

218132

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ORIGINAL

FILED
NOV 22 2006
SURFACE
TRANSPORTATION BOARD

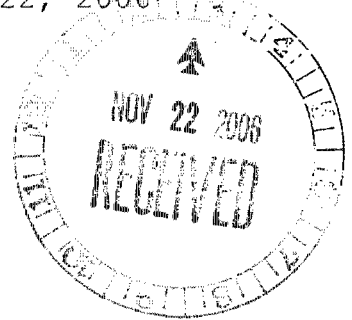
BY HAND

Hon. Vernon A. Williams
Surface Transportation Board
1925 K Street
Washington, D.C. 20423-0001

ENTERED November 22, 2006
Office of Proceedings

NOV 22 2006

Part of
Public Record



RE: FD No. 34967, Iowa Pacific Holdings, LLC, and
Permian Basin Railways, Inc. - Continuance in
Control Exemption - Chicago Terminal Railroad

FD No. 34968, Chicago Terminal Railroad -
Acquisition and Operation Exemption - Soo
Line Railroad Company d/b/a Canadian Pacific Railway

Dear Mr. Williams:

On behalf of the Petitioners Iowa Pacific Holdings, LLC, Permian
Basin Railways, Inc., and Chicago Terminal Railroad, I am filing
an original and ten copies of:

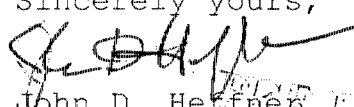
(1) a verified notice of exemption under 49 CFR 1180.2(d)(2)
for continuance in control by Iowa Pacific Holdings, LLC, and
Permian Basin Railways, Inc., of Chicago Terminal Railroad; and

(2) a verified notice of exemption under 49 CFR 1152.31
acquisition and operation of a rail line by Chicago Terminal
Company.

I am also enclosing one check payable to the Board for
\$2,600 to cover the applicable filing fees and a computer disk
formatted in Word containing these filings.

Please date stamp and return one copy of this filing.

Sincerely yours,


John D. Heffner

cc: Mr. Edwin Ellis

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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET No. 34967

IOWA PACIFIC HOLDINGS, LLC
AND

PERMIAN BASIN RAILWAYS, INC.
- CONTINUANCE IN CONTROL EXEMPTION -
CHICAGO TERMINAL RAILROAD



NOV 22 2006

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SURFACE
TRANSPORTATION BOARD

VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR 1180.2(d) (2)

FILED NOV 22 2006

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SURFACE
TRANSPORTATION BOARD

ORIGINAL

Respectfully submitted,

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
Tel: (202) 263-4180

Dated: November 22, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET No. 34967

IOWA PACIFIC HOLDINGS, LLC
AND
PERMIAN BASIN RAILWAYS, INC.
- CONTINUANCE IN CONTROL EXEMPTION -
CHICAGO TERMINAL RAILROAD

VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR 1180.2(d)(2)

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

COMES now Iowa Pacific Holdings, LLC ("IPH"), and
Permian Basin Railways, Inc. ("Permian")¹ and states as follows:

1. Pursuant to the provisions of Section 1180 of the
Board's Railroad Consolidation Rules (49 C.F.R. § 1180), IPH and
Permian hereby give notice of a transaction which qualifies for
exemption under Section 1180.2(d)(2) of those rules.

2. IPH is a non-carrier short line railroad holding
company which in turn controls Permian, another non-carrier and
short line railroad holding company. As relevant here, IPH has

¹ IPH owns 100% of the common stock of Permian. IPH presently controls
four short line railroads through Permian. Otherwise, it does not directly or

executed an agreement with the Soo Line Railroad Company d/b/a Canadian Pacific Railway ("Soo") for Permian's newly established non-carrier short line railroad subsidiary, Chicago Terminal Railroad, to acquire and operate a rail property owned by Soo.

3. Permian currently controls four other class III short line railroad subsidiaries subject to Board jurisdiction, including the West Texas and Lubbock Railway Company, Inc. ("WTL"), the Austin & Northwestern Railroad Company, Inc. d/b/a Texas New Mexico Railroad ("TNMR"), the Arizona Eastern Railway Company, Inc. ("AZER"), and the San Luis & Rio Grande Railroad Company, Inc. ("SLRG"). Copies of STB decisions authorizing Permian to acquire these carriers are attached hereto as Exhibit A-C, respectively.

4. Under Section 1180.2(d)(2) of the Board's consolidation rules, certain transactions are automatically exempt from the prior approval requirements for common control. Specifically, Section 1180.2(d)(2) exempts the continuance-in-control of nonconnecting carriers where (i) the railroads will not connect with each other or any railroad in their corporate family, (ii) the continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a class I carrier.

indirectly own any other railroad properties subject to Board jurisdiction.

5. The properties presently owned and operated by IPH through Permian do not physically connect and there are no plans to acquire additional rail lines for the purpose of making a connection. As noted above, each of these companies is a class III short line railroad and, as illustrated by the map attached as Exhibit D, each provides rail service in a different part of the United States. WTL's property is located in western Texas near Lubbock. TNMR's property is located in the far western part of Texas and adjacent eastern New Mexico. AZER's line serves eastern Arizona. SL&RG's property is located in south central Colorado near Pueblo. The four western railroad properties are located 100 or more miles apart from each other and are well over 1000 miles away from the line to be acquired and operated by CTR.

6. In order to claim the Section 1180.2(d)(2) exemption, Section 1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in Sections 1180.6(a)(1)(i)-(iii), 1180.6(5)-(6), and 1180.6(a)(7)(ii) of those rules. That information is provided as follows:

Applicants' name, address and telephone number

Name: Permian Basin Railways, Inc.
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60661

Telephone: (312)466-0900

Name: West Texas & Lubbock Railway Company, Inc.
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60661

Telephone: (312)466-0900

Name: Austin & Northwestern Railroad Company, Inc.
d/b/a Texas New Mexico Railroad
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60666

Telephone: (312)466-0900

Name: Arizona Eastern Railway Company, Inc.
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60661

Telephone: (312)466-0900

Name: San Luis & Rio Grande Railroad Company, Inc.
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60661

Telephone: (312)466-0900

Name: Chicago Terminal Railroad
Address: 118 South Clinton Street
Suite 300
Chicago, IL 60661

Legal counsel to whom questions should be addressed:

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
Tel.: (202) 263-4180

Schedule for consummation: **49 CFR § 1180.6(a)(1)(ii)**

The parties intend to consummate the proposed

transaction on or after December 21, 2006.

Purpose to be accomplished by the transaction:

49 CFR § 1180.6(a)(1)(iii)

The purpose of this transaction is to transfer the operation of this light density trackage from a large class I railroad company to a smaller, locally focused, low overhead entrepreneurial short line operator. CTR expects to be able to operate profitably rail lines which have been marginal for the present owner. CTR will focus more resources and business development on this line than the present owner.

State(s) in which the property of each carrier is situated:

49 CFR § 1180.6(a)(5)

Arizona, Colorado, Illinois, New Mexico, and Texas

Map showing relationship between the carriers:

49 CFR § 1180.6(a)(6)

Attached hereto as Exhibit D.

Copy of Agreement: **49 CFR § 1180.6(a)(7)(ii)**

Not applicable. Non exists.

Environmental and Historical Considerations:

This acquisition of control proceeding is exempt from environmental review under 49 CFR § 1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5). In addition, this proceeding is exempt from historic review under

49 C.F.R. § 1105.8(b)(1) because there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Accordingly, no historic report is required.

Respectfully submitted,



John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
Tel: (202) 263-4180

Counsel for Petitioner

DATED: November 22, 2006

EXHIBIT A

32797

SERVICE DATE - JUNE 14, 2002

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

[STB Finance Docket No. 34206]

Permian Basin Railways, Inc.—Continuance in Control Exemption—West Texas and Lubbock Railway Company, Inc. and Austin & Northwestern Railroad Company, Inc.

Permian Basin Railways, Inc. (Permian), a noncarrier holding company, has filed a verified notice of exemption to (1) acquire control through stock purchase of Austin & Northwestern Railroad Company, Inc. (Austin),¹ a Class III rail carrier, and (2) continue in control of Austin and West Texas and Lubbock Railway Company, Inc. (Railway), upon Railway's becoming a Class III railroad.

This transaction was scheduled to be consummated on or after the May 24, 2002 effective date of the exemption, 7 days after the exemption was filed.

This transaction is related to STB Docket No. 34205, West Texas and Lubbock Railway Company, Inc.—Acquisition and Operation Exemption—West Texas Lubbock Railroad Company, Inc., wherein Railway seeks to acquire and operate approximately 107 miles of rail line by lease (with a future purchase option) and assumption of trackage rights from West Texas Lubbock Railroad Company, Inc.

¹ See Austin & Northwestern Railroad Company, Inc.—Acquisition and Operation Exemption—Missouri Pacific Railroad Company, Finance Docket No. 31444 (ICC served May 22, 1989).

Permian states that: (1) the railroads will not connect with each other or any railroads in their corporate family; (ii) the continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34206, must be filed with the Surface Transportation Board, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on John D. Heffner, 555 12th Street, N.W., Suite 950N, Washington, DC 20004.

Boards decisions and notices are available on our website at "www.stb.dot.gov."

Decided: June 7, 2002.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

EXHIBIT B

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34614]¹

Permian Basin Railways, Inc.—Acquisition of Control Exemption—Arizona Eastern Railway Company, Inc.

Permian Basin Railways, Inc. (Permian),² a noncarrier and short line railroad holding company, has filed a verified notice of exemption to acquire control through purchase of 100% of the outstanding stock of Arizona Eastern Railway Company, Inc. (AERC),³ a Class III short line railroad.

The transaction was scheduled to be consummated on or about December 1, 2004.

Permian states that: (i) the railroads do not connect; (ii) the transaction is not part of a series of anticipated transactions that would connect these railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier.

¹ Simultaneously with this filing, in STB Finance Docket No. 34613, Permian filed a verified notice of exemption to acquire control of West Texas and Lubbock Railroad Company, Inc., a Class III short line railroad.

² Permian owns the stock of two Class III short line railroads, West Texas and Lubbock Railway Company, Inc. and the Austin & Northwestern Railway Company, Inc., d/b/a Texas New Mexican Railroad.

³ AERC is currently owned by Kyle Railways, Inc., a wholly-owned subsidiary of RailAmerica Transportation Corp., a short line railroad holding company.

Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323.

See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III rail carriers.

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 stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34614, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: John D. Heffner, 1920 N Street, N.W., Suite 800, Washington, DC 20036.

Board decisions and notices are available on our website at

“WWW.STB.DOT.GOV.”

Decided: December 13, 2004.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

EXHIBIT C

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34799]

Permian Basin Railways, Inc.—Acquisition of Control Exemption—San Luis & Rio Grande Railroad Company, Inc.

Permian Basin Railways, Inc. (Permian), a noncarrier,¹ has filed a verified notice of exemption to acquire control of Class III carrier San Luis & Rio Grande Railroad Company, Inc. (SLRG).² SLRG is currently owned by RailAmerica Transportation Corp. (RTC), a short line railroad holding company, indirectly controlled by RailAmerica, Inc.³

The transaction was expected to be consummated on or after December 22, 2005.

¹ Permian owns the stock of three existing Class III short line railroads: West Texas and Lubbock Railway Company, Inc., the Austin & Northwestern Railroad Company, Inc. d/b/a Texas New Mexico Railroad, and the Arizona Eastern Railway Company, Inc.

² A redacted version of the executed purchase and sale agreement and all supporting documents was filed with the notice of exemption. The full version of the agreement, as required by 49 CFR 1180.6(a)(7)(ii), was concurrently filed under seal along with a motion for a protective order. A protective order was served on December 23, 2005.

³ RTC and RailAmerica formed SLRG in 2003 for the purpose of acquiring the subject rail lines from the Union Pacific Railroad Company. The Board authorized SLRG's acquisition of the subject lines and RTC's and RailAmerica's control of SLRG in STB Finance Docket Nos. 34350 and 34352, respectively.

Permian states that: (1) the railroads do not connect with each other or any railroad in their corporate family; (2) the transaction is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (3) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34799, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of all pleadings must be served on John D. Heffner, 1920 N Street, N.W., Suite 800, Washington, DC 20036.

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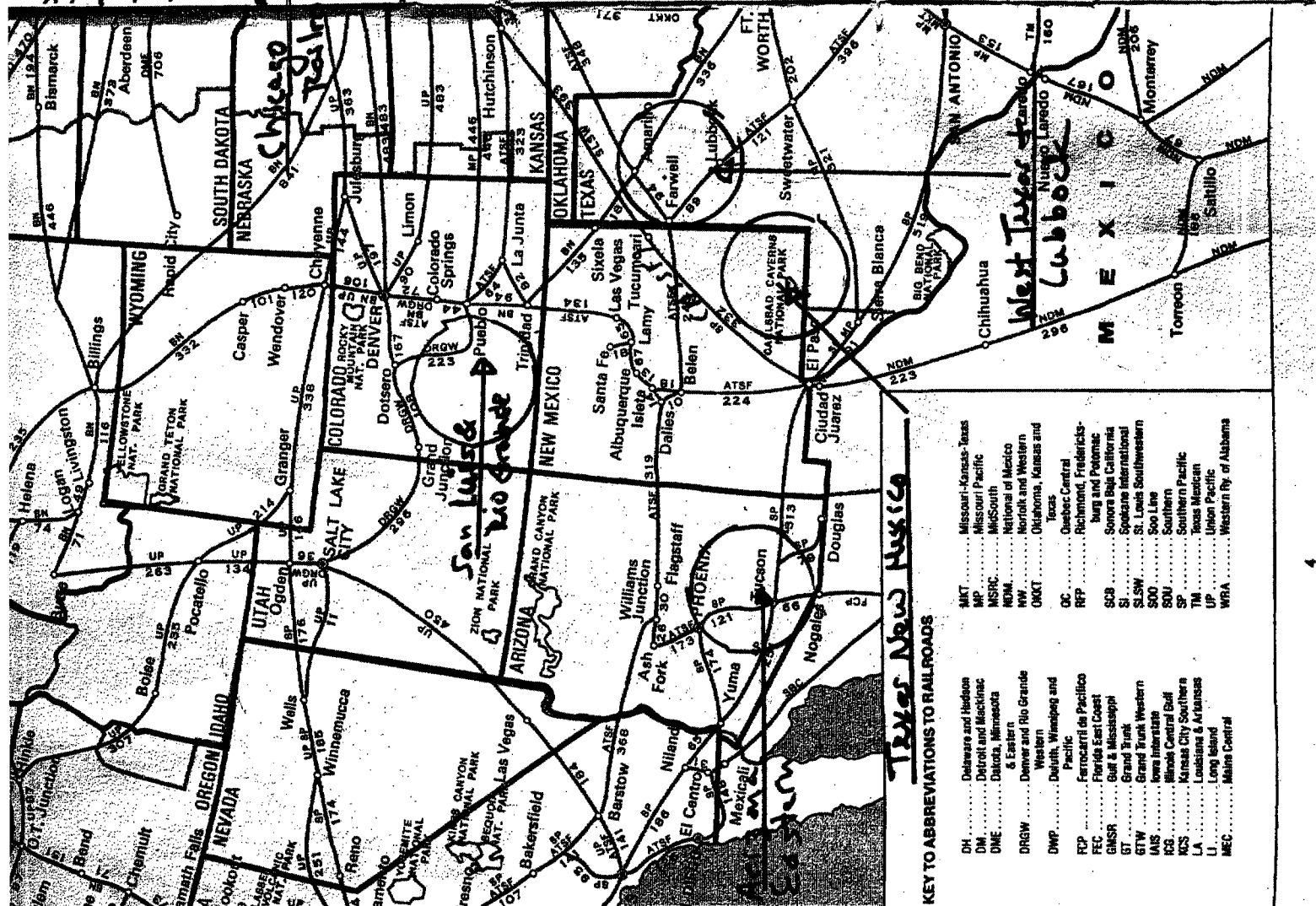
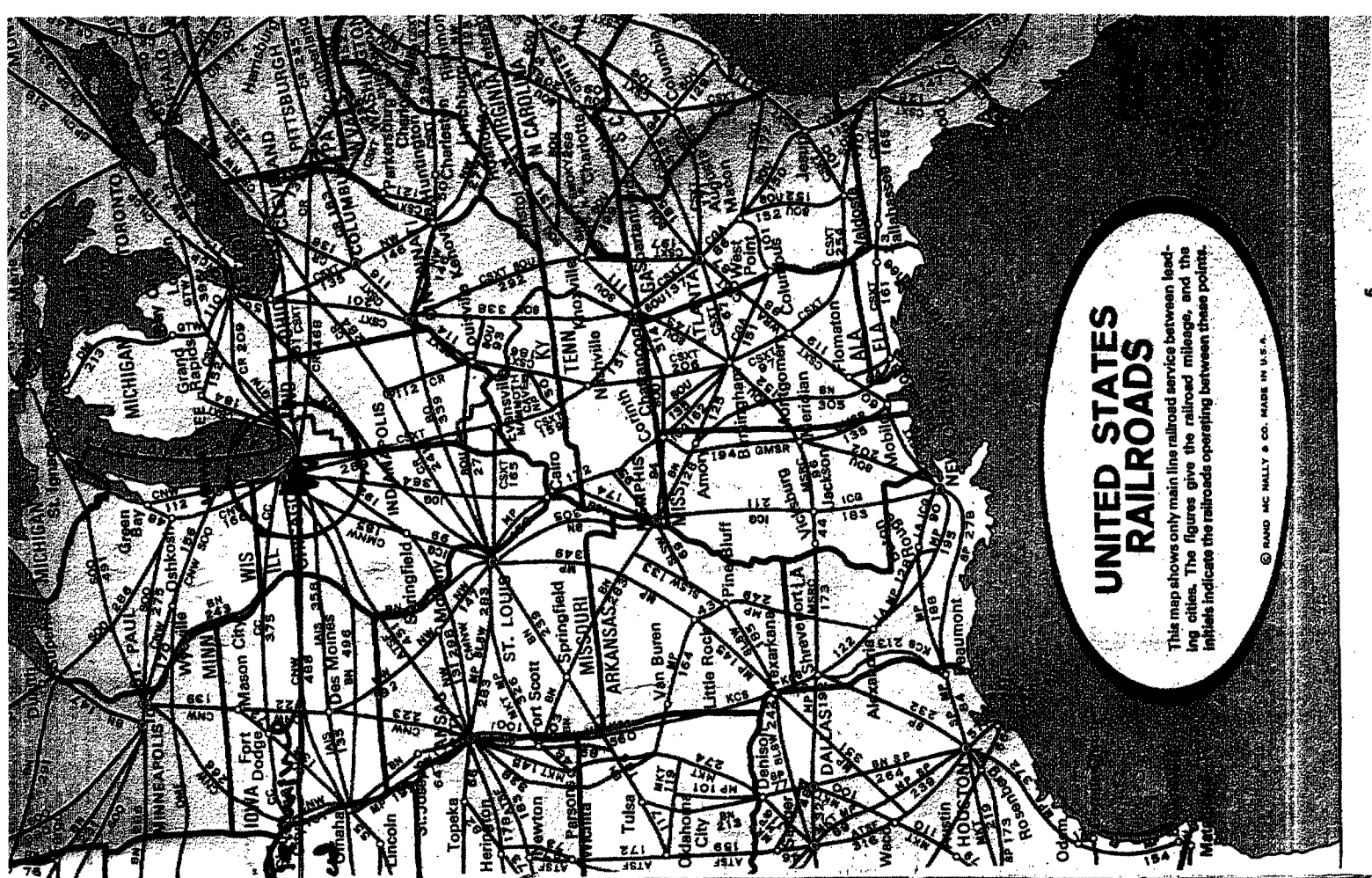
Decided: January 5, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

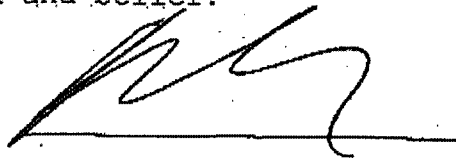
EXHIBIT D



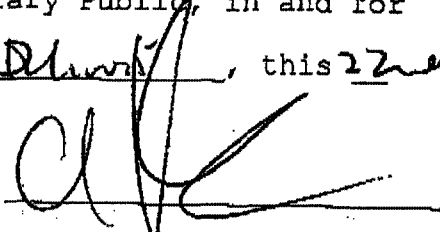
VERIFICATION

STATE OF)
) SS
CITY OF)

Edwin Ellis, being duly sworn according to law, hereby
deposes and states that (s)he is authorized to make the
Verification, has read the foregoing document, and knows the
facts asserted therein are true and accurate as stated, to the
best of (her)his knowledge, information and belief.



Subscribed and sworn to before me, a Notary Public, in and for
the City of Chicago in the State of Illinois, this 22nd
day of November



Notary Public

My Commission expires:

