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December 1, 2014

Karl Morell  
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237139

BY HAND DELIVERY

Cynthia Brown  
Chief, Section of Administration  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20423

ENTERED  
Office of Proceedings  
December 1, 2014  
Part of  
Public Record

Re: Finance Docket No. 35880, Bogalusa Bayou Railroad, L.L.C. –  
Trackage Rights Exemption Containing Interchange  
Commitment – Illinois Central Railroad Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified  
Notice of Exemption under 49 C.F.R. § 1150.31 and a check  
covering the \$1,800 filing fee. Also enclosed is a CD containing the  
Notice and Summary.

If you have any questions, please contact me.

Sincerely,

Karl Morell  
Of Counsel

FILED  
December 1, 2014  
SURFACE  
TRANSPORTATION BOARD

Enclosures

FEE RECEIVED  
December 1, 2014  
SURFACE  
TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35880

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BOGALUSA BAYOU RAILROAD, L.L.C.  
--TRACKAGE RIGHTS EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
ILLINOIS CENTRAL RAILROAD COMPANY

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

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KARL MORELL  
Of Counsel  
BALL JANIK LLP  
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655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
BOGALUSA BAYOU RAILROAD, L.L.C.

Dated: December 1, 2014

BEFORE THE

SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35880

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BOGALUSA BAYOU RAILROAD, L.L.C.  
--TRACKAGE RIGHTS EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
ILLINOIS CENTRAL RAILROAD COMPANY

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

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Bogalusa Bayou Railroad, L.L.C. (“BBRR”), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit BBRR to acquire from Illinois Central Railroad Company (“IC”) trackage rights over a one mile rail line in Louisiana.

In support of this Notice of Exemption, BBRR submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant:

Bogalusa Bayou Railroad, L.L.C.  
315 W. 3<sup>rd</sup> Street  
Pittsburg, Kansas 66762

- (b) Applicant's Representative:

Karl Morell  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

- (c) Statement of Agreement:

BBRR and IC have entered into a Trackage Rights Agreement.

- (d) The operator of the property:

BBRR will obtain trackage rights over the rail line. IC will also continue to be an operator over the rail line.

- (e) Summary of proposed transaction:

BBRR is a new, wholly owned, non-carrier subsidiary of Watco Holdings, Inc. (“Watco”). In this proposed transaction, BBRR seeks authority to acquire from IC trackage rights over a 1 mile rail line. The Agreement between BBRR and IC grants BBRR restricted overhead rights over the IC rail line located between milepost 68.85, at Lees Creek, LA, and milepost 69.85, at Bogalusa, LA, limited to movements of crude tall oil, crude sulphate turpentine, pulpboard, recycled paper and empty rail cars.

- (1) The name and address of the railroad granting the trackage rights:

Illinois Central Railroad Company  
17641 South Ashland Ave.  
Homewood, IL 60430

(2) The involved transaction is expected to be consummated on or some time after the effective date of this notice of exemption.

(3) BBRR will acquire restricted overhead trackage rights over the IC rail line located between milepost 68.85, at Lees Creek, LA, and milepost 69.85, at Bogalusa, LA, limited to movements of crude tall oil, crude sulphate turpentine, pulpboard, recycled paper and empty rail cars.

(4) The length of the rail line over which BBRR will acquire trackage rights is 1 mile.

- (f) A map of the trackage rights line is attached as Exhibit A.

(g) BBRR hereby certifies that this transaction will not result in BBRR becoming a Class II or Class I rail carrier. Upon consummation of this transaction, BBRR will become a Class III carrier. The projected annual revenue of BBRR will not exceed \$5 million. Consequently, the notice requirements of 49 C.F.R. § 1150.32(e) do not apply.

(h)(1)

(i) Section 3.1 of the Trackage Rights Agreement between BBRR and IC precludes BBRR from interchanging traffic with a third party.

(ii) The Trackage Rights Agreement is being filed with the Board under 49 C.F.R. § 1104.14(a).

(iii) International Paper Company.

(iv) Information being filed under Section 1104.14(a).

(v) BBRR hereby certifies that BBRR has provided notice of the proposed transaction and interchange commitment to the shipper identified in paragraph (iii).

(vi) There is currently no direct connection to a third party railroad.

(vii) Information being filed under section 1104.14(a).

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

### **ENVIRONMENTAL AND HISTORIC IMPACTS**

BBRR is acquiring trackage rights over the rail line from IC for continued rail operations. Further Board approval is required for BBRR to discontinue its service over the rail line and there are no plans to dispose of or alter properties subject to Board 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).

BBRR's acquisition of the restricted overhead trackage rights 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. BBRR's acquisition of the trackage rights will not affect a Class I or nonattainment 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, the transportation of ozone depleting materials is not contemplated. 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,

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KARL MORELL

Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

Attorney for:  
BOGALUSA BAYOU RAILROAD, L.L.C.

Dated: December 1, 2014

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35880

BOGALUSA BAYOU RAILROAD, L.L.C.  
--TRACKAGE RIGHTS EXEMPTION CONTAINING INTERCHANGE COMMITMENT--  
ILLINOIS CENTRAL RAILROAD COMPANY

Bogalusa Bayou Railroad, L.L.C. (“BBRR”), a non-carrier, has filed a notice of exemption to acquire from Illinois Central Railroad Company (“IC”) restricted overhead trackage rights over the IC rail line located between milepost 68.85 at Lees Creek, LA, and milepost 69.85, at Bogalusa, LA, limited to movements of crude tall oil, crude sulphate turpentine, pulpboard, recycled paper and empty rail cars.

This transaction is related to Finance Docket No. 35882, Watco Holdings, Inc. – Continuance In Control Exemption – Bogalusa Bayou Railroad, LLC, wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of BBRR upon BBRR becoming a Class III carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 638-3307. This notice is filed under 49 C.F.R. 1150.31. 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.

# EXHIBIT A



**VERIFICATION**

**STATE OF KANSAS** )  
 ) ss.  
**COUNTY OF CRAWFORD** )

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Bogalusa Bayou Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this \_\_\_\_ day of November, 2014, in the County of Crawford, State of Kansas.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public