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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34722

MODOC RAILWAY AND LAND COMPANY LLC,
BETH A. AND WILLIAM D. BLANSETT
AND
STEPHEN M. RICHARDS
—CONTINUANCE IN CONTROL EXEMPTION—



VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR § 1180.2(d)(2)

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Attorneys for Applicants
Modoc Railway & Land Company LLC,
Beth A. And William D. Blansett
and Stephen M. Richards

Dated: October 21, 2005

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SURFACE TRANSPORTATION BOARD**

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PURSUANT TO 49 CFR § 1180.2(d)(2)**

MODOC RAILWAY AND LAND COMPANY LLC ("MR&L"), and BETH A. AND WILLIAM D. BLANSETT, AND STEPHEN M. RICHARDS ("Individual Applicants"), file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. § 11323 pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of the MR&L and the Modoc Northern Railroad Company, a Utah corporation ("MNRR"), a non-carrier, upon MR&L and MNRR becoming Class III railroads. MR&L and Individual Applicants are collectively referred to herein as "Applicants."

In support of this Notice of Exemption, Applicants submit the following information required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction:
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Name and business address of Applicants:

Modoc Railway and Land Company LLC
P.O. Box 10164
Ogden, Utah 84409
Tele: (801) 731-1254

Beth A. Blansett
William D. Blansett
1052 Cambridge Road
Kaysville, Utah 84037
Tele: (801) 732-0849

Stephen M. Richards
1783 W. 14805 S.
Riverton, Utah 84065
Tele: (801) 254-3273

Applicants' Representative to receive correspondence:

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main
Suite 2200 Wells Fargo Center
Salt Lake City, Utah 84111
(801) 538-5000

Operator of the Property:

MNRR will operate the rail property that is the subject of this Notice of Exemption.

Description of Proposed Transaction:

Applicants are non-carriers. Beth A. Blansett and William D. Blansett own 100 percent of the MNRR. Beth A. Blansett, William D. Blansett, and Cristina C. Blansett (a minor) are owners and managing partners of the MNRR. MNRR was formed for the purpose of operating the rail lines to be leased by MR&L from the Union Pacific Railroad Company ("UPRR") as indicated in the Related Proceedings.

Related Proceedings:

In connection with this Notice of Exemption, MR&L and MNRR are filing concurrently herewith Notices of Exemption in STB Finance Docket No. 34769, MODOC RAILWAY AND LAND COMPANY LLC—ACQUISITION AND OPERATION EXEMPTION—, and STB Finance Docket No. 34768, MODOC NORTHERN RAILWAY COMPANY—ACQUISITION AND OPERATION EXEMPTION—("Related Proceedings") pursuant to 49 C.F.R. § 1150.31, under which MR&L will acquire rail lines by lease (with an option to purchase) from UPRR and MNRR will operate the rail lines. Upon consummation of the Related Proceedings, MR&L and MNRR will become Class III rail carriers.

Related Parties:

Utah Central Railway, a Utah corporation ("UCR"), is a Class III rail carrier that owns and operates 40 miles of track in the state of Utah. The rail lines operated by UCR in Utah and do not connect with the rail lines being leased by MR&L and operated by MNRR in these proceedings, which are all located in the states of Oregon and California. Neither MR&L nor MNRR are directly associated with the URC. MR&L, MNRR, and UCR have the following common share/stock holders:

MNRR:

Beth A. Blansett
William D. Blansett
Stephen M. Richards

MR&L:

Beth A. Blansett
William D. Blansett

UCR:

Beth A. Blansett
William D. Blansett
Stephen M. Richards

In this proceeding, Individual Applicants seek to continue in control of MR&L and MNRR upon their becoming Class III railroads in the Related Proceedings. In addition, MR&L seeks to control MNRR upon MNRR becoming a Class III railroad.

The involved transaction is not part of a series of anticipated transactions that would connect the rail lines being leased by MR&L and operated by MNRR with any existing railroad owned by the Individual Applicants. Neither MNRR nor MR&L nor UCR is a Class I rail carrier. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2) that is exempt from prior approval by the Surface Transportation Board ("Board").

(ii) The proposed time schedule for consummation of the proposed transaction.

The transactions are expected to be consummated upon the effective date of this Notice of Exemption, on or shortly after November 1, 2005.

(iii) The purpose sought to be accomplished by the proposed transaction.

Applicants intend to continue rail service over the Line as previously provided by UPRR. By establishing a separate non-carrier entity to consummate the transactions described in the Related Proceedings, Applicants are able to insulate the railroads from financial, legal, and operational risks associated with the transactions contemplated in the Related Proceedings and retain certain available tax advantages. The Individual Applicants will continue in control of MNRR, MR&L, and UCR through respective stock and ownership interests and management.

Section 1180.6(a)(5)

A list of the States in which any part of the property of each applicant carrier is situated:

MR&L's leased Lines are located in Oregon and California.

URC's lines are located in Utah.

Section 1180.6(a)(6) Maps

A map of MR&L's rail lines to be leased from UPRR and operated by MNRR is attached as Exhibit 1.

Section 1180.6(a)(7)(ii) Agreement

Applicants will not enter into any agreement or sign any written instrument to continue in control of MNRR.

Labor Protection

No labor protection may be imposed in this proceeding as it involves only Class III rail carriers. *See* U.S.C. § 11326(c).

Environmental and Historic Impacts

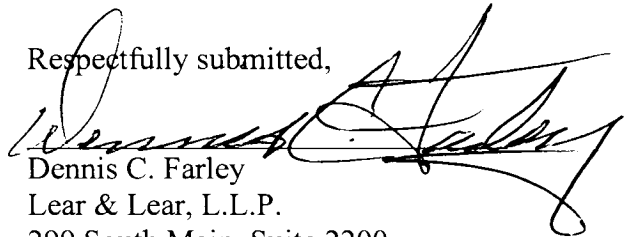
Applicants will continue to control MR&L and MNRR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

Applicants continuance in control of MR&L and MNRR 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. This transaction will not affect a Class I or non-attainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis C. Farley", is written over the typed name and address.

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Attorneys for Applicants

Dated: October 21, 2005

VERIFICATION

State of Utah)
) ss.
County of Weber)

W. Don Blansett, being duly sworn, deposes and states that he has read the foregoing Notice of Exemption and has personal knowledge that the facts asserted therein are true and accurate as stated to the best of his knowledge, information, and belief.

W. Don Blansett
W. Don Blansett

SUBSCRIBED AND SWORN TO before me this 19 day of October, 2005.

Sandra June Dahl
Notary Public

My Commission expires: June 22, 2006

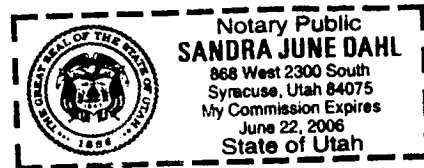
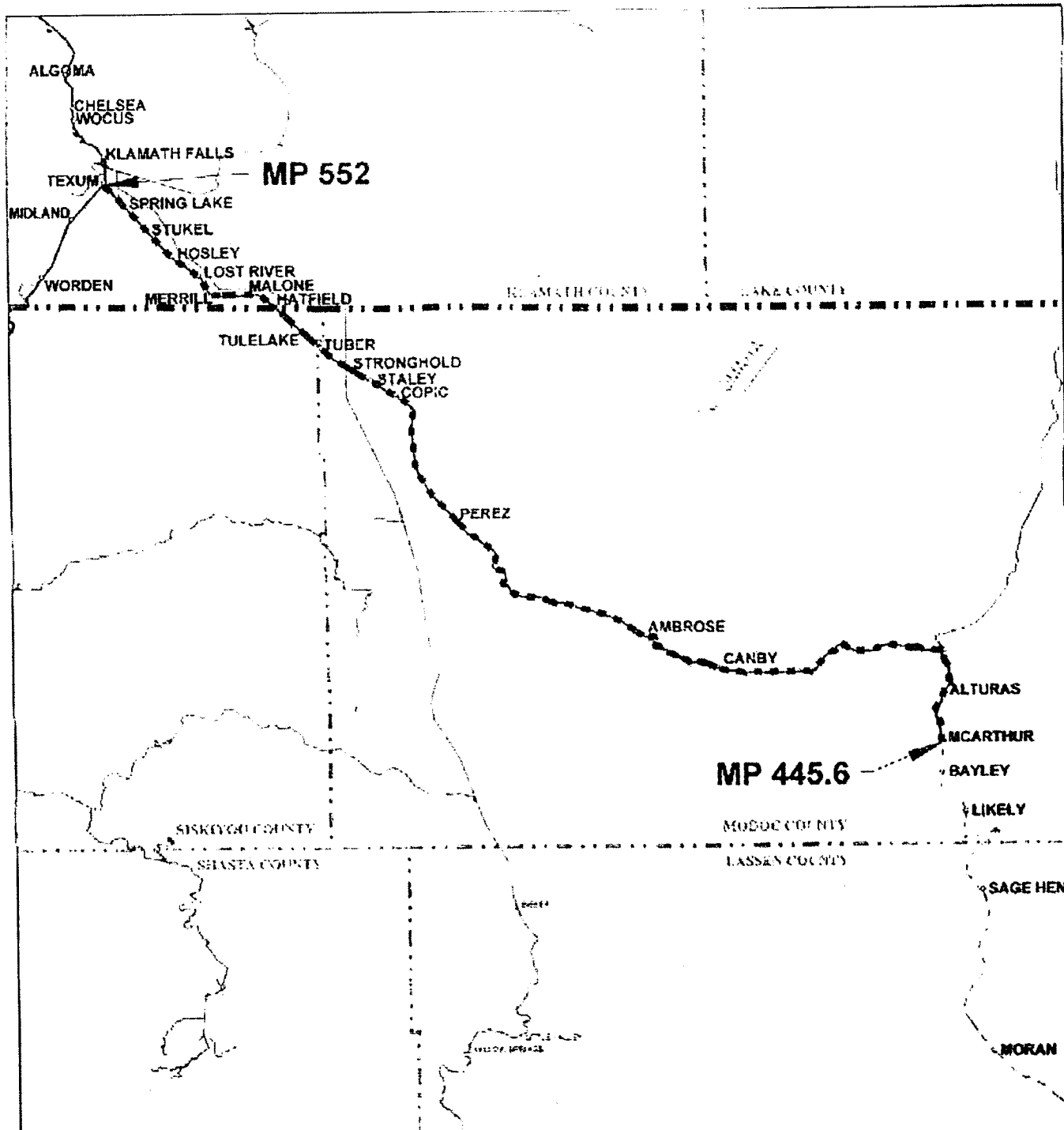


EXHIBIT 1

MAP OF TRANSACTION



LEGEND

- LEASED TRACKAGE
- UPRR TRACKAGE
- OTHERS TRACKAGE

LEASE AGREEMENT

EXHIBIT A

UNION PACIFIC RAILROAD
MODOC SUBDIVISION
TEXUM, OR. TO MARTINE, CA.

DATED

DATE: 01/06/03 01/03

FILE: 01/06/03 01/03