



Gabriel S. Meyer
Assistant General Attorney

August 25, 2008

Via Electronic Filing

The Honorable Anne Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

**Re: Proposed Abandonment and Discontinuance of the Great Western
Industrial Lead; STB Docket Nos. AB-33 (Sub-No. 274X) and AB-414
(Sub-No. 4X)**

Dear Secretary Quinlan:

Attached for filing in the above-referenced matters is an amended version of the Petition for Exemption that Union Pacific Railroad Company ("UP") and Iowa Interstate Railroad, Ltd. ("IAIS") jointly filed with the Board on August 19, 2008. A revised Certificate of Service and Publication and draft Federal Register notice are also attached to the Petition. As noted in the amended Petition: 1) UP currently owns the right of way associated with the line proposed for abandonment, and 2) IAIS serves both Red Giant Oil Company and Midwest Walnut Company via the line.

Thank you for your time and attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Gabriel S. Meyer".

Gabriel S. Meyer

Attachments

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Docket No. AB-33 (Sub-No. 274X)

**UNION PACIFIC RAILROAD COMPANY
-- ABANDONMENT AND DISCONTINUANCE OF SERVICE--
IN POTTAWATTAMIE COUNTY, IOWA
(GREAT WESTERN INDUSTRIAL LEAD)**

Docket No. AB-414 (Sub-No. 4X)

**IOWA INTERSTATE RAILROAD, LTD.
--DISCONTINUANCE OF SERVICE--
IN POTTAWATTAMIE COUNTY, IOWA
(GREAT WESTERN INDUSTRIAL LEAD)**

Amended Petition for Exemption

UNION PACIFIC RAILROAD COMPANY
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IOWA INTERSTATE RAILROAD, LTD.
Edward J. Krug
Krug Law Firm, PLC
P.O. Box 888
6 Hawkeye Drive, Suite 103
North Liberty, IA 52317
(319) 626-2076
(319) 626-3266 FAX

Dated and filed: August 25, 2008

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**BEFORE THE
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Amended Petition for Exemption

I. Introduction

Union Pacific Railroad Company ("UP") and Iowa Interstate Railroad, Ltd. ("IAIS") file this petition for exemption from the requirements of 49 U.S.C. §10903 in accordance with 49 U.S.C. §10502, the applicable Rules at 49 C.F.R. §1121 and 49 C.F.R. §1152, and the applicable Special Rules at 49 C.F.R. §1152.60. The exemption, if granted, will permit: (1) UP to abandon and discontinue operations over the Great Western Industrial Lead, from Milepost 503.6 to Milepost 504.05, a distance of 0.45 miles in Pottawattamie County, Iowa (the "UP Line"); (2) IAIS to discontinue its trackage rights over the UP Line; and (3) UP to discontinue its trackage rights over IAIS' Main Line from Milepost 486.8 to Milepost 488.0, a distance of 1.2 miles (the "IAIS Line").¹ Both the UP Line and IAIS Line are located in Pottawattamie County, Iowa.

¹ IAIS' Main Line connects to the UP Line via a short industrial track, which is available to both UP and IAIS.

II. Petitioners' Background and Representatives

UP has rail operations in the states of Arizona, Arkansas, Iowa, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee, Texas, Utah, Washington, Wisconsin and Wyoming. The name, address and telephone number of UP's representative is listed below:

Gabriel S. Meyer
Assistant General Attorney
1400 Douglas Street
STOP 1580
Omaha, NE 68179
(402) 544-1658
(402) 501-3393 (FAX)

IAIS has rail operations in the states of Illinois and Iowa. The name, address and telephone number of IAIS' representative is listed below:

Edward J. Krug
Krug Law Firm, PLC
P.O. Box 888
6 Hawkeye Drive, Suite 103
North Liberty IA 52317
(319) 626-2076
(319) 626-3266 FAX

III. Line Description, Zip Code Information, and Map

a. The UP Line

As part of this proposed action, UP seeks to abandon and discontinue its common carrier operations on the UP Line and IAIS seeks to discontinue its trackage rights on the UP Line², which extends from Milepost 503.6 to Milepost 504.05, a

² UP and IAIS filed the trackage rights agreement covering IAIS' trackage rights on the UP Line with the Board in *Iowa Interstate Railroad, Ltd. and Union Pacific Railroad Co.—Exemption—Joint Relocation Project in Council Bluffs, Pottawattamie County, IA*,

distance of 0.45 miles in Council Bluffs, Pottawattamie County, Iowa. The UP Line was originally constructed in 1901 by the Mason City and Fort Dodge Railroad. Its track, which is maintained as excepted track, contains 85-pound jointed rail, laid second-hand in 1961.

The UP Line does not contain any federally granted rights-of-way or reversionary property. The UP Line traverses U.S. Postal Service zip code 51503. Additionally, UP has granted IAIS trackage rights on the UP Line that allow IAIS to serve it as well. During the past two years, IAIS has been the sole rail service provider on the UP Line, carrying traffic for Red Giant Company and Midwest Walnut Company, which are the only shippers on the line. No other shippers have received rail service via the UP Line during this time period, and no passenger service or overhead traffic has utilized the line.

A map of the UP Line is indicated in solid black on the map attached as **Attachment No. 1**. Other rail lines in the area, principal highways, and other roads are also shown on the map. The UP Line does not contain any bridges that are 50 years old or older. No stations will be closed as a result of UP's proposed abandonment of its operations over the line.

Following UP's abandonment and IAIS' discontinuance of trackage rights on the UP Line, Red Giant will acquire the UP Line's right of way from UP and IAIS will continue to serve Red Giant and Midwest Walnut using the UP Line trackage. The only differences after abandonment will be that the UP Line will become an industrial track that is no longer subject to STB abandonment authority and that its right of way will be owned by Red Giant.

Following the abandonment of and trackage rights discontinuance on the UP Line, other shippers in the area will continue to be able to receive rail service via the IAIS Line, which is located approximately 400 feet west of the UP Line.

b. The IAIS Line

The IAIS Line extends from Milepost 486.8 to Milepost 488.0, a distance of 1.2 miles, in Council Bluffs, Pottawattamie County, IA. Under a trackage rights agreement with IAIS, UP has overhead rights to use the IAIS Line for the sole purpose of accessing the UP Line, which is not connected to the rest of the UP rail network by UP-owned trackage. UP has not utilized these rights in recent years as IAIS has been the sole rail service provider on the UP Line. Following UP's proposed discontinuance of its trackage rights on the IAIS Line, IAIS will continue to operate on the IAIS Line, and no customers will lose service as the result of UP's discontinuance of its overhead trackage rights. The IAIS Line is identified on the **Attachment No. 1** map. It traverses U.S. Postal Service zip codes 51501 and 51503.

IV. Shipper Information

No shippers will be affected by the proposed abandonment and trackage rights discontinuances. IAIS will continue to serve Red Giant and Midwest Walnut, the only shippers on the UP Line, if the Board authorizes the proposed actions. Red Giant's shipping profile is as follows:

Red Giant Oil Co.
1701 South 3rd Street
Council Bluffs, IA 51503

Because IAIS will continue to serve Red Giant, it appears unnecessary to supply Red Giant's traffic information to the STB, as such information could be utilized by competitors.

Midwest Walnut's shipping profile is as follows:

Midwest Walnut Company
1914 Tostevin
Council Bluffs, Iowa 51503

As with Red Giant, because IAIS will continue to serve Midwest Walnut, it appears unnecessary to supply Midwest Walnut's traffic information to the STB, as such information could be utilized by competitors.

There are no shippers on the IAIS Line that will be affected by UP's discontinuance of trackage rights over the IAIS Line. UP does not serve any customers on the line, and IAIS will continue to serve the line following UP's discontinuance of its overhead trackage rights.

V. Reasons for the Abandonment and Trackage Rights Discontinuances

a. The UP Line

The proposed abandonment and discontinuances stem from the UP's plans to transfer the right of way associated with the UP Line to Red Giant. The abandonment and discontinuance of the UP Line will remove the encumbrance that the UP Line would potentially pose to Red Giant, were UP or IAIS to retain a common carrier obligation on the UP Line. As discussed above, while neither carrier will retain a common carrier obligation on the UP Line following abandonment and discontinuance, IAIS plans to continue serving Red Giant and Midwest Walnut, the only shippers on the line. Rail service for other shippers will continue to be available via the IAIS Line, which is located approximately 400 feet away.

b. The IAIS Line

UP's discontinuance of trackage rights on the IAIS Line is related to the abandonment of the UP Line. Because UP does not plan to serve the UP Line following abandonment—IAIS will remain the sole provider of service on the line—UP has no need to retain trackage rights over the IAIS Line, which provides the only rail access to the UP Line.

VI. Reasonable Alternatives

a. The UP Line

The UP Line, which is proposed for abandonment, is not suitable for other public purposes including roads or highways, mass transportation, energy production or transmission, or recreational use, as it will become part of Red Giant's private property and IAIS will continue to use it to serve Red Giant and Midwest Walnut. Moreover, the UP Line is located in the City of Council Bluffs, which is served by numerous local streets and interstate highways, other UP and IAIS rail lines, as well as lines of other railroads, including BNSF Railway Co. and Canadian National Railway Co.

The removal of the encumbrance that would be created were UP and IAIS to retain their respective common carrier obligations on the UP Line will enable Red Giant to modify and expand its operations as necessary. UP and IAIS expect that the proposed abandonment and discontinuance of trackage rights will be beneficial to interstate commerce, as it will allow Red Giant the freedom and flexibility to use its property as it sees fit to meet the needs of its customers and manage its operating activities.

b. The IAIS Line

The IAIS Line will remain an active rail line and as such is not subject to

conversion for alternative uses.

VII. The Exemption Standards Have Been Met

Abandonment of rail lines and trackage rights discontinuances require Board authorization and approval pursuant to 49 U.S.C. §10903. However, 49 U.S.C. §10502 requires the Board to exempt transactions where it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. §10101; and (2) either the transaction is of limited scope or Board regulation is not necessary to protect shippers from an abuse of market power. The proposed abandonment and discontinuances of trackage rights clearly satisfy these exemption standards.

Detailed scrutiny by the Board under 49 U.S.C. §10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. §10101. An exemption will minimize UP's and IAIS' administrative costs and expenses that would otherwise be associated with pursuing the proposed abandonment and trackage rights discontinuances through a full application proceeding. An exemption will expedite regulatory action and will reduce regulatory barriers to abandonment and discontinuances, consistent with Sections 10101(2) and (7). An exemption will also foster sound economic conditions in the transportation industry, consistent with Section 10101(5).

Additionally, the proposed abandonment and discontinuances are clearly transactions of limited scope. The UP Line, which is proposed for abandonment, is 0.45 miles long and serves only two customers. Furthermore, regulation of this proposed abandonment and the related discontinuances of trackage rights is not needed to protect shippers from an abuse of market power. Red Giant and Midwest Walnut will continue to receive IAIS rail service following the proposed abandonment and discontinuances, and will retain other transportation options and alternatives.

Moreover, Red Giant will gain full unencumbered use of its own property following its acquisition of the UP Line's right of way.

VIII. Land Area, Federal Grant Information, and Public Use

The UP Line's right-of-way is approximately 50 feet wide, and its topography is level. Based upon information in UP's possession, the Line contains no federally granted right-of-way and none of the adjacent property is reversionary. UP will make any documentation in its possession promptly available to those requesting it.

The UP Line, which is proposed for abandonment, is not suitable for other public purposes including roads or highways, mass transportation, energy production or transmission, or recreational use, as it is located on private property and IAIS will continue to use it to serve Red Giant and Midwest Walnut. Moreover, the UP Line lies in the City of Council Bluffs, which is already served by numerous local streets and interstate highways, other UP and IAIS lines, as well as lines of other railroads, including BNSF Railway Co. and Canadian National Railway Co. And, as discussed above, the removal of the encumbrance that would be created were UP and IAIS to retain their respective common carrier obligations with respect to the UP Line will enable Red Giant to modify and expand its operations as necessary following its acquisition of the UP Line.

IX. Labor

UP and IAIS agree to the labor protection conditions imposed in abandonment proceedings as prescribed in Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979).

X. Environmental and Historic Report

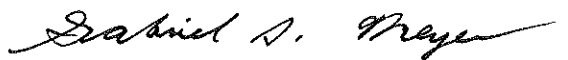
The required environmental and historic information is contained in the combined Environmental and Historic Report (the "EHR"), which IAIS and UP served on July 22, 2008. A copy of the EHR transmittal letter is attached as **Attachment No. 2**. The original and ten (10) copies of the EHR were sent to Ms. Victoria Rutson, STB Section of Environmental Analysis on July 22, 2008 for filing. Subsequent to the filing of the combined EHR no additional letters were received by UP from any federal, state or local governmental agency concerning any conditions to be imposed on the proposed abandonment.

WHEREFORE, Union Pacific Railroad Company respectfully requests that the Board issue a decision exempting the proposed abandonment from the provisions of 49 U.S.C. §10903 and direct that the exemption be effective on the date of the Board's decision.

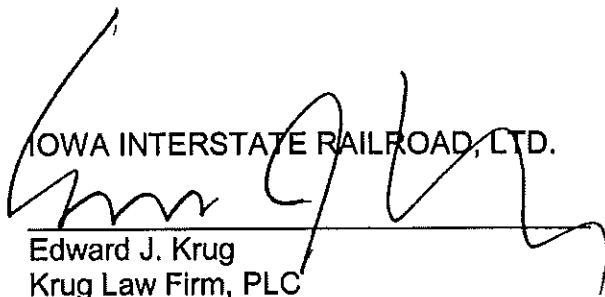
Dated this 25th day of August, 2008.

Respectfully submitted,

UNION PACIFIC RAILROAD COMPANY



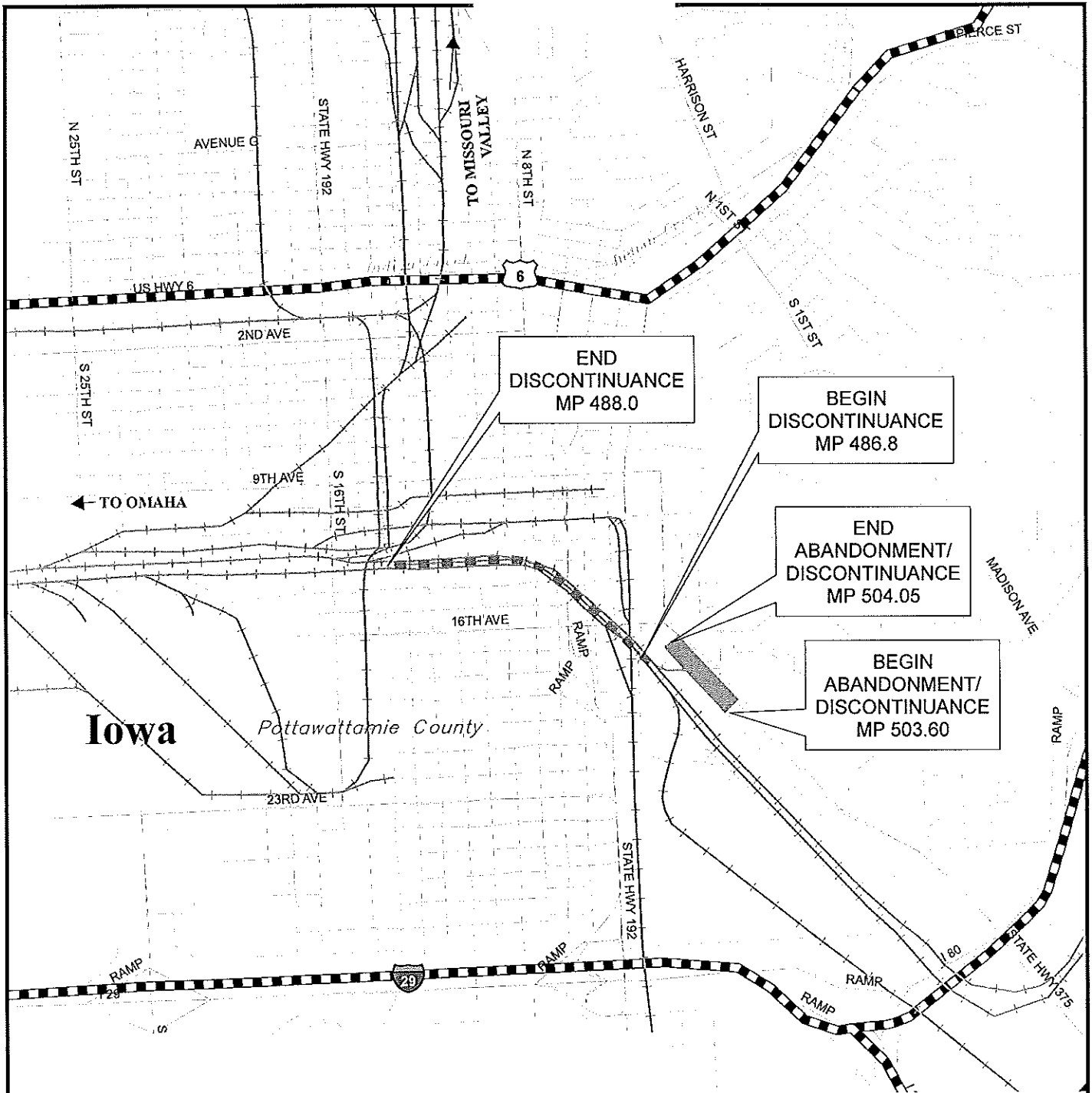
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Fax: (319) 626-3266

Attachment 1



Legend

- UPRR ABANDONMENT/IAIS DISCONTINUANCE
- TRACKAGE RIGHTS TO BE DISCONTINUED OVER IOWA INTERSTATE RAILROAD
- OTHER RAILROADS
- PRINCIPAL HIGHWAYS
- OTHER ROADS

NOTE : THERE ARE NO 50+ YEAR OLD STRUCTURES

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GREAT WESTERN INDUSTRIAL LEAD

ABANDONMENT/DISCONTINUANCE —
 MP 503.6 TO MP 504.05
 TOTAL OF 0.45 MILES
 DISCONTINUANCE — MP 486.8 TO 488.0
 TOTAL OF 1.2 MILES
 IN POTTAWATTAMIE COUNTY, IOWA

UNION PACIFIC RAILROAD CO. GREAT WESTERN INDUSTRIAL LEAD IOWA

INCLUDING 50+ YEAR OLD STRUCTURES

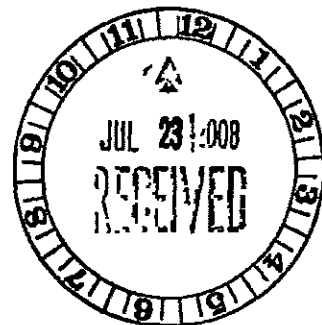
Attachment 2

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Gabriel S. Meyer
Assistant General Attorney

July 22, 2008



Via Fax and UPS Overnight

Surface Transportation Board
395 E Street, SW
Washington, DC 20024

Attention: Victoria Rutson

**Re: Proposed Abandonment and Discontinuance of the Great Western
Industrial Lead; STB Docket Nos. AB-33 (Sub-No. 274X) and AB-414
(Sub-No. 4X)**

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Dear Ms. Rutson

Enclosed for filing in the above-referenced matters are the original and ten (10) copies of Union Pacific Railroad Company's and Iowa Interstate Railroad, Ltd.'s Combined Environmental and Historic Report prepared pursuant to 49 C.F.R. Sections 1105.7 and 1105.8, with a Certificate of Service and a transmittal letter pursuant to 49 C.F.R. Section 1105.11.

Union Pacific and Iowa Interstate anticipate filing a Petition for Exemption in this matter on or after August 11, 2008. Please do not hesitate to contact me if you have any questions

ENTERED
Office of Proceedings

JUL 22 2008

Part of
Public Record

Sincerely,

Gabriel S. Meyer

Enclosures

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DRAFT FEDERAL REGISTER NOTICE
[49 C.F.R. § 1152.60(c)]

STB Docket Nos. AB-33 (Sub-No. 274X) and AB-414 (Sub-No. 4X)
Amended Petition for Exemption to Abandon Service and
Discontinue Trackage Rights

On August 25, 2008, Union Pacific Railroad Company ("UP") and Iowa Interstate Railroad, Ltd. ("IAIS") filed with the Surface Transportation Board, Washington, D.C. 20423, an amended petition for exemption for the abandonment and discontinuance of operations over UP's Great Western Industrial Lead from Milepost 503.6 to Milepost 504.05, a distance of 0.45 miles in Pottawattamie County, Iowa (the "UP Line"). As part of this transaction, IAIS proposes to discontinue its trackage rights over the UP Line, while UP proposes to discontinue its own trackage rights over IAIS' Main Line from Milepost 486.8 to Milepost 488.0, a distance of 1.2 miles, which UP has utilized to access the UP Line. The two lines traverse U.S. Postal Zip Codes 51501 and 51503. There are no shippers on either line that will be adversely affected by the proposed abandonment and trackage rights discontinuances. There are no stations or structures that will be adversely affected by the proposed abandonment and trackage rights discontinuances.

The UP Line proposed for abandonment does not contain federally granted rights-of-way. Any documentation in UP's possession will be made available promptly to those requesting it.

The interests of railroad employees will be protected as required by 49 U.S.C. 10903(b)(2).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

All interested persons should be aware that following abandonment of rail service and salvage of the Line, the Line may be suitable for other public use, including interim trail use.

Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR Part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis.

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary), prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

CERTIFICATE OF SERVICE AND PUBLICATION

The undersigned hereby certifies that a copy of the foregoing Amended Petition for Exemption in Docket No. AB-33 (Sub-No. 274X) by Union Pacific Railroad Company and Docket No. AB-414 (Sub-No. 4X) by Iowa Interstate Railroad, Ltd. was served on the date indicated below by mailing a copy, first class mail postage prepaid to the following:

Headquarters - Military Surface Deployment and
Distribution Command
Transportation Engineering Agency
ATTN: SDTE-SA (Railroads for National Defense)
709 Ward Drive, Building 1990
Scott AFB, IL 62225-5357

U. S. Department of the Interior
National Park Service - Midwest Region
601 Riverfront Drive
Omaha NE 68102

U.S. Department of Agriculture
Chief of the Forest Service
4th Floor NW, Auditors Building
14th Street & Independence Ave., S.W.
Washington, D.C. 20250

Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319-0069

Iowa Department of Transportation
Office of Rail Transportation
800 Lincoln Way
Ames, IA 50010

Red Giant Oil Co.
1701 South 3rd Street
Council Bluffs, IA 51503

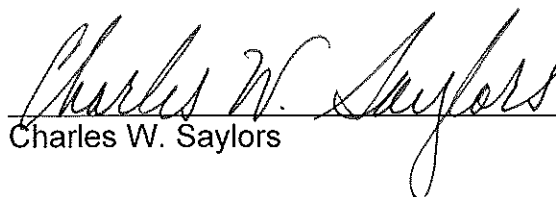
Midwest Walnut Company
1914 Tostevin
Council Bluffs, IA 51503

The undersigned further certifies that a notice of the proposed abandonment and discontinuances was published one time in the county where the rail lines are located as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Pottawattamie	<i>NonPariel</i>	August 6, 2008

The above newspaper is generally circulated in the county where the rail line is located. The Notice as published was in the form prescribed by the Board for a Petition for Exemption at 49 CFR 1105.12.

Dated this 25th day of August, 2008.


Charles W. Saylor

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