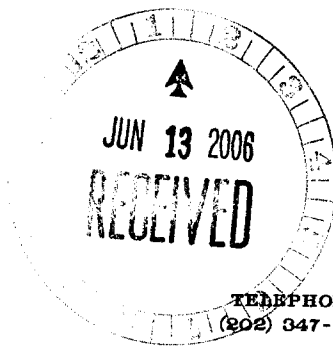


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WASHINGTON, D. C. 20036-3003



TELEPHONE:
(202) 347-7170

FAX:
(202) 347-3619

WRITER'S E-MAIL:

kjd@sloverandloftus.com

FILED

216756

TRANSPORTATION BOARD

June 13, 2006

BY HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

JUN 13

Part of
Public Record

Re: Finance Docket No. 34899, NC Railroad, Inc. – Lease and
Operation Exemption – Rail Lines of Tennessee Railway Company

Dear Secretary Williams:

Enclosed for filing in the referenced docket please find an original and 10 copies of the Verified Notice of Exemption of NC Railroad, Inc., together with a diskette containing the filing in electronic form. We are also submitting a check in the amount of \$1,500.00 to cover the requested filing fee.

An additional copy of the Notice also is enclosed. Kindly indicate receipt of the filing by time-stamping this extra copy and returning it to the bearer of this letter. Thank you for your consideration in this matter.

Sincerely,

Kelvin J. Dowd
An Attorney for NC Railroad, Inc.

Enclosures

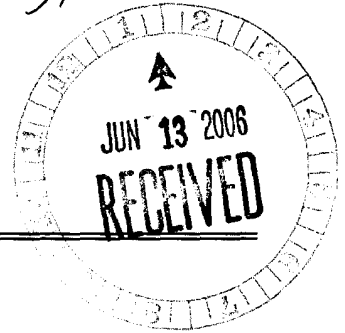
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TRANSPORTATION BOARD

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JUN 13 2006

**SURFACE
TRANSPORTATION BOARD**

216736



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

NC RAILROAD, INC. –	)	
LEASE AND OPERATION EXEMPTION –	)	
RAIL LINES OF TENNESSEE RAILWAY	)	Finance Docket No. 34899
COMPANY	)	
	)	

VERIFIED NOTICE OF EXEMPTION

NC Railroad, Inc. (“NCR”), a wholly owned subsidiary of National Coal Corporation (“NCC”), pursuant to 49 C.F.R. Part 1150.31-34, files this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. § 10901, to permit NCR to lease from Tennessee Railway Company (“TNR”) and operate approximately one mile of track between milepost TE-0.144 and milepost TE-0.95 at Oneida, Tennessee (the “Line”). Currently, the Line is held and operated by TNR, a wholly owned subsidiary of Norfolk Southern Railway Company (“NS”).

Office of Public Records
JUN 13 2006
Public Records

In support hereof, NCR shows as follows:

a. Full Name and Address of Applicant

NC Railroad, Inc.
8915 George Williams Road
Knoxville, Tennessee 37923

FILED
TRANSPORTATION BOARD

b. Name and Address of Applicant's Representative

Kelvin J. Dowd
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

c. Statement Regarding Agreement

NCR has reached agreement with TNR and its parent company NS, on terms to govern the lease of the line. The parties anticipate concluding the transaction upon the effective date of the exemption noticed hereby.

d. The Operator of the Property

Once the lease instrument is executed by the parties and takes effect, NCR will be the operator of the line. NCR is the only carrier controlled by NCC.

e. Summary of the Transaction

TNR operates the Line and has been a wholly-owned subsidiary of NS (and its predecessor, Southern Railway Company) since 1973. Pursuant to Board regulations, NCR states that TNR's corporate address is Three Commercial Place, Norfolk, Virginia 23510. In February, 2006 NCR purchased approximately 42 miles of rail line between milepost TE-0.95 at Oneida and milepost 42.00 at Devonia, from TNR. This acquisition was made pursuant to the Offer of Financial Assistance procedures of 49 U.S.C. § 10904 and pertinent Board regulations. *See* STB Docket No. AB-290 (Sub-No. 259X), *Tennessee Railway Company – Abandonment Exemption – in Anderson and Campbell*

Counties, TN, and STB Docket No. AB-290 (Sub-No. 260X), Tennessee Railway Company – Abandonment in Scott County, TN, Order served March 3, 2006. In order to facilitate the efficient interchange of coal trains between NS and NCR at Oneida, NCR will lease approximately one mile of track between TE-0.144 and milepost TE-0.95, appurtenant to NS' Oneida Yard, pursuant to the exemption noticed hereby.

NCR is in the process of repairing and rehabilitating the Oneida-Devonia lines to meet FRA Class I standards prior to the full restoration of operations. Absent extreme weather conditions or unanticipated obstacles, NCR expects to be in a position to restore regular train operations on these lines within 90 days.

f. Map

See Exhibit No. 1.

g. Certificate of Projected Revenue

Pursuant to 49 C.F.R. Part 1150.33(g), NCR hereby certifies that its projected revenues will not exceed those that would qualify it as a Class III carrier, and that this transaction will not result in the creation of a Class I or Class II carrier.

Although uncertainty regarding the timing and eventual scope of common carrier services to be provided by NCR makes a precise estimate impossible at this time, upon information and belief, NCR's projected annual operating revenues will not exceed \$5 million.

h. Environmental and/or Historical Documentation

The proposed transaction qualifies under 49 C.F.R. Part 1105.6(c)(2), and as such, no environmental documentation is required. Likewise, inasmuch as the transaction involves the continuation of rail services and NCR has no plans to alter or dispose of any properties subject to STB jurisdiction that are fifty years old or older, the transaction does not require an historic report, in accordance with 49 C.F.R. Part 1105.8(b).

i. Caption Summary

See Exhibit No. 2.

Respectfully submitted,

NC RAILROAD, INC.
8915 George Williams Road
Knoxville, Tennessee 37923

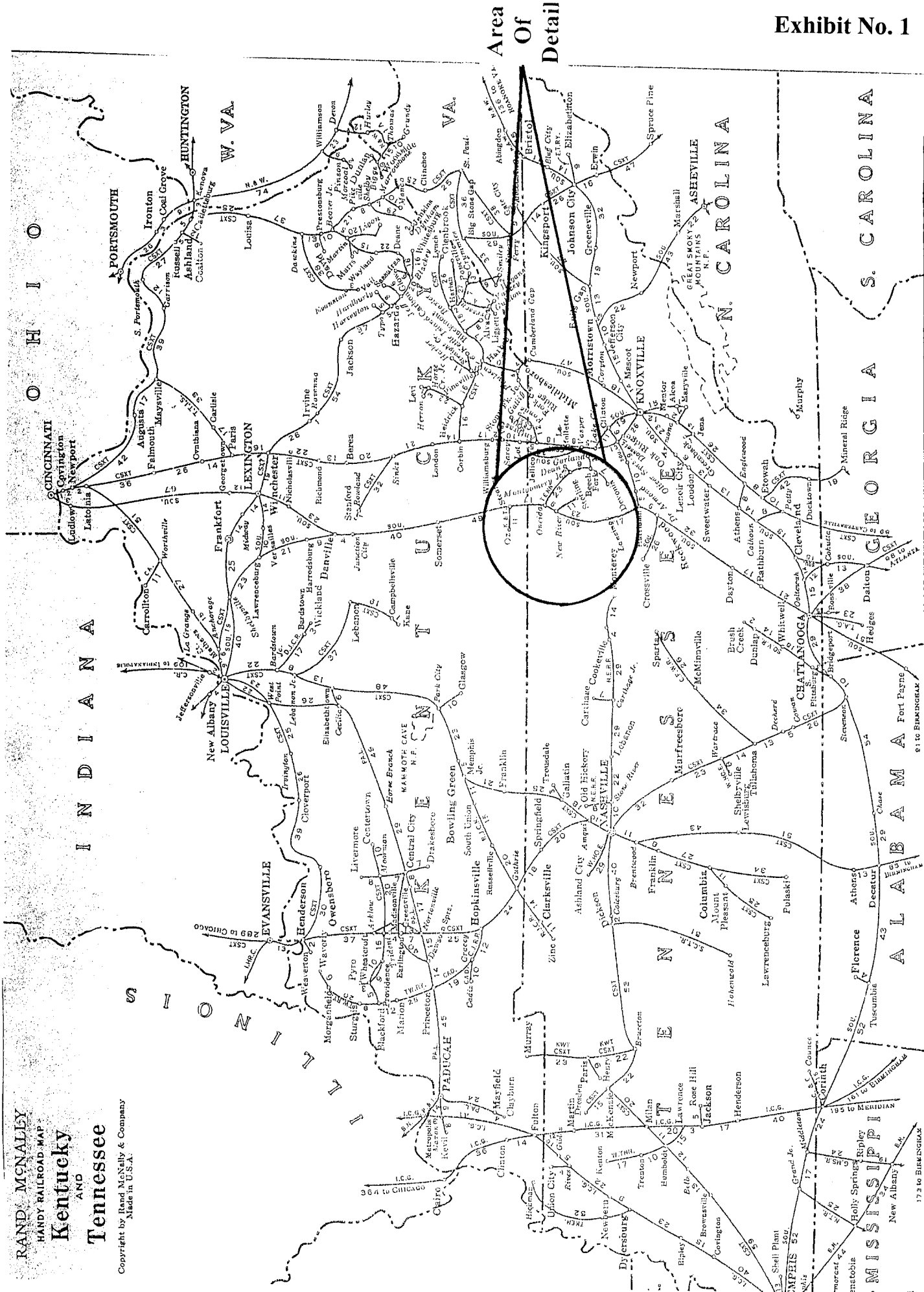
Of Counsel:

SLOVER & LOFTUS
1224 17th Street, N.W.
Washington, D.C. 20036

By: Kelvin J. Dowd 
Stephanie M. Pisanelli
Slover & Loftus
1224 17th Street, N.W.
Washington, D.C. 20036
(202) 347-7170

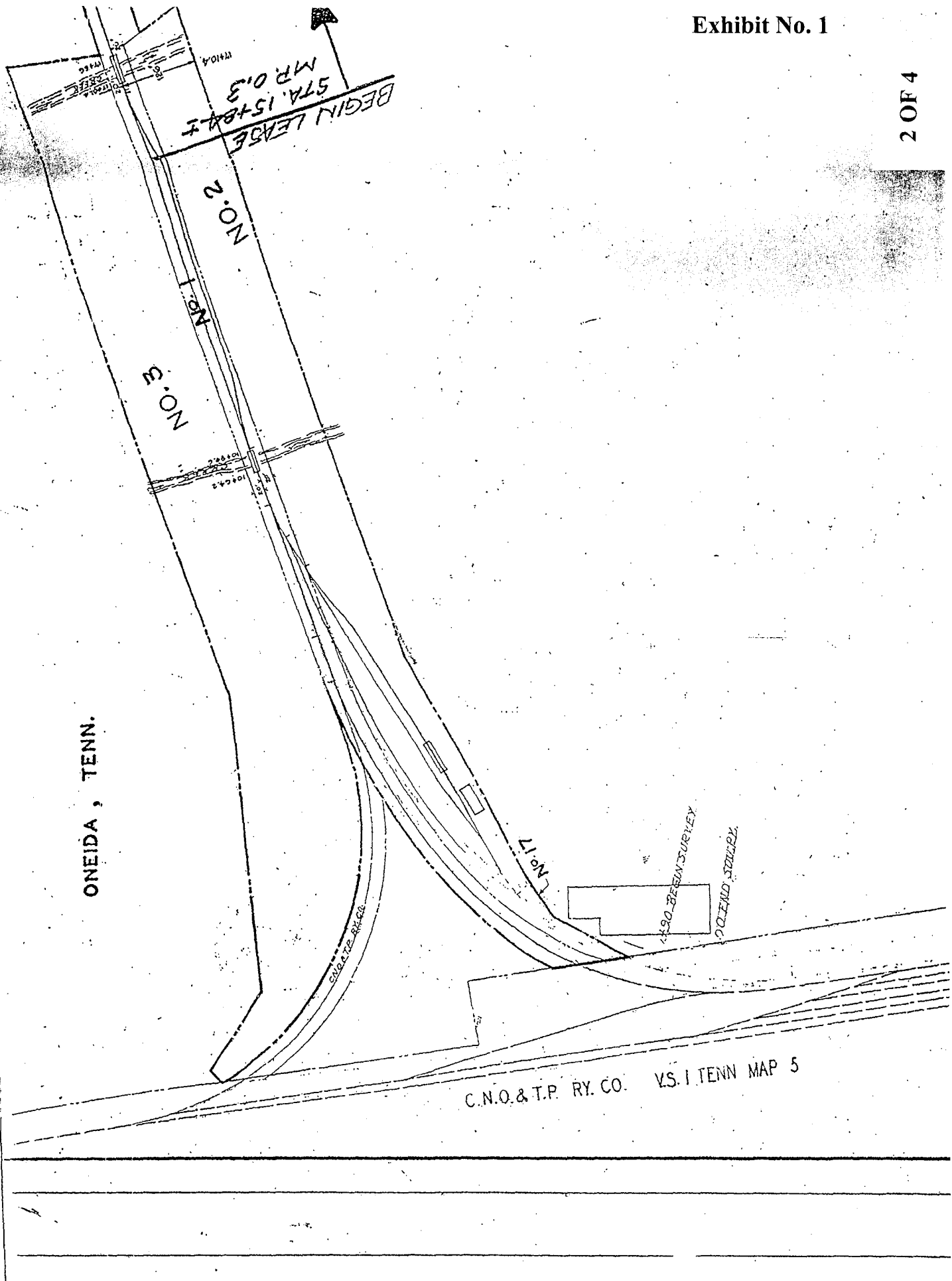
Dated: June 13, 2006

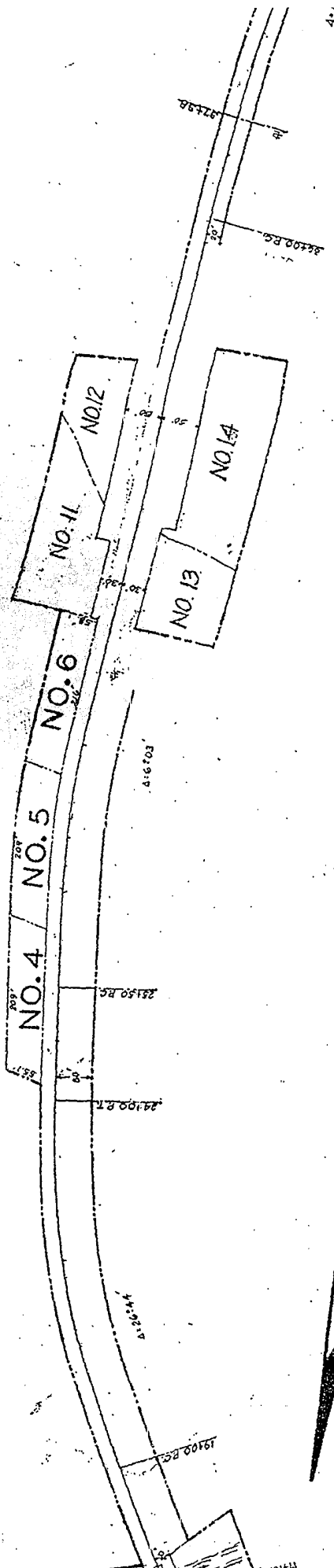
Attorneys & Practitioners



Area
Of
Detail

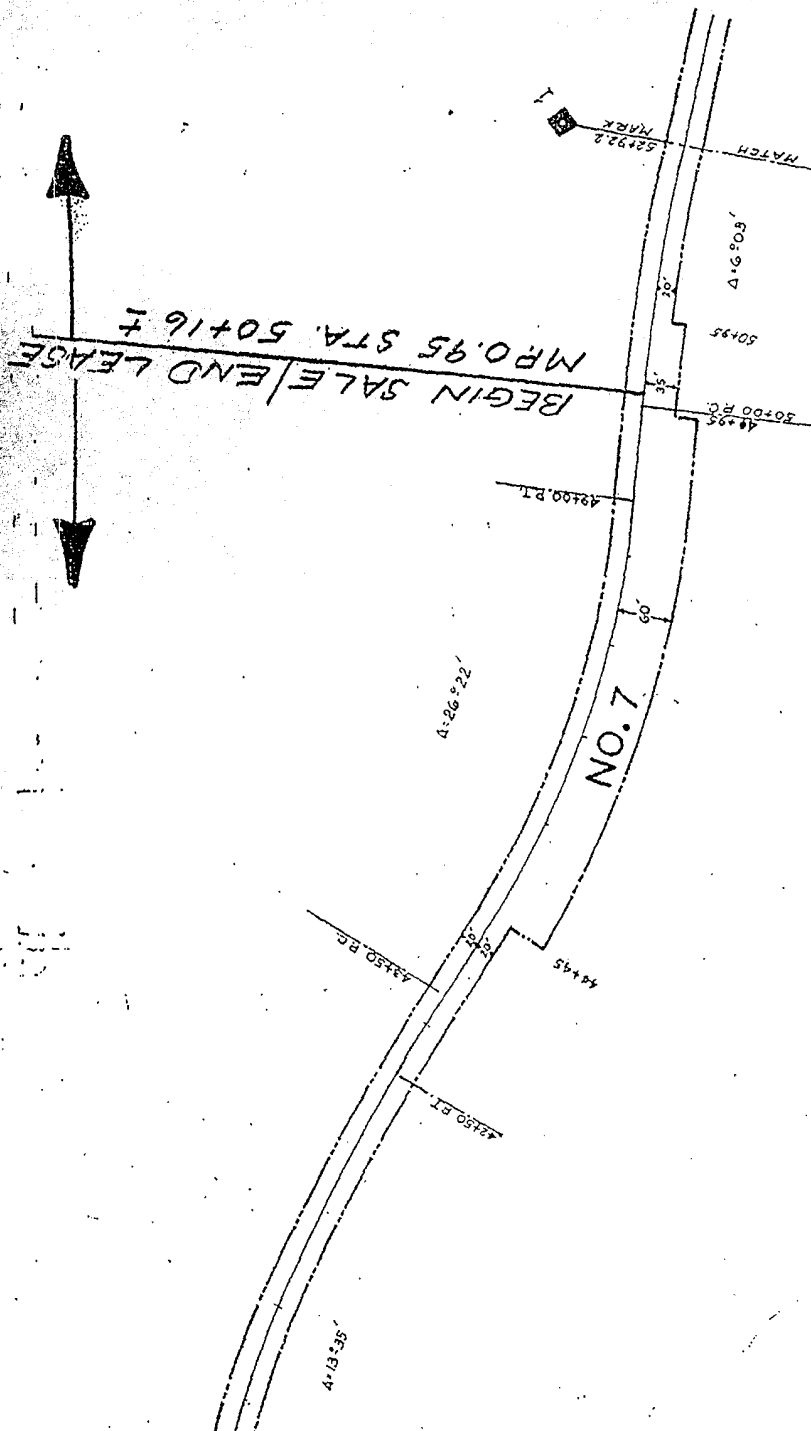
Exhibit No. 1





SCOTT COUNTY, TENN.

NO.	GRANTOR	GRANTEE	DATE	BOOK	SHEET	DATE	COST No.	REMARKS
1								
2								
3								
4								
5								
6								
7								
8								
9								
10	ARVIL CARSON	TENN. RMY CO.	DEED 4-11-1974	135	309	4-29-1974	T-2	0.535 AC.
11	ARVIL CARSON	TENN. RMY CO.	DEED 4-8-1974	135	305	4-29-1974	T-3	0.514 AC.
12	ARVIL CARSON	TENN. RMY CO.	DEED 4-8-1974	135	313	4-29-1974	T-4	0.307 AC.
13	H. J. KETON & WIFE, ERNIE	TENN. RMY CO.	DEED 4-8-1974	135	317	4-29-1974	T-5	0.605 AC.
14	JOHN ROYSDEN	TENN. RMY CO.	DEED 4-11-74				B-13	0.23 AC.
15	JOHN ROYSDEN	S.R.I.R., INC.	DEED 4-23-74				B-15	"
16	EARL DEAN BUTLER	S.R.I.R., INC.	DEED 4-11-74				B-14	0.47 AC.
17	RUTH M. THOMPSON	SCOTT COUNTY ROAD DEPT.	DEED 4-24-74				B-16	"
		TENNESSEE RAILWAY CO.	AGR. JUL. 26, 1990	105	687	04-11-1990	TR-7	BOUNDARY LINE AGREEMENT



Finance Docket No. 34899

**NC RAILROAD, INC.
– LEASE AND OPERATION EXEMPTION –
RAIL LINES OF TENNESSEE RAILWAY COMPANY**

NC Railroad, Inc. has filed a Verified Notice of Exemption to lease and operate certain rail lines of Tennessee Railway Company, a wholly-owned subsidiary of Norfolk Southern Railway Company, between milepost TE-0.144 and milepost TE-0.95 at Oneida, Tennessee. Comments must be filed with the Board and served on Kelvin J. Dowd, Slover & Loftus, 1224 Seventeenth Street, N.W., Washington, D.C. 20036, (202) 347-7170.

This Notice is filed under 49 C.F.R. Part 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

STATE OF TENNESSEE

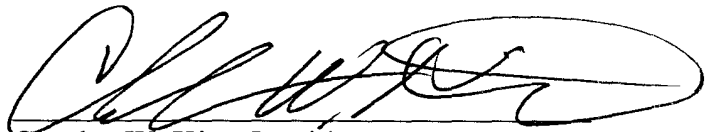
COUNTY OF

Knox

)
)
)
)

SS:

Charles W. Kite, being duly sworn, deposes and says that he is President of NC Railroad, Inc., that he has read the foregoing Notice and knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.



Charles W. Kite, President
NC Railroad, Inc.

Sworn and subscribed before me
this _____ day of _____, 2006

Pamela G. Stiles

Notary Public

My Commission expires: 5-20-09

