transportation services.

12. Planning and permitting for the industrial park is already underway. Local and state regulators, including the City and County of Denton and the Texas Department of Environmental Quality, have been reviewing the proposed clearing and grading that DNT would perform so the site can be leased to tenants.

13. Future tenants of the industrial park will be responsible for environmental reviews and permitting of their own projects at the park.

14. DNT has already signed a lease with one industrial park tenant that desires rail service. That tenant is now responsible for obtaining the state, local, and federal approvals it needs to construct and operate its facility. To meet its customer's schedule, DNT needs to start soliciting bidders for the construction process by early July of 2026.

15. Tenants typically want multiple modes of transportation to ship and receive materials, but the planned industrial park cannot offer a common carrier alternative to truck transportation without Board authorization for the proposed DNT line.

16. The proposed DNT line will provide an alternative transportation mode, promoting environmental sustainability, connecting the park to the national rail network, providing businesses with expanded market reach, and enhancing competition between rail and truck modes.

17. The proposed DNT line will also facilitate greater economic development by attracting additional business to the area during the construction phase and through ongoing rail operations and related services.

18. The proposed DNT line will have the additional benefit of exemplifying the collaboration between short lines and Class I rail carriers.

19. DNT will operate the rail line in accordance with all applicable regulations, including those regulations that govern health and safety.

20. A National Wetlands Inventory review by Rowden Consulting, LLC from December 2025 shows there are no jurisdictional wetlands within the proposed DNT line's footprint.

21. The U.S. Fish and Wildlife Service's Information for Planning and Consultation online tool shows no habitat for any listed species within the proposed DNT line's footprint.

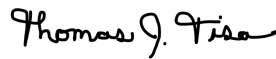
22. In May 2025, an environmental baseline audit was conducted for the site by Terracon Consultants, Inc. This audit found no evidence of pollutant releases at the site. Terracon did not recommend further investigation or action.

23. Based on my knowledge, the DNT line would meet the Board's criteria for the proposed categorical exclusion at 49 C.F.R. § 1105.7(a)(8) for connecting track within an existing rail right-of-way.

24. DNT has complied with the Board's pre-filing notice requirements of 49 C.F.R. § 1150.36(c)(1). Exhibit 3.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 7, 2026



Thomas J. Tisa

EXHIBIT 1

Project overview

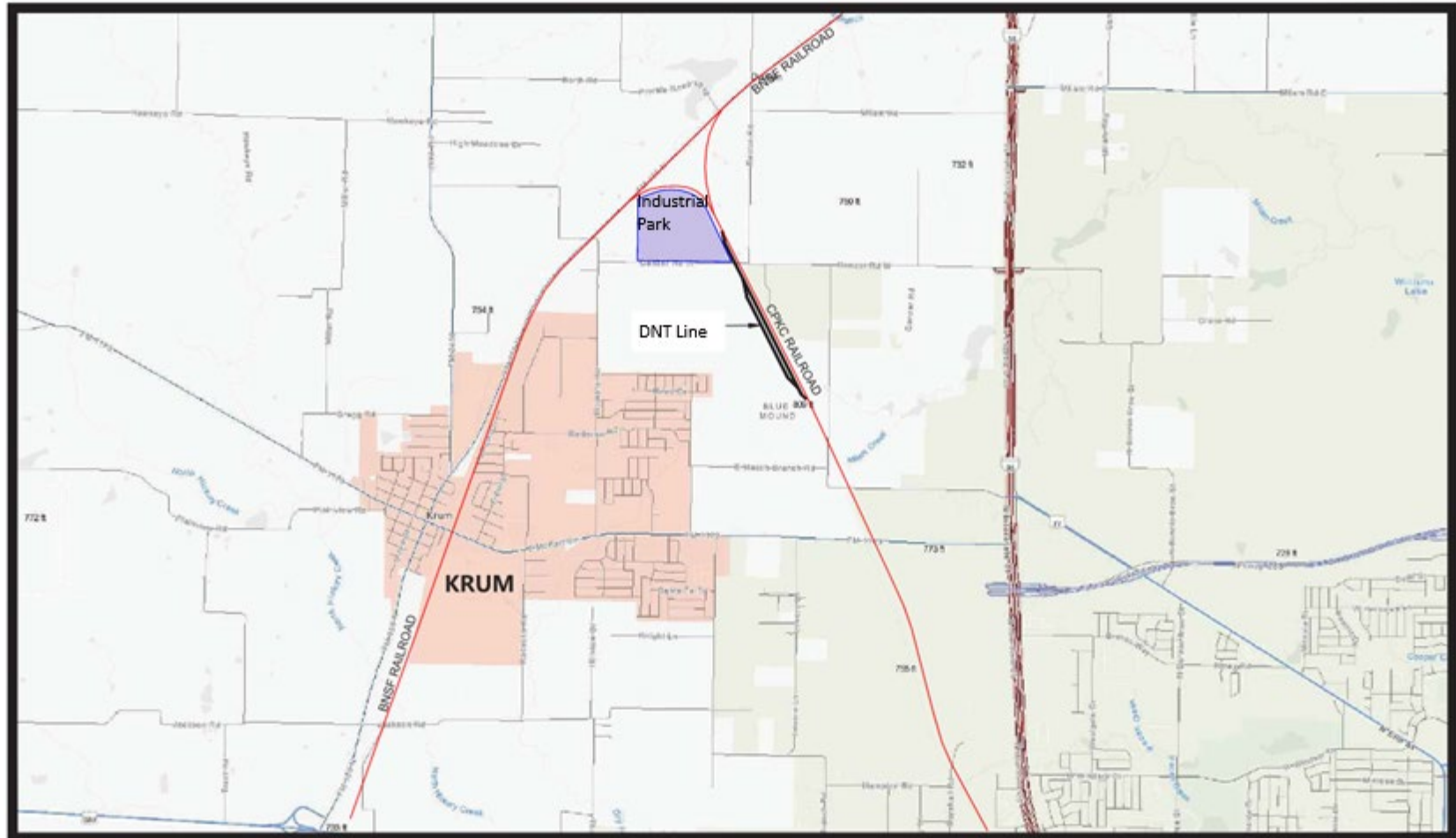


EXHIBIT 2

Detailed Project Plan

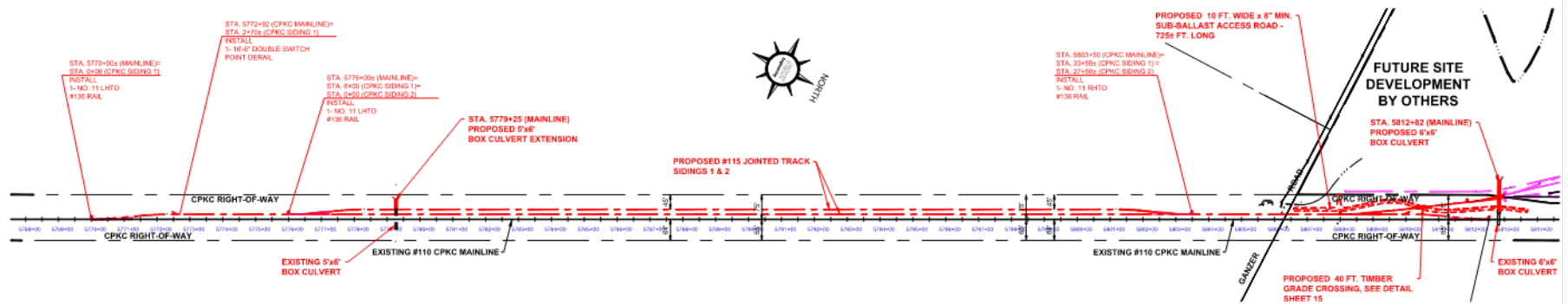


EXHIBIT 3

Notice Letters

April 16, 2026

Jay C. Johnson
t 202.344.4698
f 202.344.8300
JCJohnson@Venable.com

Public Utility Commission of Texas
1701 N. Congress Ave., Ste. 7-110
Austin, TX 78701
Attn: Secretary

Texas Department of Transportation
125 E. 11th St.
Austin, TX 78701
Attn: Secretary

Texas Commission of Environmental Quality
12100 Park 35 Circle
Austin, TX 78753
Attn: Secretary

Re: Denton & North Texas Railroad LLC – Construction and Operation
Exemption – Line of Railroad in Denton County, TX

Dear Secretary,

My client, Denton & North Texas Railroad LLC (DNT), intends to file a verified notice of exemption with the federal Surface Transportation Board seeking authority to construct a connecting line of rail in Denton County, Texas. Under 49 C.F.R. § 1150.36(c)(1), a party that plans to file such a verified notice with the Board must first send a pre-filing notice to the Public Service Commission, Department of Transportation, and State Environmental Protection Agency. This letter is that required pre-filing notice.

No less than 20 days from the date you receive this letter, DNT plans to file a verified notice of exemption under 49 C.F.R. § 1150.36 with the Surface Transportation Board. You can find more information about DNT and the project below. If you have questions, please do not hesitate to contact me.

Public Utility Commission of Texas
Texas Department of Transportation
Texas Commission of Environmental Quality
April 16, 2026
Page 2

Required Information under 49 C.F.R § 1150.36:

1. *The name and address of the railroad or other entity proposing to construct the trackage and the proposed operator.*

Denton & North Texas Railroad LLC (DNT), a subsidiary of Patriot Rail Company LLC (Patriot Rail), proposes to construct and operate the trackage. DNT and Patriot Rail are located at 10752 Deerwood Park Blvd., Ste. 300, Jacksonville, FL 32256.

2. *A complete description of the proposed construction and operation, including a map.*

DNT proposes to construct approximately 4,200 feet of track inside an existing Canadian Pacific Kansas City (CPKC) right-of-way near Krum, Texas. The new DNT line would be double-tracked and would offer access to a planned industrial park owned by DNT. Because the proposed line would connect the spur track within the industrial park to the CPKC mainline, it qualifies as a connecting line of rail under 49 C.F.R. § 1150.36. DNT expects that its strong partnership with CPKC will encourage new connections, provide customers more efficient and cost-effective transportation, and exemplify the benefits of Class I and short line cooperation.

A map of the proposed line is attached.

3. *An indication that the class exemption procedure is being used.*

As discussed above, DNT plans to file a notice with the Board for its exemption for the proposed track construction. The class exemption procedure for construction of connecting track was adopted by the Board in *Class Exemption for the Construction of Connecting Track under 49 U.S.C. 10901*, 1 S.T.B. 75 (1996). The procedures for processing such notices of exemption for construction of connecting track are set out at 49 C.F.R. § 1150.36(c)(3) and (4).

4. *The approximate date that the construction is proposed to begin.*

Construction of the proposed jurisdictional line would not start earlier than 90 days after the notice of exemption is filed with the Board. As mentioned above, that notice of exemption would be filed at least 20 days after you receive this pre-filing notice.

Public Utility Commission of Texas
Texas Department of Transportation
Texas Commission of Environmental Quality
April 16, 2026
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5. *Environmental compliance.*

DNT will comply with the Board's environmental regulations codified at 49 C.F.R. Part 1105. Those regulations generally require the Board to prepare an environmental assessment for the construction of a connecting line of rail. *See* 49 C.F.R. § 1105.6(b)(1). But because the proposed DNT line is a small project within an existing rail right-of-way that will have no significant environmental effects, DNT plans to ask the Board to waive its usual rules. *See id.* § 1105.7(g). Such a waiver is particularly appropriate here because the proposed DNT line would qualify for a categorical exclusion under an existing Federal Railroad Administration rule, *see* 23 C.F.R. § 771.116(c)(12), and under the Board's recently proposed environmental rules, *see* Surface Transp. Bd., Permitting Reform—Environmental Review Process, 91 Fed. Reg. 14490, 14503 (March 25, 2026).

Environmental review of the proposed industrial park is already being conducted under applicable federal, state, and local rules. Any future development in the park will be subject to those same rules. And because the Board lacks jurisdiction over the industrial park, it is “not required to analyze the effects of projects over which [it does] not exercise regulatory authority.” *Seven Cnty. Infrastructure Coal. vs. Eagle County*, 605 U.S. 168, 188 (2025). DNT is thus asking the Board to apply *Seven County* and avoid any duplicative environmental review of the industrial park.

If you have any questions about anything in this letter, please reach out to me.

Sincerely,



Jay C. Johnson

