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March 31, 2025

Ms. Danielle Gosselin
Acting Director, Office of Environmental Assessment
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: STB Docket No. FD 36847 Laredo Gateway Industrial Railway, LLC – Construction and Operation Exemption–In Webb County, TX; Waiver Request of Six-Month Prefiling Notice Requirement

Dear Ms. Gosselin:

Thank you to you and your staff for taking the time last month to meet with the Laredo Gateway Industrial Railway, LLC ("LGIR") team to discuss LGIR's proposed rail line construction project.

Pursuant to 49 CFR §1105.10(c)(2), LGIR respectfully requests a waiver of the six-month pre-filing notice required by the Board's regulations at 49 CFR §1105.10(a)(1). LGIR intends to petition the Board for an exemption under 49 U.S.C. §10901 to permit it to construct and to hold the underlying common carrier obligation over approximately 13,850 feet of new common carrier railroad line (the "Proposed Line") in Laredo, TX. LGIR intends to grant rights to Iron Horse Resources, Inc. ("Iron Horse") to be the common carrier operator of the Proposed Line. The Proposed Line will extend from a to-be-constructed Union Pacific Railroad Corporation ("UP") switch and will be stub ended.

BACKGROUND

LGIR is a Limited Liability Company established in 2025 to develop the Proposed Line by its parent company, Kraus Development. Kraus Development is in the process of developing a new industrial park over 3,300 acres of land near Laredo, TX to leverage its location near the U.S. border with Mexico to serve the needs of cross boarder-logistics. The project is known as the Gateway Industrial Park. Kraus Development intends to develop warehousing to serve the logistics industry attracting commodities via truck and – if the Proposed Rail Line is approved – via rail.

PROJECT PURPOSE

Although the Gateway Industrial Park will serve truck traffic, Kraus Development has created LGIR because it sees an opportunity to transition commodities currently utilizing trucks over to rail.

The port-of-entry at Laredo has the largest freight volume of the U.S./Mexico ports of entry.¹ Further, Laredo is the fastest growing in terms of truck and rail traffic with more than half of the Laredo truck traffic utilizing local warehouses to move commodities between Mexico and the U.S. This transloading activity creates an opportunity for commodities to be transloaded to rail in place of trucks.

In addition, LGIR sees a need for the Proposed Line because the number of rail served industrial facilities in Laredo are in decline. At one time, the Laredo area boasted fifty-two rail served facilities. At present, only fifteen remain. Of these, only one dedicated rail/ truck transload exists and it is located within the Union Pacific's Laredo yard. From LGIR's perspective, UP is focusing on intermodal traffic, and CPKC is focusing on its cross-board moves. For all of these reasons, LGIR sees a gap in the marketplace for rail/truck transloading that will produce manifest carloads of rail traffic.

THE PROPOSED LINE

LGIR is seeking STB authority to construct the Proposed Line which, at full build-out will consist of 13,850 feet of common carrier track connecting to UP. LGIR will construct the Proposed Line in phases, it will begin with an initial 4,000 feet of the Proposed Line. Further LGIR will construct sidings to support the Proposed Line. The Proposed Line will serve logistics operations to include warehousing and transloading.

LGIR will not operate the Proposed Line, it has entered into an agreement with Iron Horse Resources, Inc. ("IHR") to be the operator of the Proposed Line. IHR will separately seek STB authority for operating authority and LGIR will hold the underlying common carrier obligation. LGIR's forecasts customer demand to result in trains service once per day, approximately 4,000 – 6,750 cars per year.

ENVIRONMENTAL IMPACT STATEMENT VS. ENVIRONMENTAL ASSESSMENT

Under 49 C.F.R. §1105.6(a), an environmental impact statement ("EIS") "will normally be prepared for rail construction proposals." However, section 1105.6(d) provides that an applicant can request that the Board will instead evaluate a project through an environmental assessment ("EA"), rather than an EIS, if the applicant demonstrates that a proposal is not likely to have a significant environmental impact.

Section 1105.6(d) instructs an applicant to submit a request for an EA along with the section 1105.10(a)(1) prefilng notice or a request to waive the prefilng notice. However, the Board's "Guide to the Surface Transportation Board's Environmental Review Process for Rail Line Construction and Operation Cases" provides that a request for an EA should be made after OEA has had an opportunity to conduct a site visit.

LGIR believes that the Proposed Line is of limited scope and therefore an EA is the appropriate level of analysis required for this project. However, LGIR will reserve its right to request an EA in lieu of an EIS in deference to the Board's guidance for rail construction and operation cases.

¹ See U.S. Dept. of Transp., Bureau of Transportation Statistics, Border Crossing/Entry Data available at <https://data.bts.gov/stories/s/Tables-Query-Tool/6rt4-smhh>.

If you have any questions about this letter, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, reading "Justin J. Marks". The signature is written in a cursive, flowing style.

Justin J. Marks
Counsel to Laredo Gateway Industrial Railway,
LLC