

WSFR[®]

WATSON, STEVENS, FIORILLA & RUTTER, LLP

Attorneys At Law

Representing clients with vigor and integrity.

Vernon A. Williams
Office of the Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Morristown & Erie Railway, Inc.- Operation Exemption-
Railroad Owned by the State of Maine
Finance Docket No. FD-34403

Dear Mr. Williams:

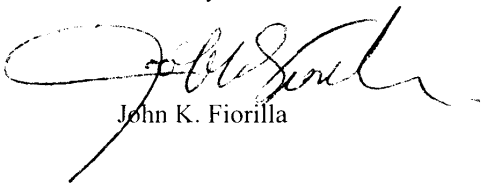
This firm represents the Morristown & Erie Railway, Inc. Of Morristown, N.J.
Enclosed please find for filing an original and ten copies of the Application of
Morristown & Erie for an Operation Exemption to operate certain lines of railroad owned by the
State of Maine as a Common Carrier pursuant to a contract which is attached as an exhibit.

Also enclosed is a disc with a copy of the Application in Word Perfect format.

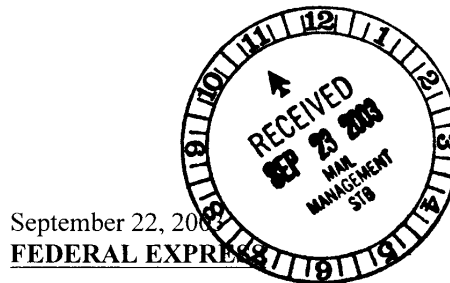
Also enclosed are two additional copies to be stamped filed and returned to me in the self-addressed
stamped envelope enclosed. The filing fee of \$1,300.00 is enclosed herewith.

Your prompt attention to this matter is kindly appreciated.

Sincerely,



John K. Fiorilla



September 22, 2003

FEDERAL EXPRESS

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Cc: Gordon R. Fuller, COO, M&E- w/enc.-Via Fedex
S.B. Culliford, VP Transportation, Guilford Rail System- Via Fedex
David A. Cole, Commissioner of Transportation, State of Maine- Via Fedex
Allan Bartlett, Director Office of Freight Transportation, State of Maine-Via Fedex
Jonathan Shute, General Manager, Safe Handling Rail Inc.- Via Fedex
Nathaniel M. Rosenblatt, Esq.-w/enc. Via Fedex

FILED

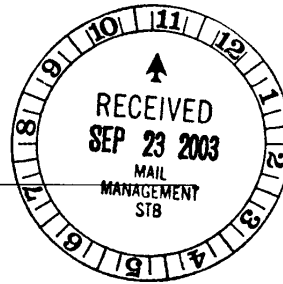
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Before the
Surface Transportation Board

Finance Docket No:

FD-34403



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In the Matter
of
MORRISTOWN & ERIE RAILWAY, INC.
d/b/a Maine Eastern Railroad
Lease and Operation Exemption
State of Maine- a Non-Carrier

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**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41**

John K. Fiorilla
Watson, Stevens, Fiorilla & Rutter, LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
732-545-2250
ATTORNEYS FOR
MORRISTOWN & ERIE RAILWAY, INC.

Dated: September 22, 2003

Before the
Surface Transportation Board



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**SURFACE
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In the Matter
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MORRISTOWN & ERIE RAILWAY, INC.
d/b/a Maine Eastern Railroad
Lease and Operation Exemption
State of Maine- a Non-Carrier

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41

Information Required by 49 CFR 1150.43

Name and address of the applicant 49 CFR 1150.43 (a)

Morristown & Erie Railway Inc.
49 Abbett Avenue
P O Box 2206
Morristown, NJ 07962

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**SURFACE
TRANSPORTATION BOARD**

Applicant's Representative: 49 CFR 1150.43 (b)

John K. Fiorilla
Watson, Stevens, Fiorilla & Rutter LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
732-545-2250
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Statement of Agreement 49 CFR 1150.43(c)

On September 19, 2003, Morristown & Erie Railway, Inc. (M&E) executed a Lease and Operating Agreement with the State of Maine, a non carrier (Maine) concerning the lease and operation of Maine's Brunswick to Augusta Branch Line, Brunswick to Rockland Branch Line and Atlantic Branch Line.

Operator of the Property 49 CFR 1150.43 (d)

The M&E, doing business as the Maine Eastern Railroad will hold itself out to provide common carrier rail freight service pursuant to its agreement with Maine.

Brief Summary of Transaction 49 CFR 1150.43 (e)

The agreement provides that M&E (doing business as Maine Eastern Railroad in the State of Maine) will operate the Brunswick to Augusta Branch Line between milepost 27.97 in Brunswick, Cumberland County, Maine and milepost 55.91 in

Gardiner, Kennebec County, Maine said line containing right of way situated in Cumberland, Sagadahoc and Kennebec County Maine. The total number of miles to be operated is 27.94 miles.

The agreement also provides that M&E (doing business as Maine Eastern Railroad in the State of Maine) will operate the Brunswick to Rockland Branch Line between milepost 29.40 in Brunswick, Cumberland County, Maine and milepost 85.55 in Rockland, Knox County, Maine said line containing right of way situated in Cumberland, Sagadahoc, Lincoln and Knox County Maine. The total number of miles to be operated is 56.15 miles.

The Agreement also provides that M&E (doing business as Maine Eastern Railroad in the State of Maine) will operate the Atlantic Branch Line between 85.55 and milepost 86.65 in Rockland, Knox County, Maine. The total number of miles to be operated is 1.1 miles.

The State of Maine has reserved for itself the non-exclusive right to operate passenger rail services over the Rail Lines and to use the Rail Line for functions related to the operation of passenger rail services.

M&E's operating rights as conveyed by the State of Maine are subject to existing freight operating rights over certain segments of these lines as currently held by the Maine Central Railroad Company and Springfield Terminal Railway Company as described in the Lease and Operating Agreement between M&E and Maine.

The railroad lines to be operated by M&E are currently being operated by Safe Handling Rail Inc. as provided in STB Finance Dockets 33967 & 33968. Maine and Safe Handling Rail, Inc. have agreed to terminate its agreement to operate pursuant to a Modified Certificate of Public Convenience and Necessity as of September 30, 2003.

Pursuant to its agreement with Maine, M&E plans to commence operations on Maine's rail lines on October 1, 2003.

Map

49 CFR 1150.43 (f)

A map of the lines to be operated is attached as Exhibit A.

Certificate of Carrier Classification

49 CFR 1150.43(g)

M&E hereby certifies that, with this acquisition its projected annual revenues will be less than \$ 5,000,000.00 annually. A certificate complying with the provisions of 49 CFR 1150.43(g) is attached as Exhibit B to this Notice.

Labor Protective Conditions

Pursuant to 49 U.S.C. § 10902, labor protective conditions do not apply and will not be imposed.

Caption Summary

49 CFR 1150.44

A caption Summary in the prescribed form is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Matters

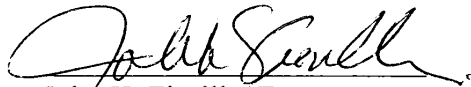
Pursuant to 49 CFR 1105.6 (c)(2), the proposed transaction is exempt from environmental review under 49 CFR 1105.6 (c)(2)(i), because the actions

proposed herein will not cause any operating changes that exceed the thresholds established in 49 CFR 1105.7(e) (4) or (5).

In addition, this transaction is exempt from historic review under 49 CFR § 1105.8 (b) (1). Under this section a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Respectfully Submitted,

September 22, 2003



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P O Box 1185
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(732) 545-2250
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Attorney for Petitioner
Morristown & Erie Railway, Inc.

VERIFICATION

I, Gordon R. Fuller, Chief Operating Officer of the petitioner hereby certifies that I have read the foregoing Notice of Exemption and am knowledgeable of facts stated therein, and that the same are true as stated to the best of my knowledge. I am aware that if any of the foregoing statements are willfully false, that I am subject to punishment.

September 22, 2003



Gordon R. Fuller

EXHIBIT A

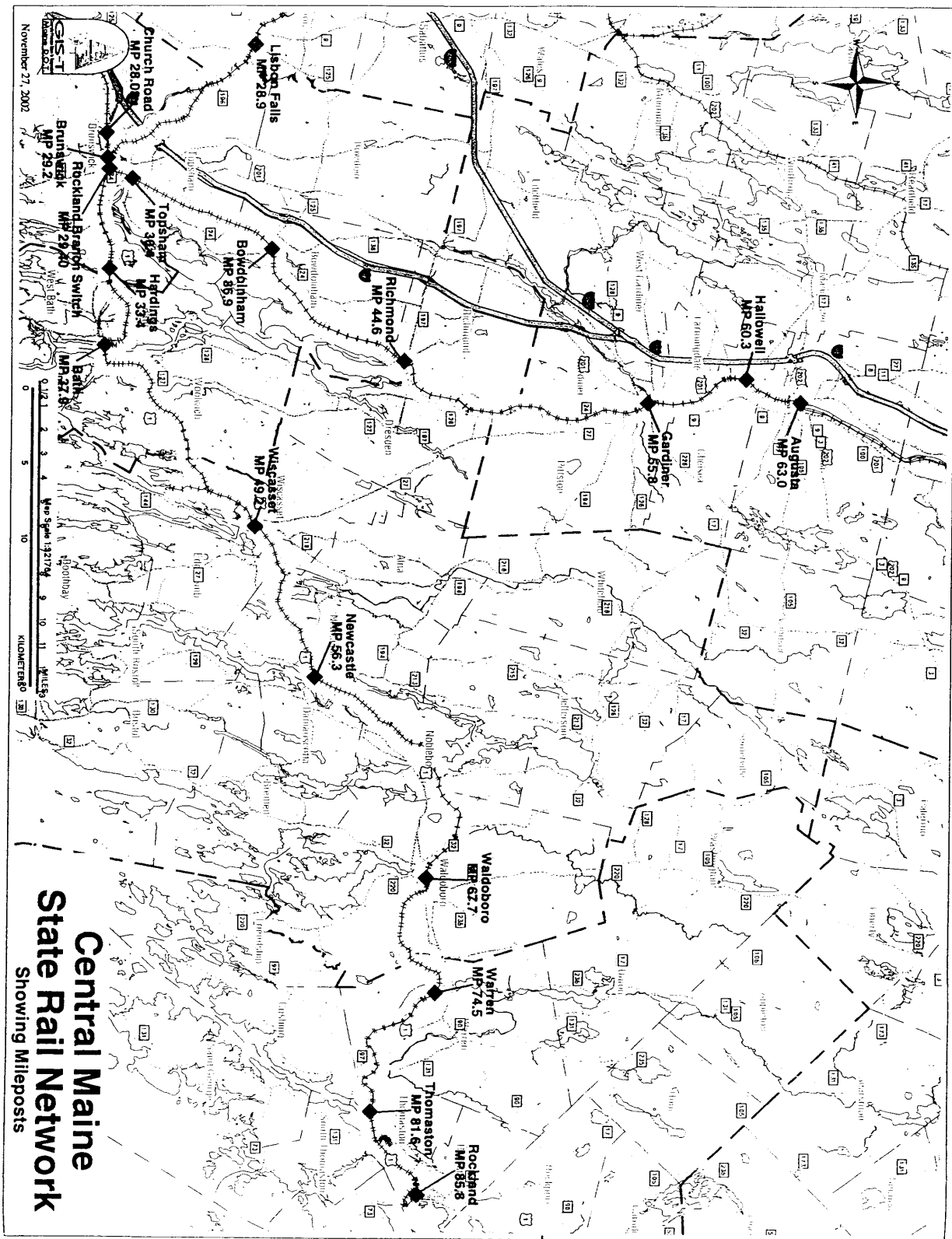
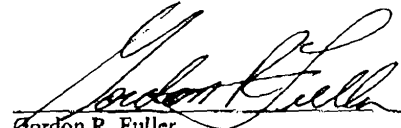


EXHIBIT B

CERTIFICATION

I, Gordon R. Fuller, a Chief Operating Officer of the Morristown & Erie Railway, Inc. ("M&E") hereby certify under penalty of perjury that the projected annual revenues of M&E, in the aggregate, will not exceed \$5,000,000, and that M&E will be a Class III rail carrier as set forth at 49 CFR 1201 (1-1) (a). Further, I certify that I am qualified and authorized to make this certification on behalf of M&E.


Gordon R. Fuller

September 22, 2003

EXHIBIT C

Before the
Surface Transportation Board

Finance Docket No:

FD-34403

In the Matter
of
MORRISTOWN & ERIE RAILWAY, INC.
d/b/a Maine Eastern Railroad
Lease and Operation Exemption
State of Maine- a Non-Carrier

CAPTION SUMMARY

Morristown & Erie Railway, Inc. (M&E) has filed pursuant to 49 CFR § 1150.41 a Notice of Exemption to Lease and Operate rail lines owned by the State of Maine specifically the Brunswick and Augusta Branch between mileposts 27.95 and 55.91 , the Brunswick and Rockland Branch between mileposts 29.40 and 85.55 and the Atlantic Branch between mileposts 85.55 and 86.65 all in the State of Maine. The lease is subject to certain freight operating rights retained by Maine Central Railroad Company and Springfield Terminal Railway Company on these properties before their conveyance to the State of Maine.

The owner and lessee of these lines is the State of Maine.

Petitioner's representative is:

John K. Fiorilla
Watson, Stevens, Fiorilla & Rutter, LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
732-545-2250
Jfiorilla@wsfr.net

The Agreement between M&E and the State of Maine was consummated on September 19, 2003 and M&E intends to commence service on or about October 1, 2003.

This notice is filed under 49 CFR § 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 USC 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