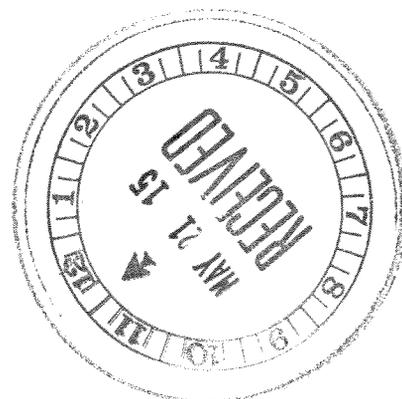


Karl Morell & Associates
655 15th Street, NW, Suite 225
Washington, DC 20005
(202) 595-9045
karlm@karlmorell.com

May 21, 2015

BY HAND DELIVERY

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



238466

ENTERED
Office of Proceedings
May 21, 2015
Part of
Public Record

Re: Docket No. 35931, Watco Holdings, Inc. – Continuance in Control
Exemption – Texas New Mexico Railway, L.L.C.

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,300 filing fee.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell".

Karl Morell

Enclosures

FEE RECEIVED
May 21, 2015
SURFACE
TRANSPORTATION BOARD

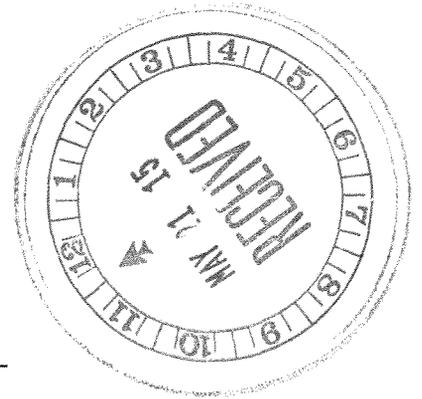
FILED
May 21, 2015
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35931

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
TEXAS NEW MEXICO RAILWAY, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)



KARL MORELL
KARL MORELL & ASSOCIATES
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 595-9045

Attorney for:
WATCO HOLDINGS, INC.

Dated: May 21, 2015

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35931

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
TEXAS NEW MEXICO RAILWAY, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Holdings, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Texas New Mexico Railway L.L.C. ("TNMR"), a non-carrier, upon TNMR becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as 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 counsel to whom questions regarding the proposed transaction can be addressed.

Watco, a non-carrier, which currently controls indirectly thirty (30) Class III railroads and one (1) Class II railroad, collectively operating in 22 States. Watco also owns, indirectly, 100 percent of the issued and outstanding stock of TNMR, a limited liability company and a non-carrier that was formed for the purpose of acquiring the rail lines owned by the Austin &

Northwestern Railroad Company, Inc. (“ANR”).¹ Concurrently with the filing of this Notice of Exemption, TNMR is filing a Notice of Exemption in Finance Docket No. 35930, *Texas New Mexico Railway, L.L.C. – Acquisition Exemption – Austin & Northwestern Railroad Company, Inc.*, under 49 C.F.R. § 1150.31, to acquire the rail line owned by ANR and located in New Mexico and Texas. Upon consummation of the transaction in Finance Docket No. 35930, TNMR will become a Class III carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Inc. (“SKO”), Palouse River & Coulee City Railroad, L.L.C. (“PRCC”), the Timber Rock Railroad, L.L.C. (“TIBR”), the Stillwater Central Railroad, L.L.C. (“SLWC”), the Eastern Idaho Railroad, L.L.C. (“EIRR”), Kansas & Oklahoma Railroad, L.L.C. (“K&O”), the Pennsylvania Southwestern Railroad, L.L.C. (“PSWR”), the Great Northwest Railroad, L.L.C. (“GNR”), the Kaw River Railroad, L.L.C. (“KRR”), the Mission Mountain Railroad, L.L.C. (“MMT”), the Mississippi Southern Railroad, L.L.C. (“MSRR”), the Yellowstone Valley Railroad, L.L.C. (“YVRR”), the Louisiana Southern Railroad, L.L.C. (“LSRR”), the Arkansas Southern Railroad, L.L.C. (“ARSR”), the Alabama Southern Railroad, L.L.C. (“ABS”), the Vicksburg Southern Railroad, L.L.C. (“VSOR”), the Austin Western Railroad, L.L.C. (“AWRR”), the Baton Rouge Southern Railroad, L.L.C. (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad, Inc. (“GER”), Alabama Warrior Railway, L.L.C. (“AWR”), Boise Valley Railroad, L.L.C. (“BVR”); Autauga Northern Railroad, L.L.C. (“ANRR”); Swan Ranch Railroad, L.L.C. (“SRRR”); Wisconsin & Southern Railroad, L.L.C. (“WSOR”); Birmingham Terminal Railway, L.L.C. (“BRS”); the Ann Arbor Railroad, Inc.

¹ Watco today is also filing a Notice of Exemption to control the Lubbock and Western Railway, L.L.C. (“LWR”) upon LWR becoming a Class III rail carrier in *Watco Holdings, Inc. – Control Exemption – Lubbock and Western Railway, L.L.C.*

(“AA”); the Pecos Valley Southern Railway (“PVS”); San Antonio Central Railroad, L.L.C. (“SAC”), Blue Ridge Southern Railroad, L.L.C. (“BLU”) and Bogalusa Bayou Railroad, L.L.C. (“BBRR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, BRS, AA, PVS, SAC, BLU and BBRR are Class III carriers which operate rail lines in 20 States. WSOR is a Class II carrier operating in 2 States.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, BRS, WSOR, AA, PVS, SAC, BLU and BBRR do not connect with the rail lines being leased and acquired by TNMR. The rail line that is being acquired by TNMR is located in New Mexico and Texas. No other Watco railroad is located near the TNMR

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail line that will be operated by TNMR with any railroad in the Watco corporate family. Finally, neither TNMR nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board.

The name and business address of Applicants are as follows:

Watco Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Blue Ridge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad, Inc.
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, L.L.C.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, L.L.C.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, L.L.C.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Boise Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Birmingham Terminal Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Swan Ranch Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Wisconsin & Southern Railroad, L.L.C.
5300 North 33rd Street
Milwaukee, WI 53209-0229

Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company
315 W. 3rd Street
Pittsburg, KS 66762

Ann Arbor Railroad, Inc.
4058 Chrysler Drive
Toledo OH 43608

San Antonio Central Railroad, L.L.C.
907 Billy Mitchell Blvd.
San Antonio, TX 78226

Bogalusa Bayou Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Texas New Mexico Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

Karl Morell
Karl Morell & Associates
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 595-9045

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

Watco intends to consummate this transaction on or shortly after the effective date of this notice of exemption.

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

Watco intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas and Oklahoma

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSR's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines are located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines are located in Idaho.

ANRR's lines are located in Alabama.

SRRR's lines are located in Wyoming.

WSOR's rail lines are located in Wisconsin and Illinois.

BHRR's lines are located in Alabama.

SAC's rail lines are located in Texas.

PVS's rail line is located in Texas.

AA's rail lines are located in Michigan and Ohio.

BLU's rail lines are located in North Carolina.

BBRR's rail line over which it has trackage rights is located in Louisiana.

TNMR's rail line will be located in New Mexico and Texas.

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, WSOR, BHRR, SAC, PVS, BLU and BBRR and the rail line to be operated by TNMR are attached as Exhibit A.

(7)(ii) Agreement.

Watco will not enter into any agreement, or sign any written instrument, to continue in control of TNMR.

SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, BHRR. SAC, PVS, AA, BLU and BBRR are Class III carriers, and TNMR will become a Class III carrier. WSOR is a Class II carrier. Because the transaction involves the control of one or more Class III rail carriers and one Class II rail carrier, the transaction is subject to the labor protective requirements of 49 U.S.C. § 11326(b) and *Wisconsin Central LTD. – Acquisition Exem. – Union Pac. RR*, 2 S.T.B. 218 (1997).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control TNMR for the purpose of continued rail operations where further Board approval is required to abandon 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).

Watco's continuance in control of TNMR 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 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, 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,



KARL MORELL
KARL MORELL & ASSOCIATES
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 595-9045

Attorney for:
WATCO HOLDINGS, INC.

Dated: May 21, 2015

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, Inc., 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.

AE McKechnie III

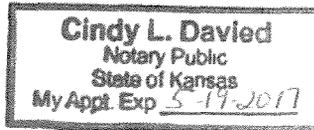
Arthur E. McKechnie III

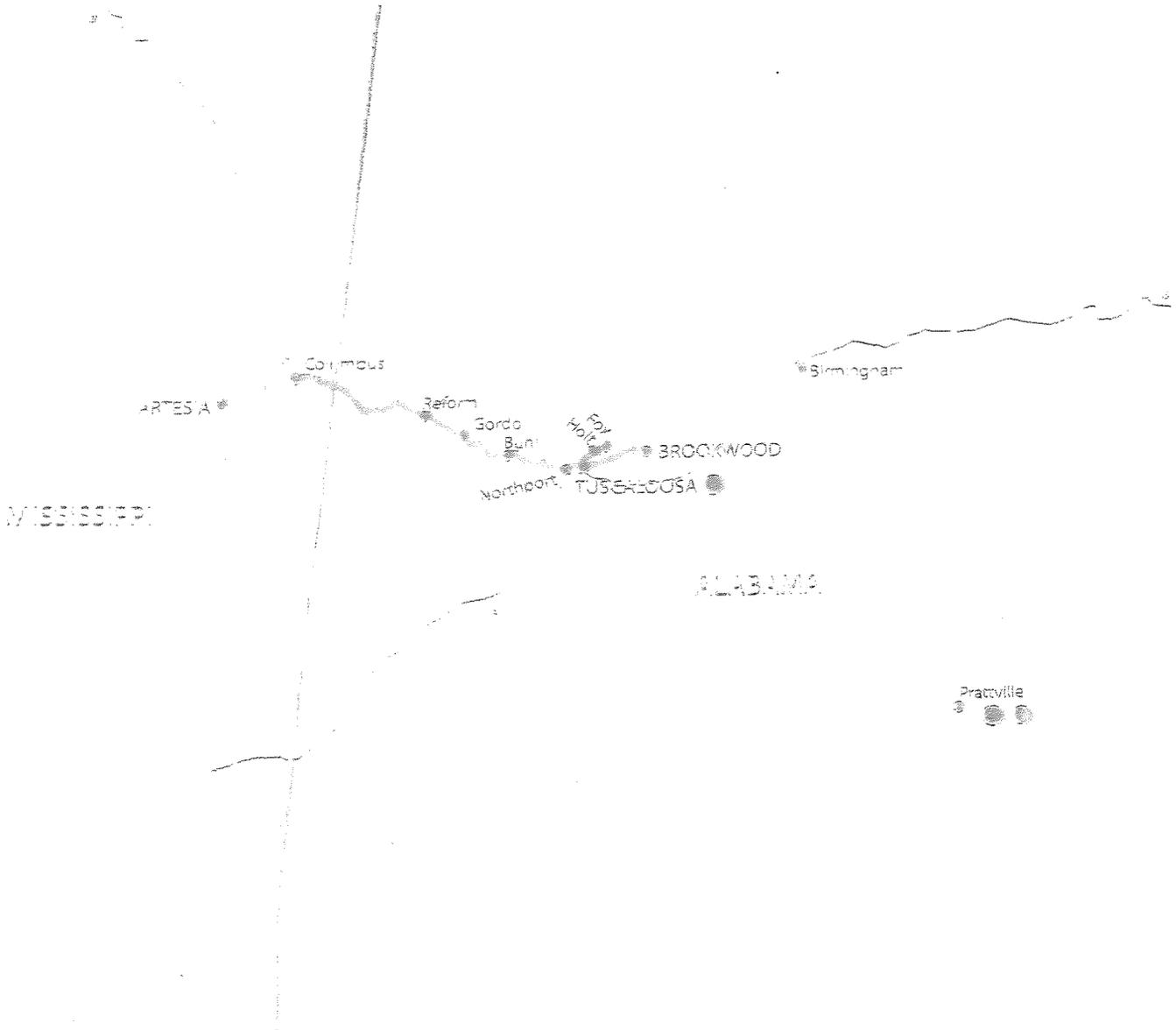
SUBSCRIBED AND SWORN TO before me this 20 day of May, 2015, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-2017

Cindy L. Davied

Notary Public





LEGEND:	
—	Alabama Southern RR L&S
- - -	Alabama Southern Trackage Rights
○	Interchanges - Trackage Rights
○	- Artesia
○	- Brookwood
○	- Tuscaloosa
●	Mechanical Services
●	Switching Services

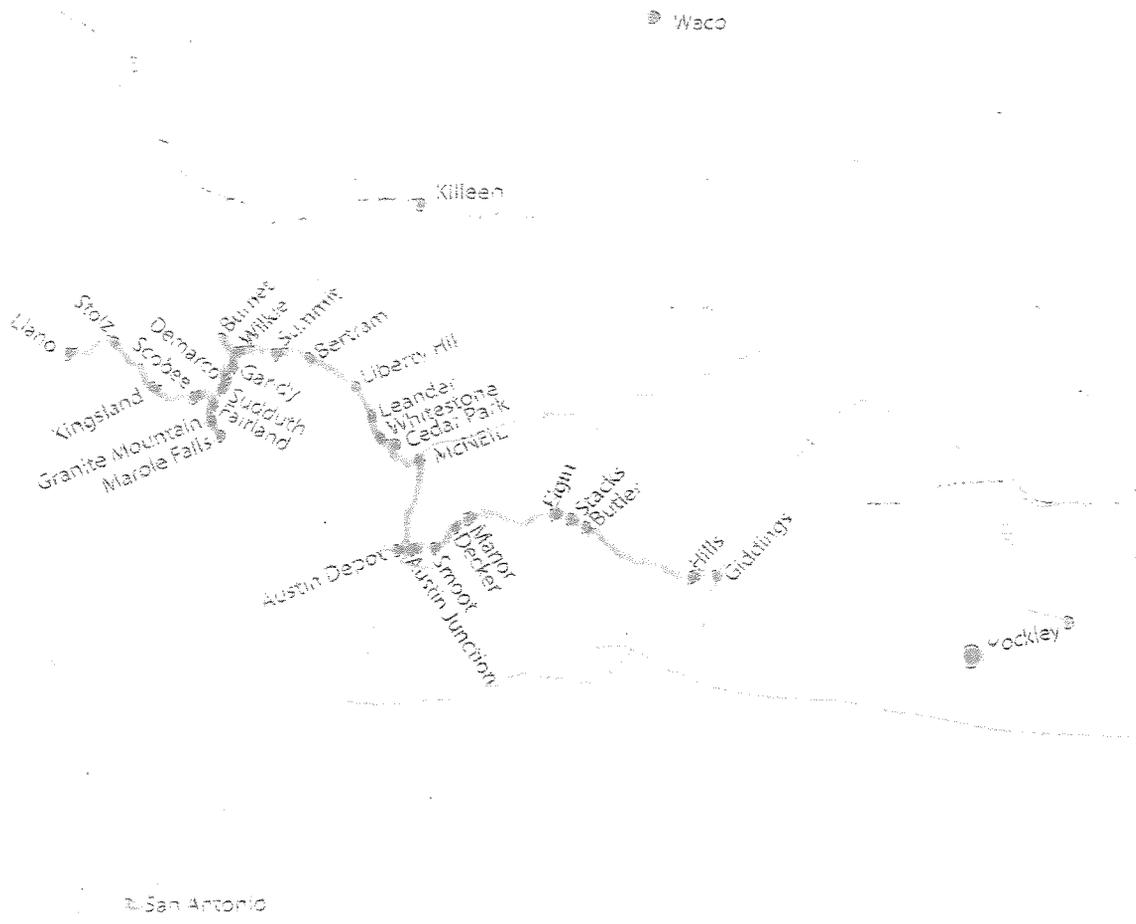


LEGEND:
 Alabama Warner RR asw:
 Underberg ss - Transit miles CE
 ○ - Birmingham
 ● - Birmingham
 ○ - Birmingham
 ● Mechanical Services
 ● Switching Services
 ○ Transload Services



LEGEND:
 Arkansas Southern RR (ARS) 
Interchanges - Track miles 62
 - Ashdown, Heavener 
 - Nashville 

TEXAS



LEGEND:

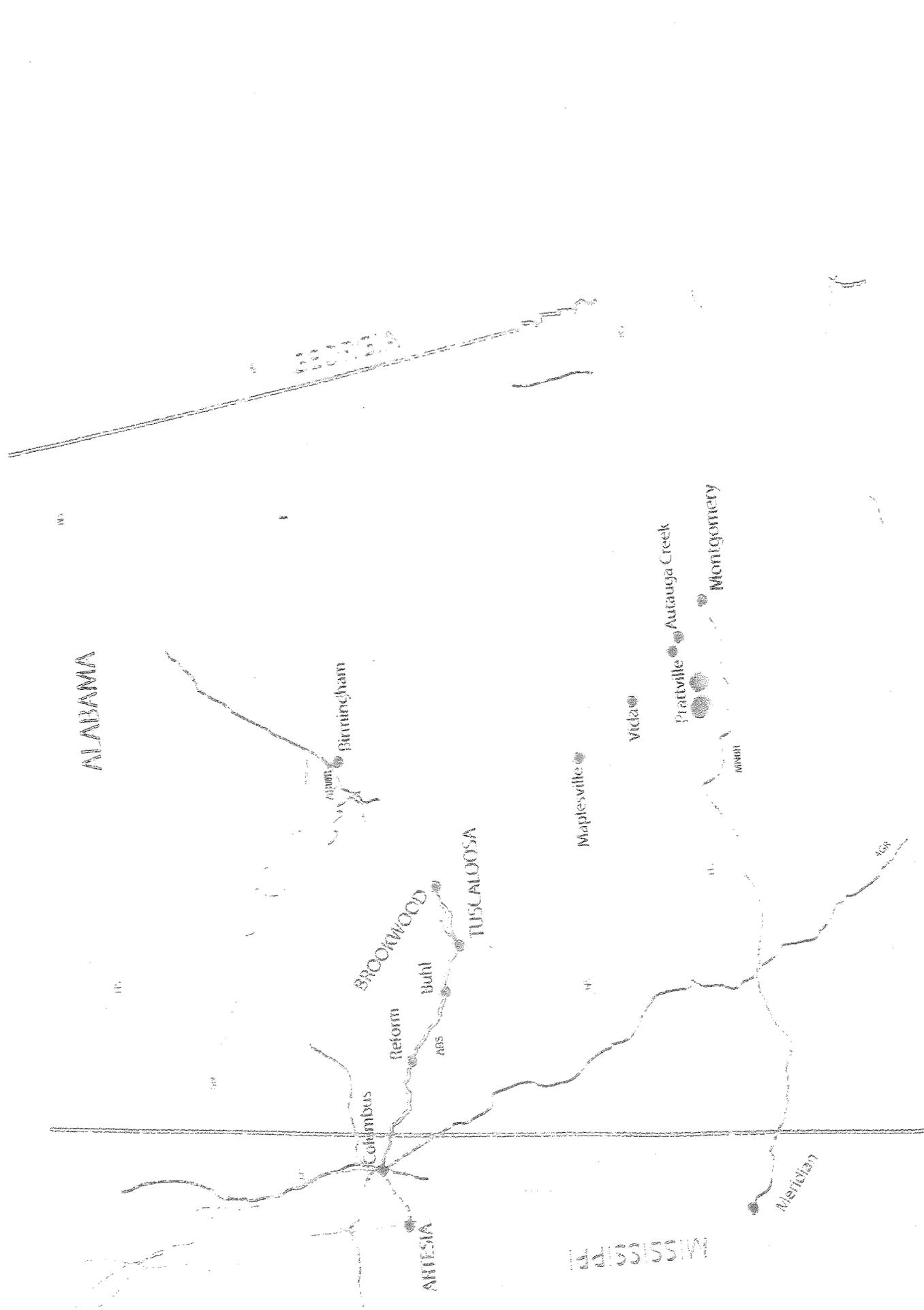
Austin Western RR - AWRAP

Interchanges - Triangles "B"

• - McNellie

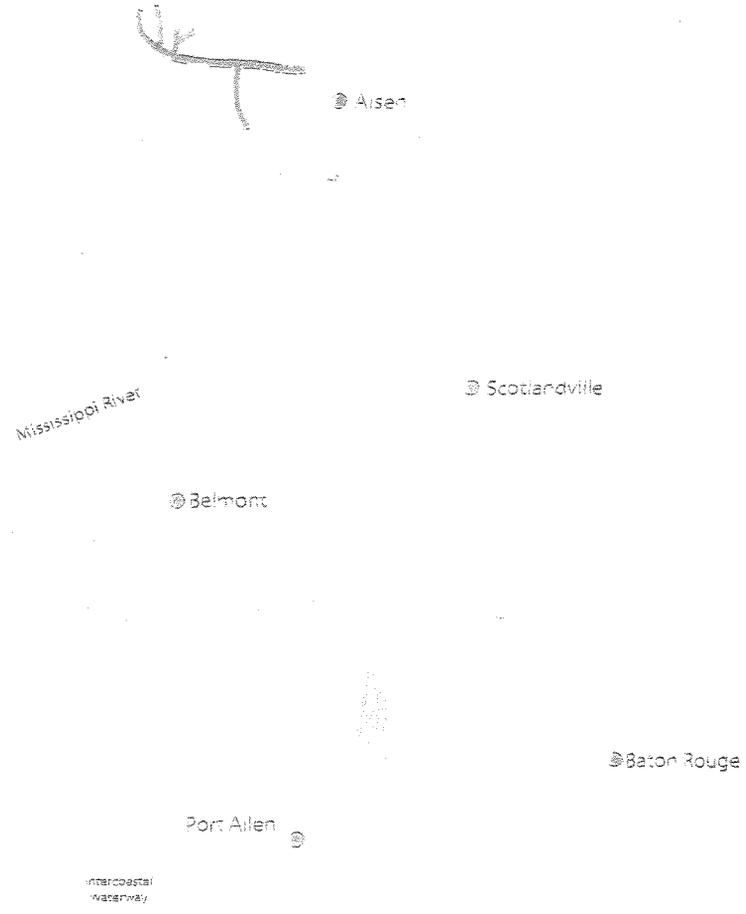
• - McNellie

● - Mechanical Services



LEGEND:
 Autauga Northern (dot)
 Autauga Northern Trackage Rights
 Autauga Northern Trackage Rights Interchanges - Trackage numbers 43, 57
 MS
 Maplesville
 Montgomery

LOUISIANA



LEGEND:		interchanges - Track miles 1.5.
Baton Rouge Southern RR BR5		

MISSISSIPPI

ALABAMA

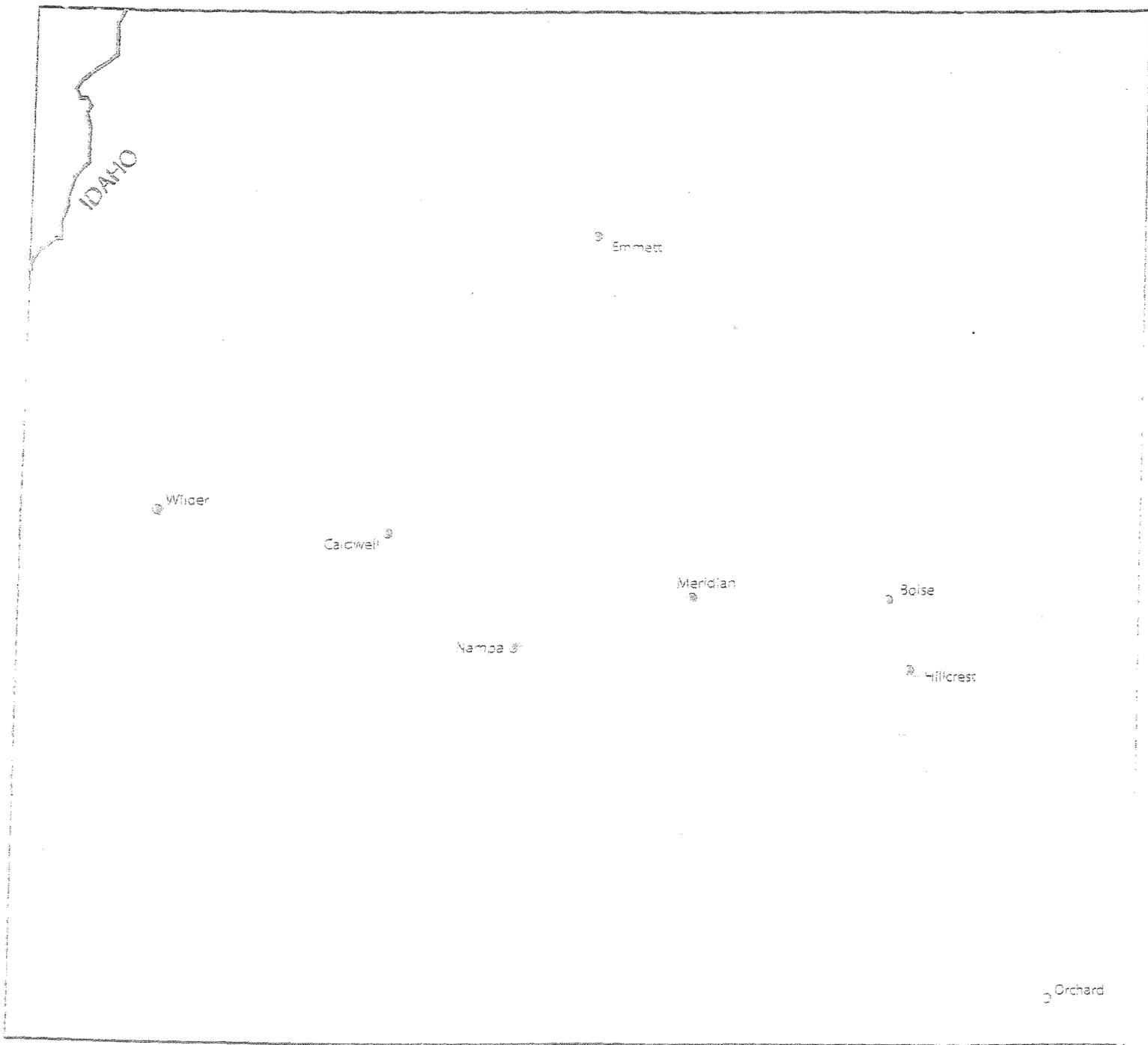


LEGEND:

Birmingham Terminal Railway (BRR)

Interchanges - Track miles 75.2

- NS - Ennsley (Fairfield)
- NS - Ennsley (Fairfield)
- BN - Birmingham



LEGEND:
 Boise Valley RR BVR
 Boise Valley Trackage Rights BVRT
 Idaho Northwest & Pacific INP
 Union Pacific UP
 Interchanges - Track miles 36
 - Nampa, Caldwell

MONTANA

WYOMING



HEARD

1971

LEGEND:
 Eastern Idaho RR (ERR)
 Eastern Idaho Trackage Rights
 Interchanges - Trade Offices & C
 - Minidoka, Idaho Falls
 Mechanical Services

Coulee City

Aviation

Chene

Thurston

Pobiaton

Wobicon

BAVER UNCTION

Rigana
Lyons Ferry

Central Ferry

Dayton

Port of Willing
Port of Lewis
Clarkston
Lewiston
Furebay
of Spaulding

Atlanta
Walla Walla

Nalla Nalla

Malabar

Candon Branch

Hermiston

Nestor

MONTANA

CAHO

Reving

Green

Kooskia

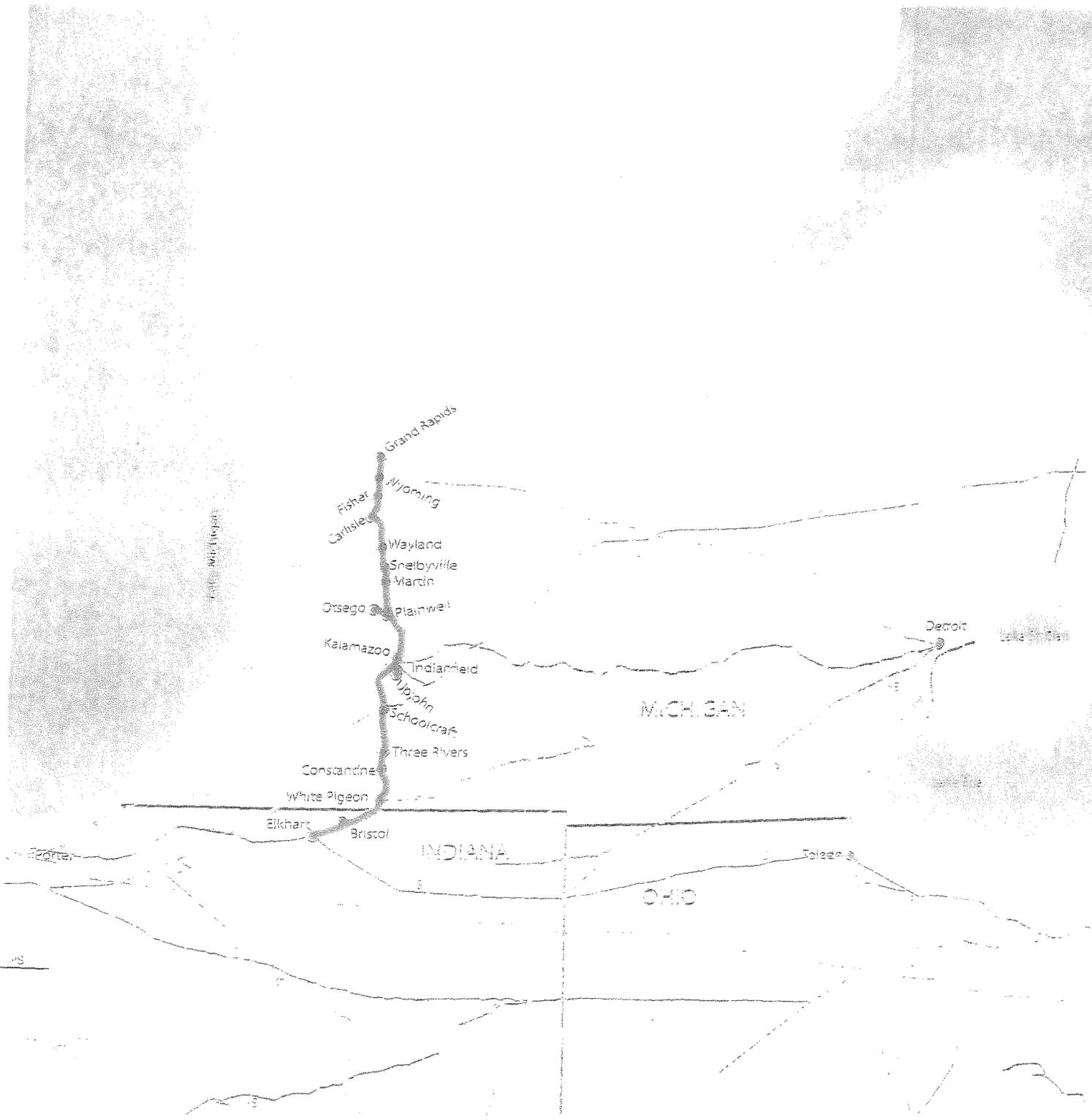
Grangeville

LEGEND:

- Great Northwest RR (GNW)
- Great Northwest Trackage Rights
- Palouse River & Coulee City RR (PRC)
- Palouse River & Coulee City Trackage Rights
- BG & CM Railroad
- Eastern Washington Gateway RR
- Washington and Idaho Railway

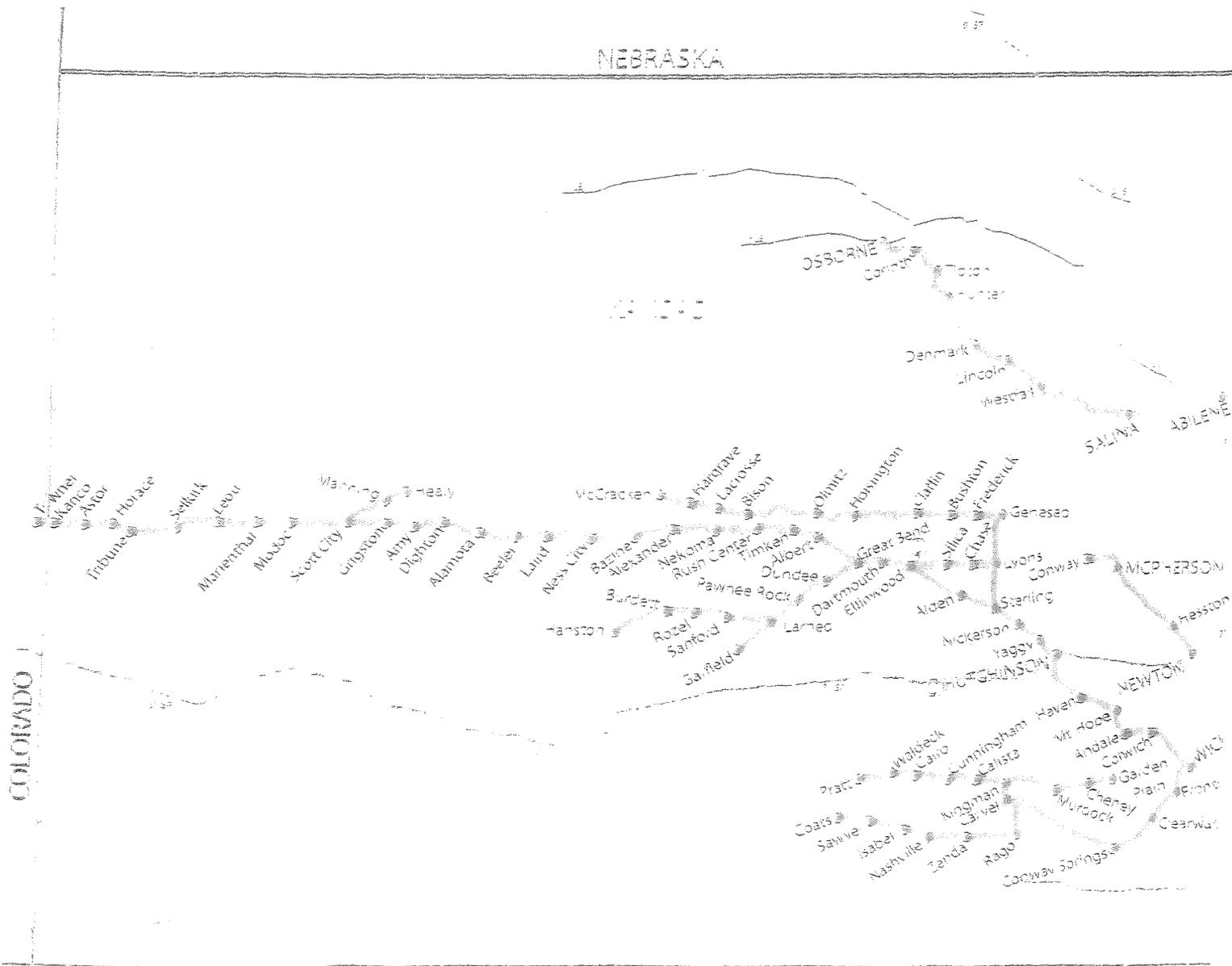
Interchanges - Trackage Rights

- TT - Ayer
- Mechanical Services
- Switching Services



LEGEND:	
<p>State Route 196</p> <p>State Route 94</p> <p>State Route 75</p> <p>State Route 275</p> <p>Proposed Route</p>	<p>Interchanges</p> <ul style="list-style-type: none"> - Elkhart, IN & Kalamazoo, MI - Kalamazoo, MI - Grand Rapids, MI - Grand Rapids, MI - Grand Rapids, MI - Grand Rapids, MI - White Pigeon, MI <p>Total Miles: 122.0</p>

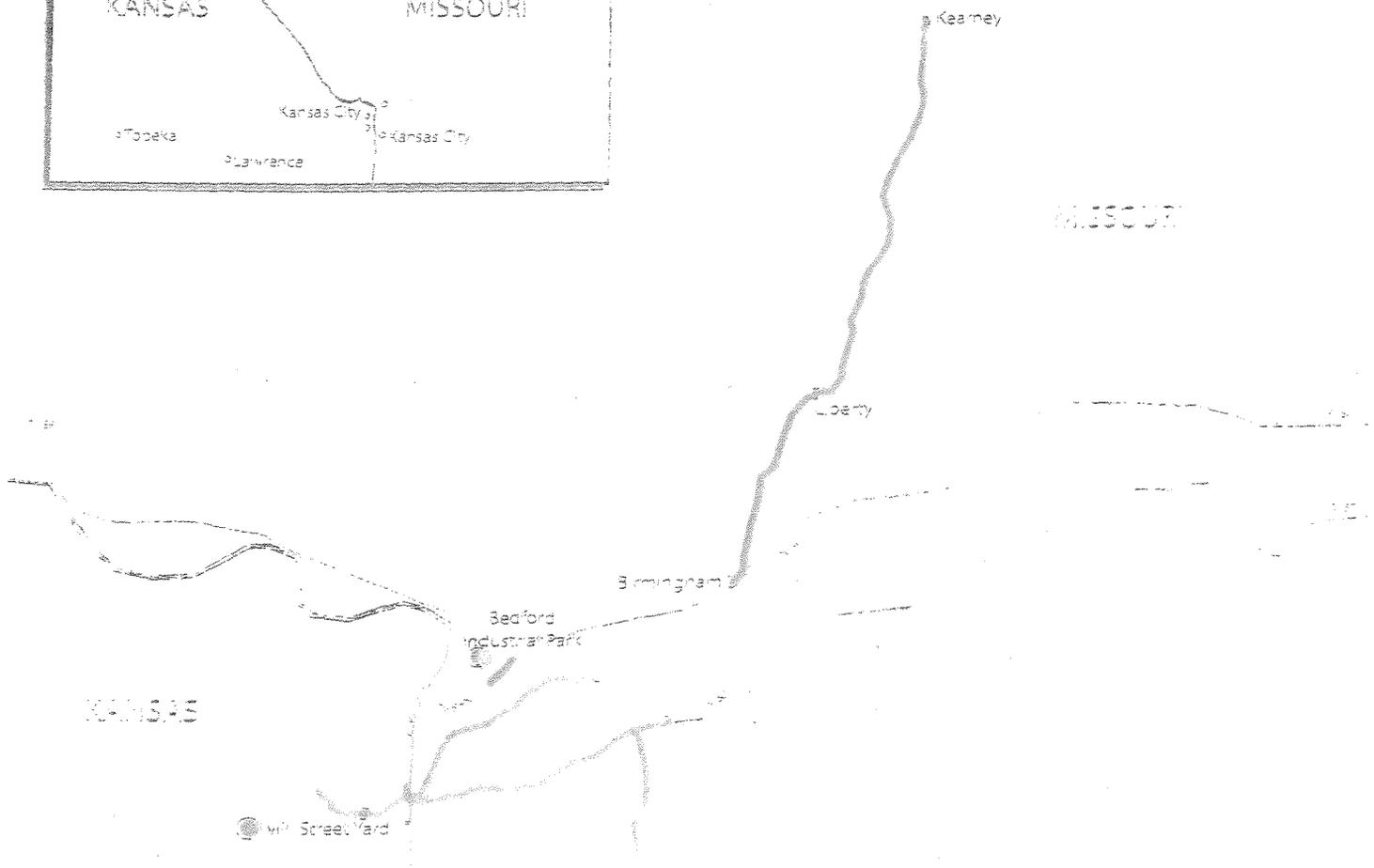
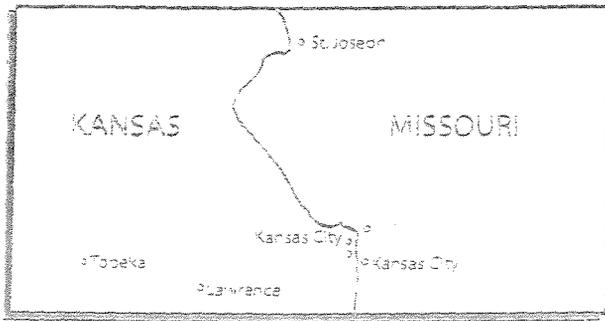
NEBRASKA



COLORADO

OKLAHOMA

LEGEND:		Interchanges - Track miles 0&0	
Kansas & Oklahoma RR Co.	—	—	Abilene, Hutchinson, Newton, Wichita
Kansas & Oklahoma Trackage Rights	—	—	Osborne
South Kansas & Oklahoma RR Trackage Rights-SCO	—	—	Wichita
Kyle Railroad KYLE	—	—	Hutchinson, McPherson, Salina, Wichita
Cimmaron Valley Railroad CVR	—	⊙	Mechanical Services
		⊙	Transload/Warehouse Services



LEGEND:

KAW River Railroad - KAW

Interchanges

BNSF - Kansas City, MO / Bedford Industrial Park

BNSF - Birmingham, MO (Kearney Subdivision)

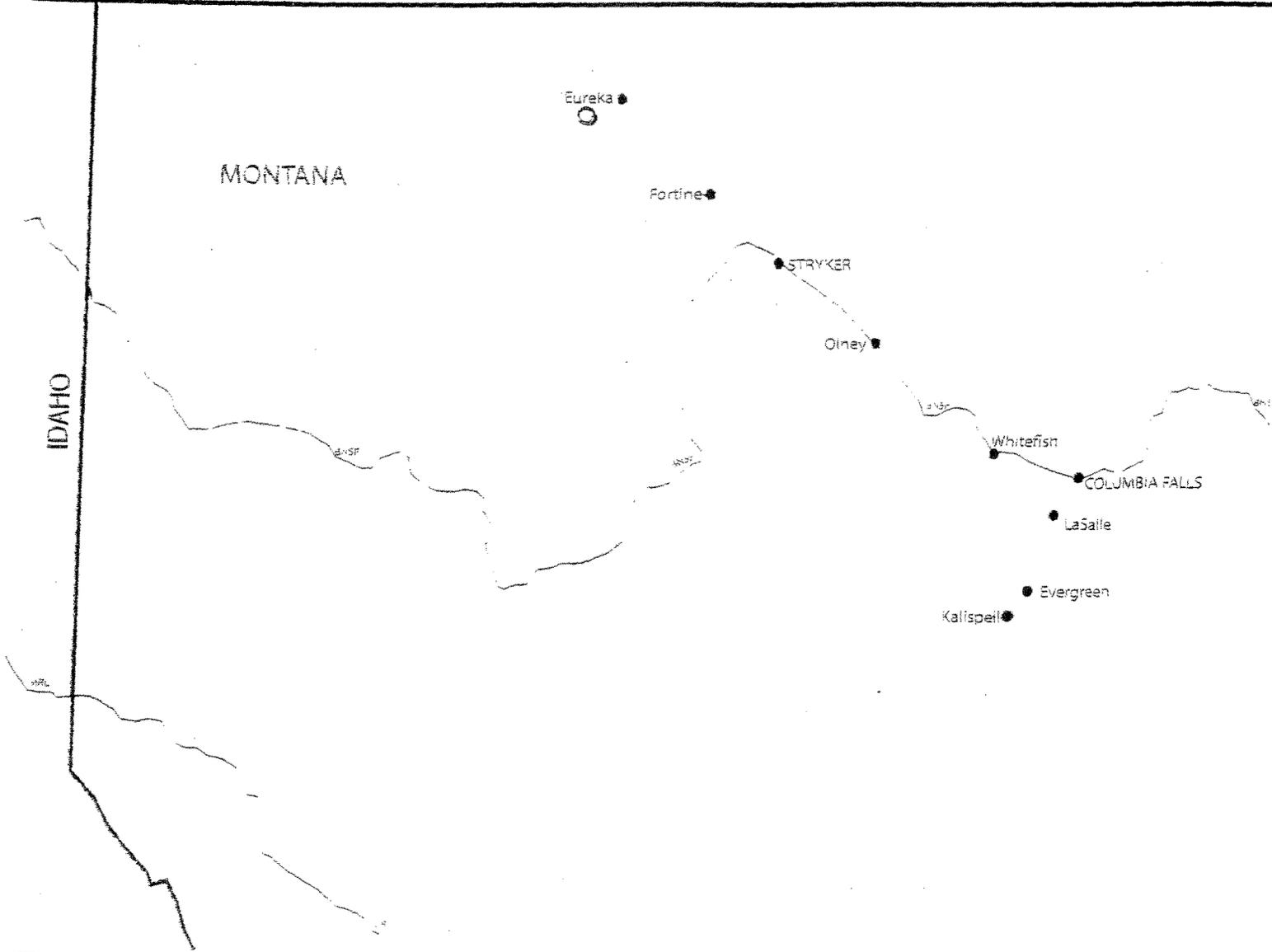
Track miles - 21

Kansas City Transportation Company LLC (KCTC)

Interchanges - Track miles 22

KS	- Kansas City, KS		Mechanical Services
KE	- Kansas City, MO/KS		Switching Services
KS	- Kansas City, MO/KS		
NS	- Kansas City, MO		
JP	- Kansas City, MO/KS		

CANADA

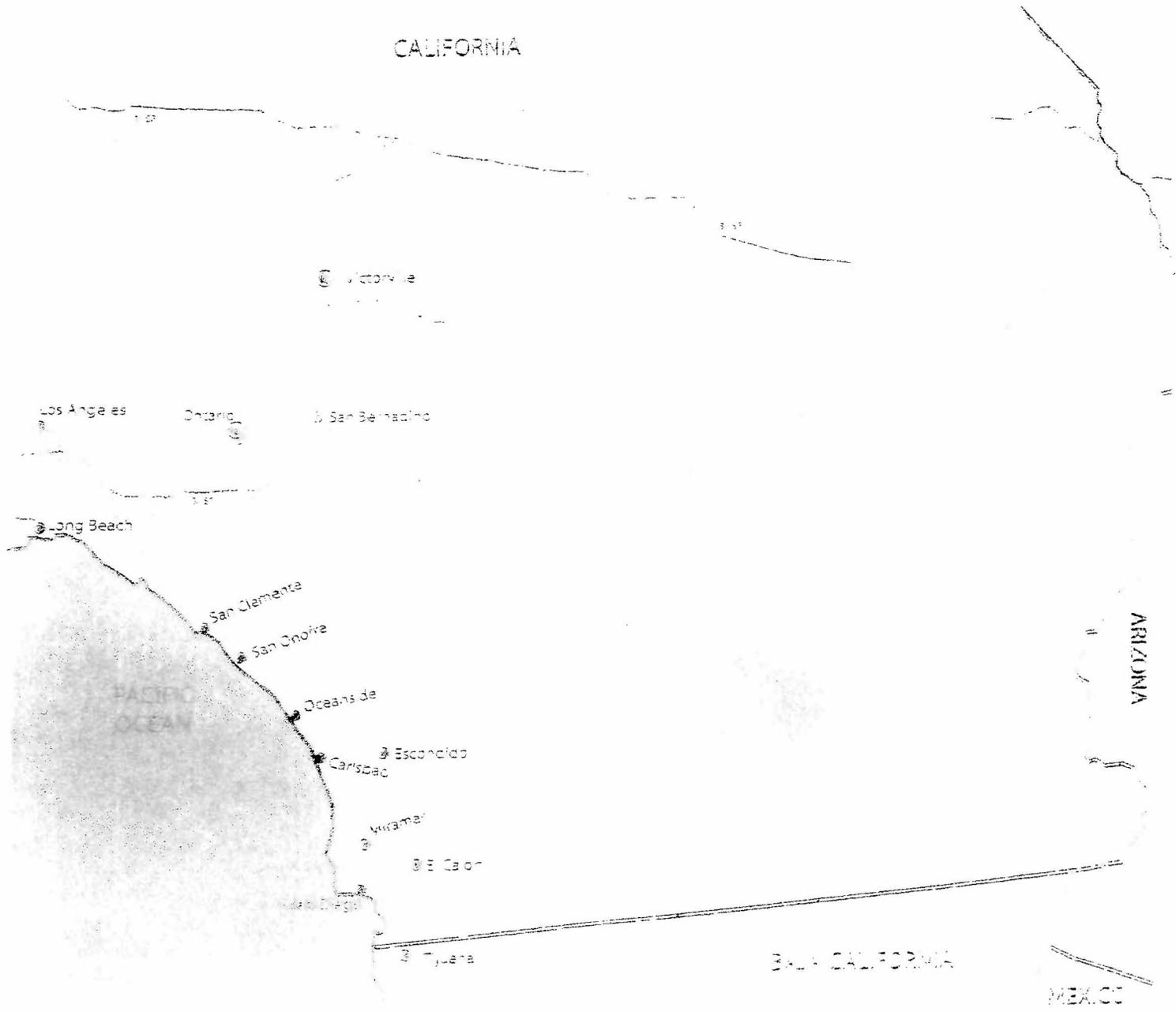


LEGEND:
Mission Mountain Railroad (MMR) _____
Montana Rail Link (MRL) _____
Interchanges - Track miles 39.5
BNSF - Stryker, Columbia Falls
○ Transload/Warehouse Services

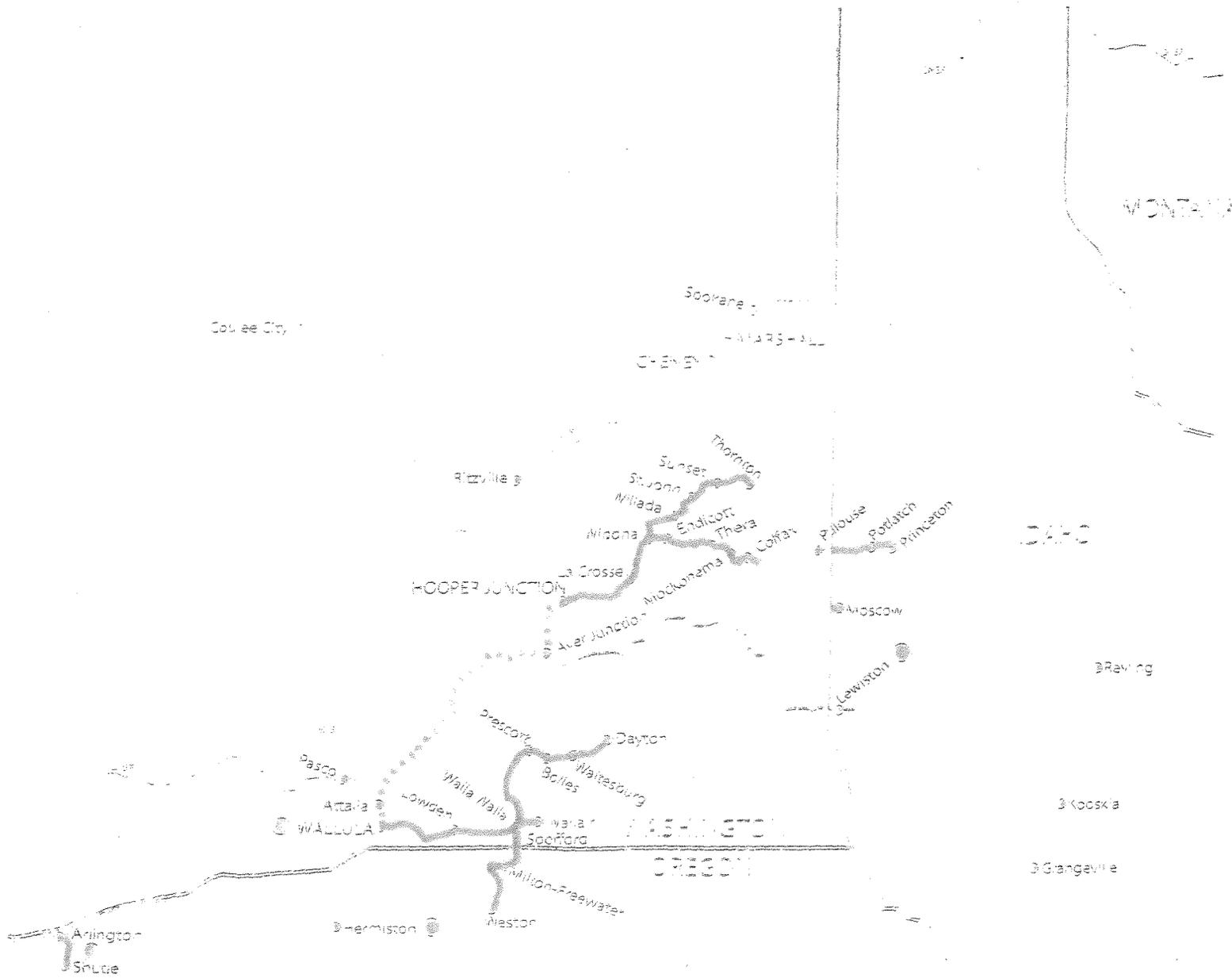


LEGEND:	
Mississip. Southern RR - VISA.	-----
Mississippi Southern RR Trackage Rights	-----
Vicksburg Southern Railroad	-----
	Interchanges - Trackage Rights - Newton
	Mechanical Services

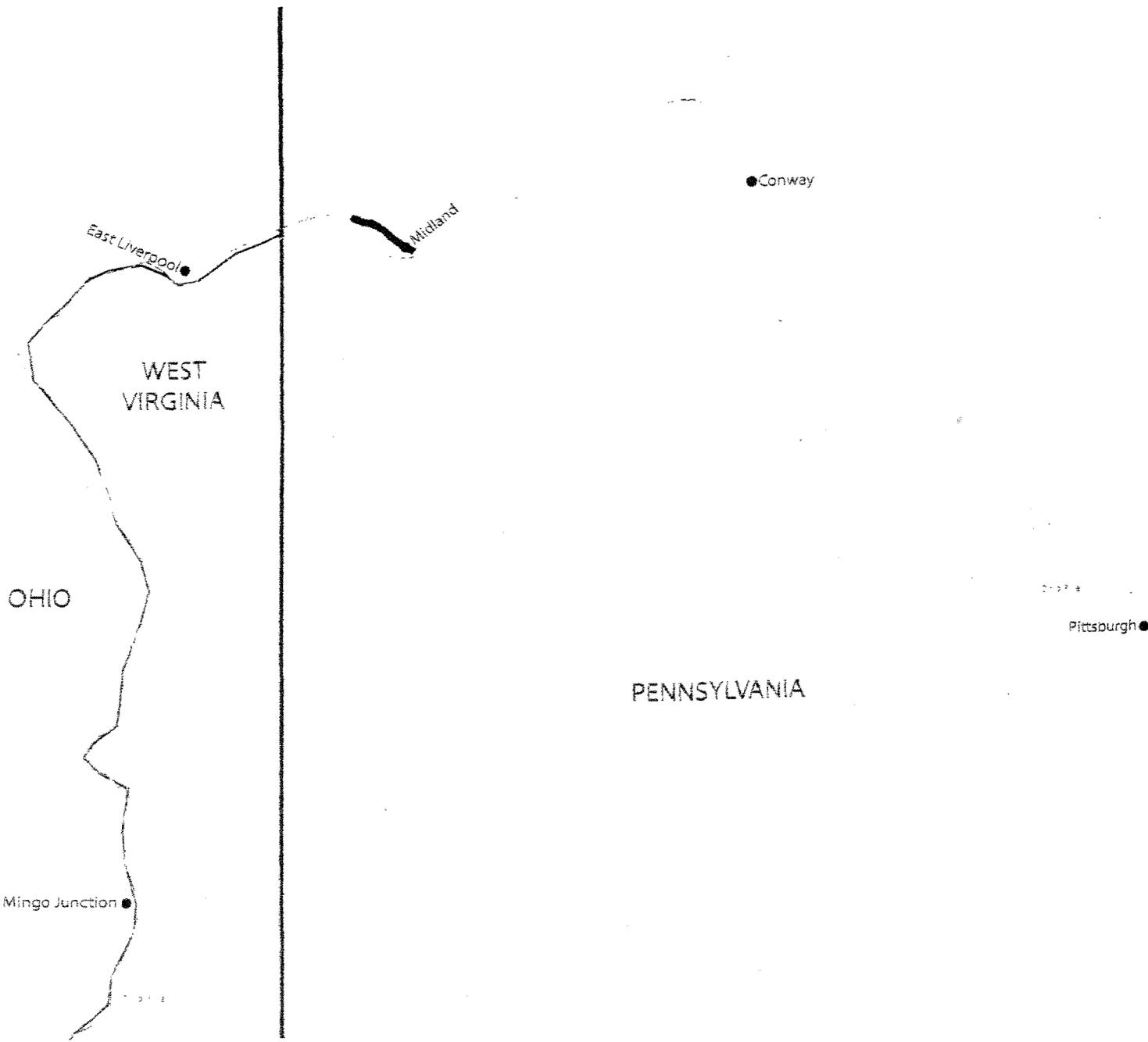
CALIFORNIA



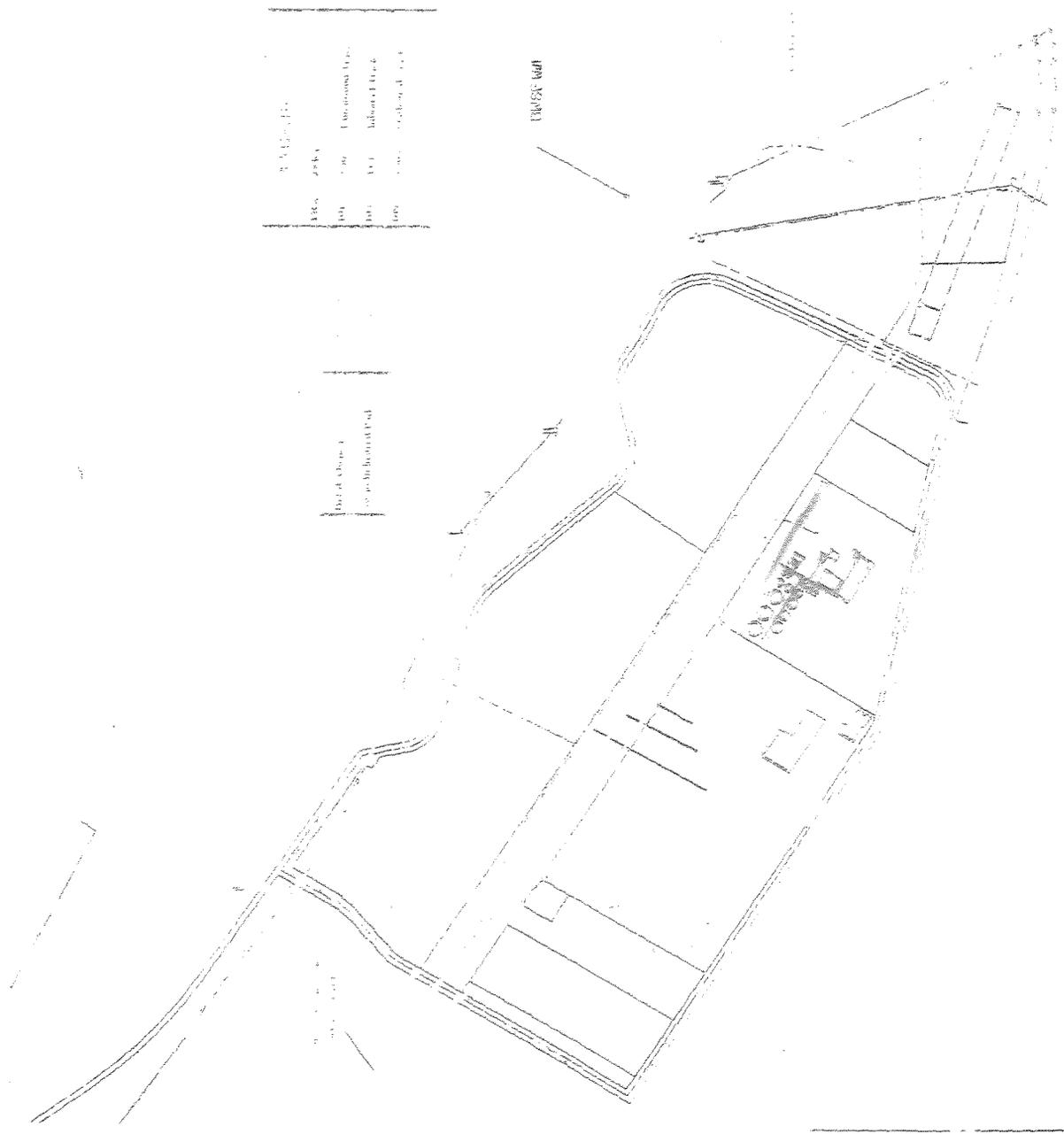
LEGEND:	Interchanges - Track miles 52
Pacific Sun RR route	Switching Services
Switching Services	



LEGEND:	
Palouse River & Coulee City RR occ.	Interchanges - Track miles 000
Palouse River & Coulee City Trackage Rights	Wallula
Great Northwest RR	Hooper Junction, Wallula
Great Northwest RR Trackage Rights	Mechanical Services
Washington and Idaho Railway	Switching Services
Eastern Washington Gateway RR	
BG & CIM Railroad	



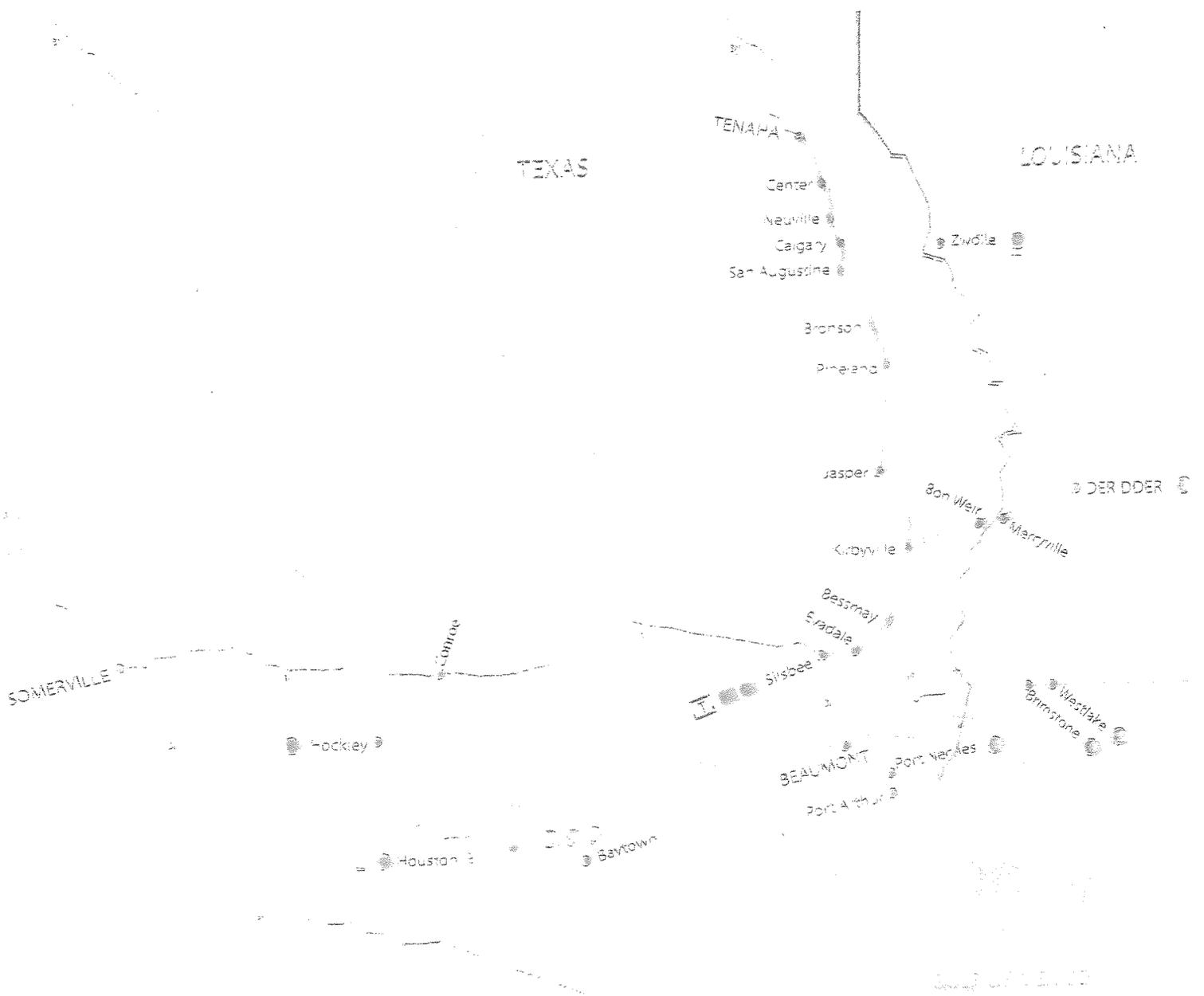
LEGEND:
Pennsylvania Southwestern RR (PSWR) 
Interchanges - Track miles 12
- Midland 



LEGEND	
---	Property Line
---	Proposed Building Footprint
---	Proposed Parking Area
---	Proposed Track
---	Proposed Fencing

SWAN RANCH RAILROAD

Swan Ranch Railroad LLC



LEGEND:

Timber Rock RR (TBR)

Interchanges - Track miles 1.00

I. ● - Tenaha, Silsbee

● - DeRidder

● - Bessmay

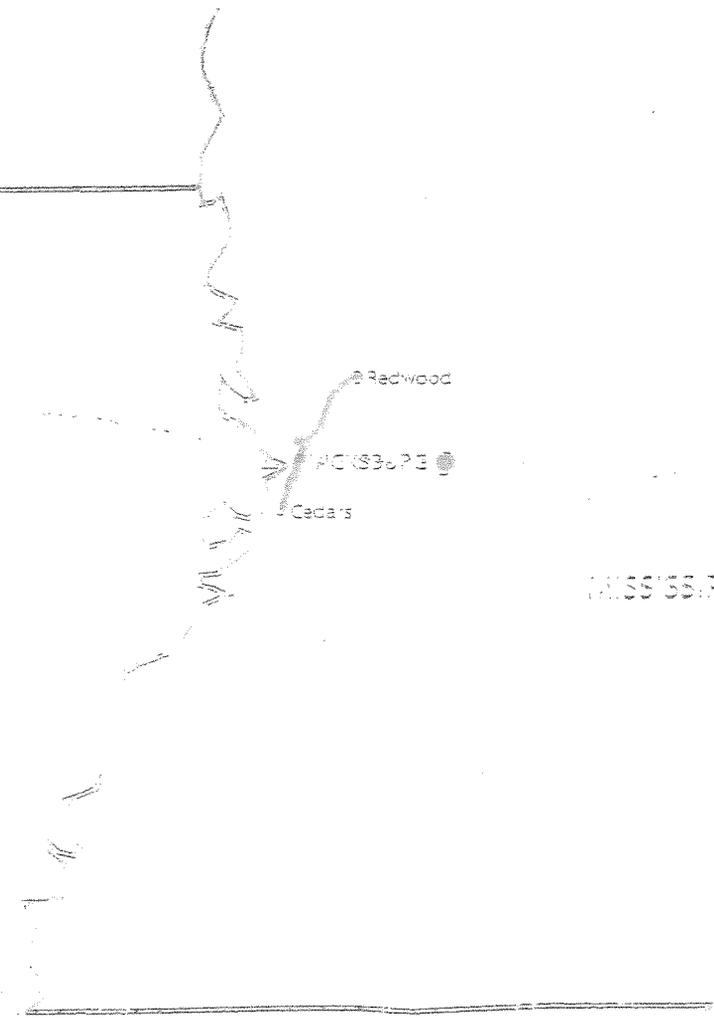
● Mechanical Services

● Switching Services

● Transload/Warehouse Services

● Port Operations

ARKANSAS



LOUISIANA

MISSISSIPPI

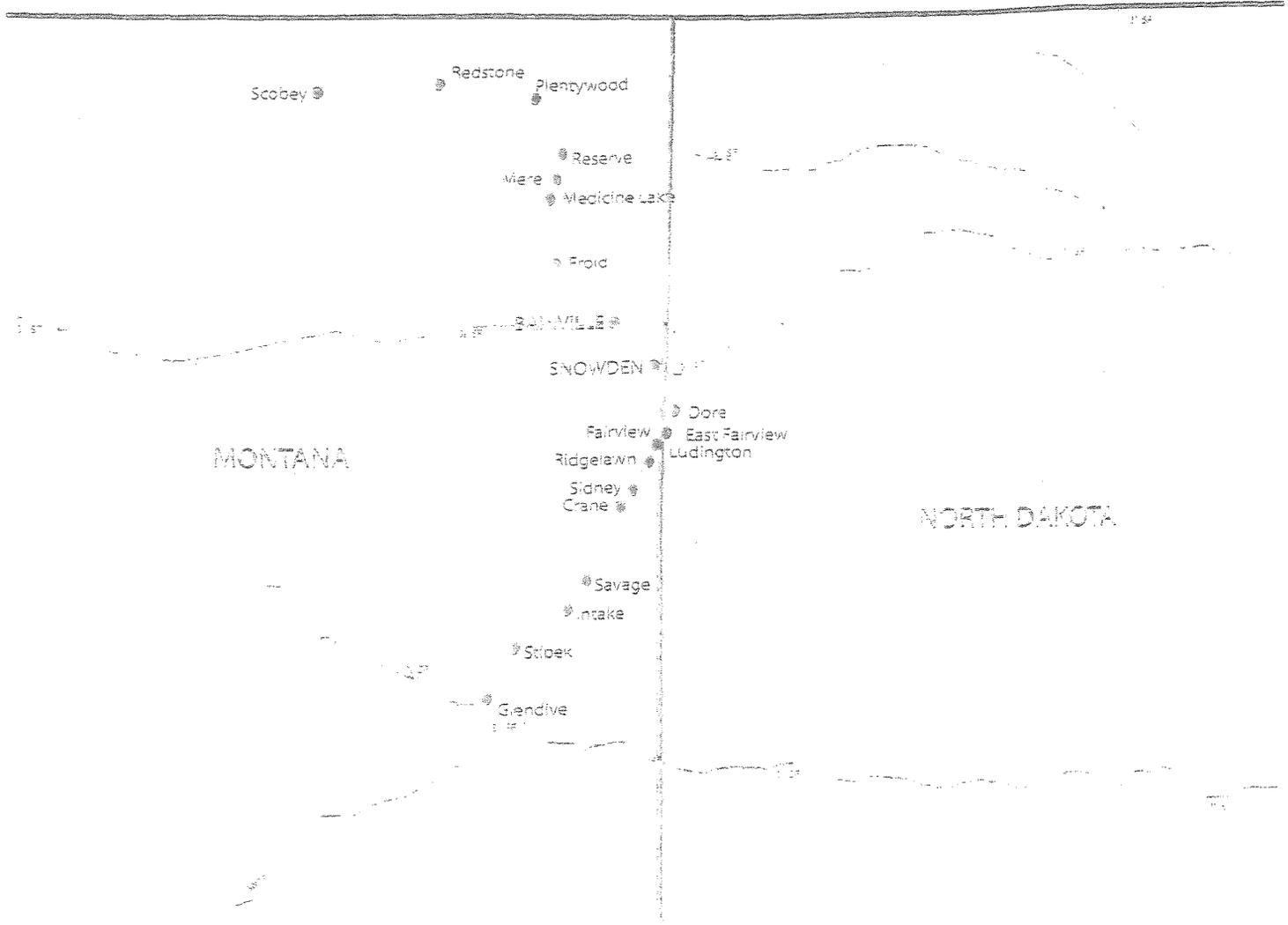
LEGEND:

Vicksburg Southern RR (solid line)

Interchanges - Trade routes (dashed line)
- vicksburg

● Mechanical Services

CANADA



LEGEND:
Yellowstone Valley RR (YSVR)
Yellowstone Valley Trackage Rights
Interchanges - Track miles 172
● - Snowden, Bainville

MINNESOTA

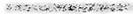
MICHIGAN

WISCONSIN

IOWA

ILLINOIS

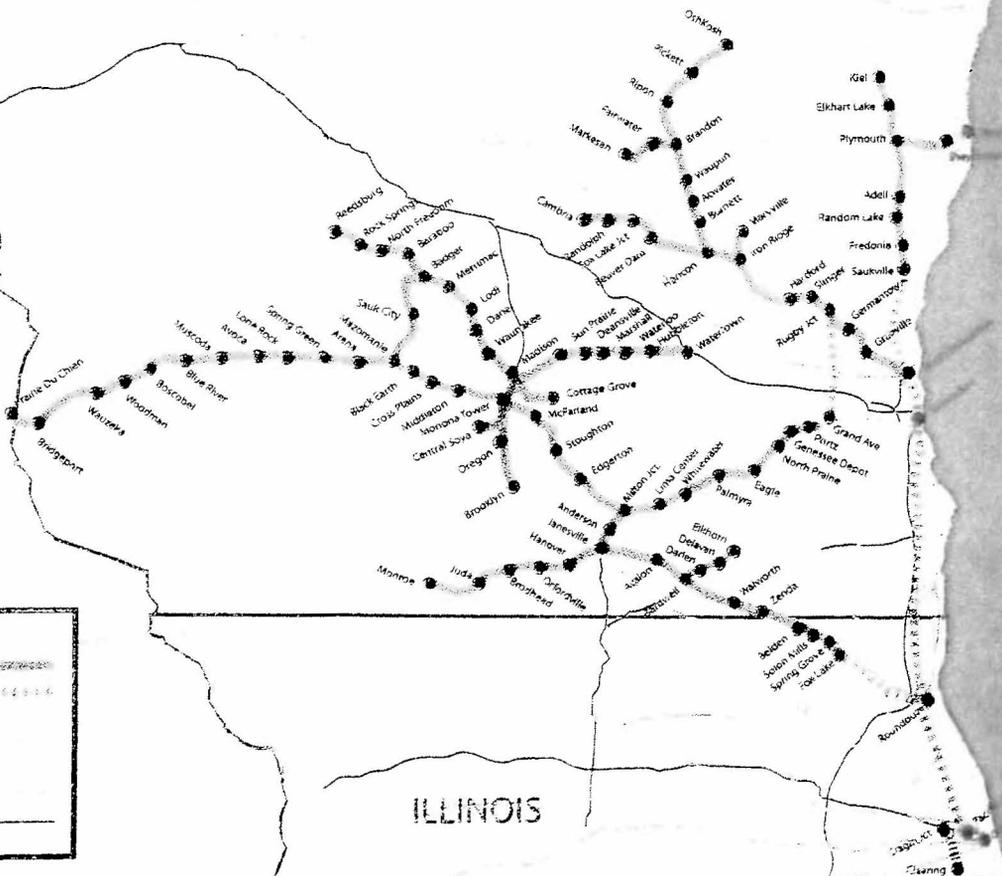
LEGEND:













Date: 04/09/2017 11:50am User: JD Cowlin, Jeanie
 File: 3.1.411_SanAntonio_Mailbox_Visual.dwg



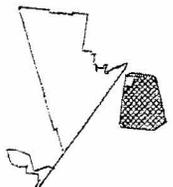
143 BILLY MITCHELL BLVD. STE 6.
 SAN ANTONIO, TX. 78226. 210.362.7800

EAST KELLY RAILPORT RAIL LAYOUT



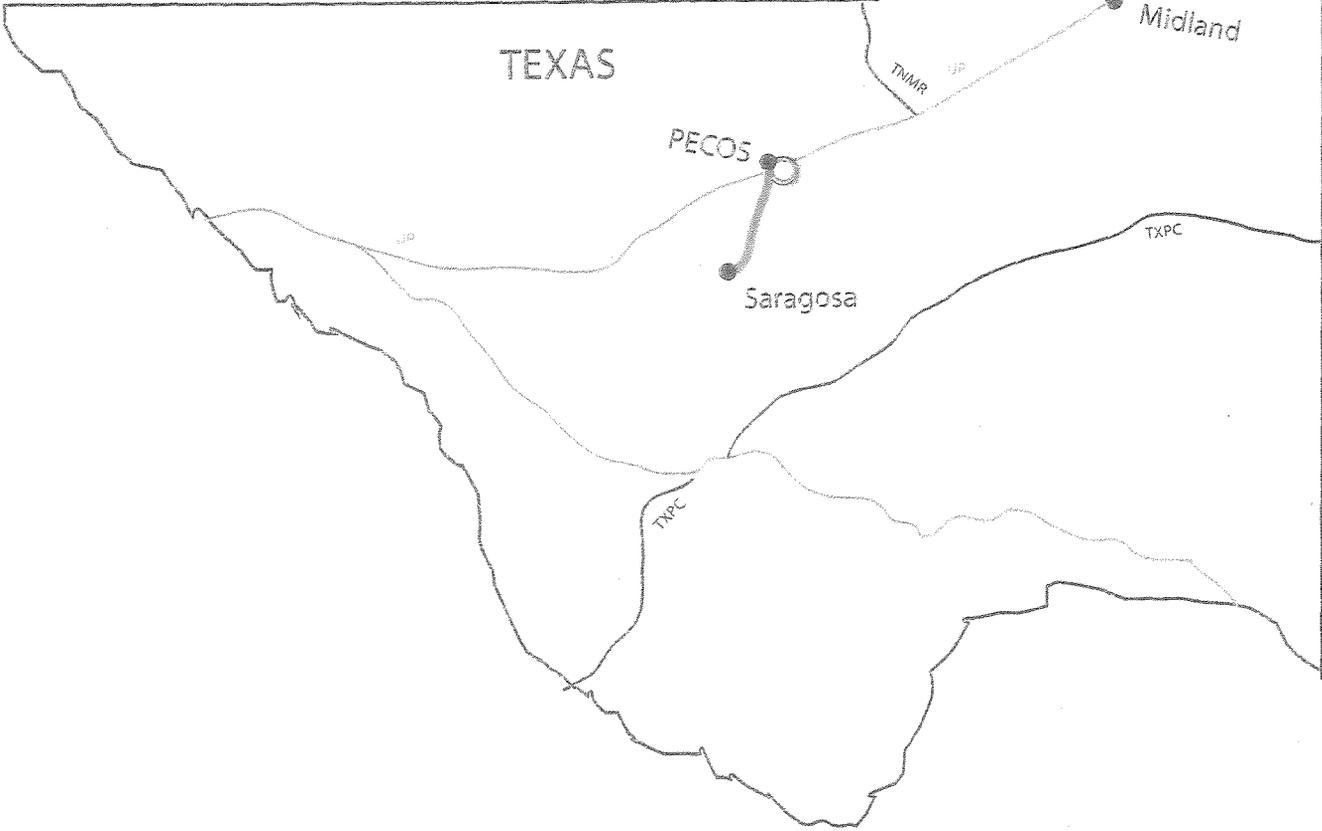
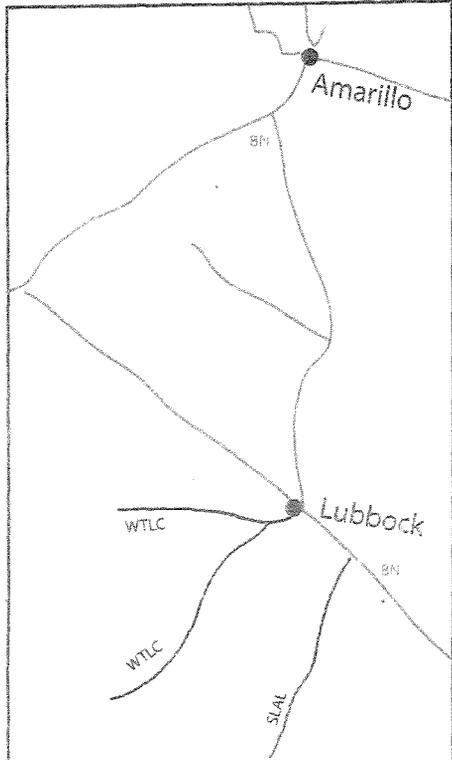
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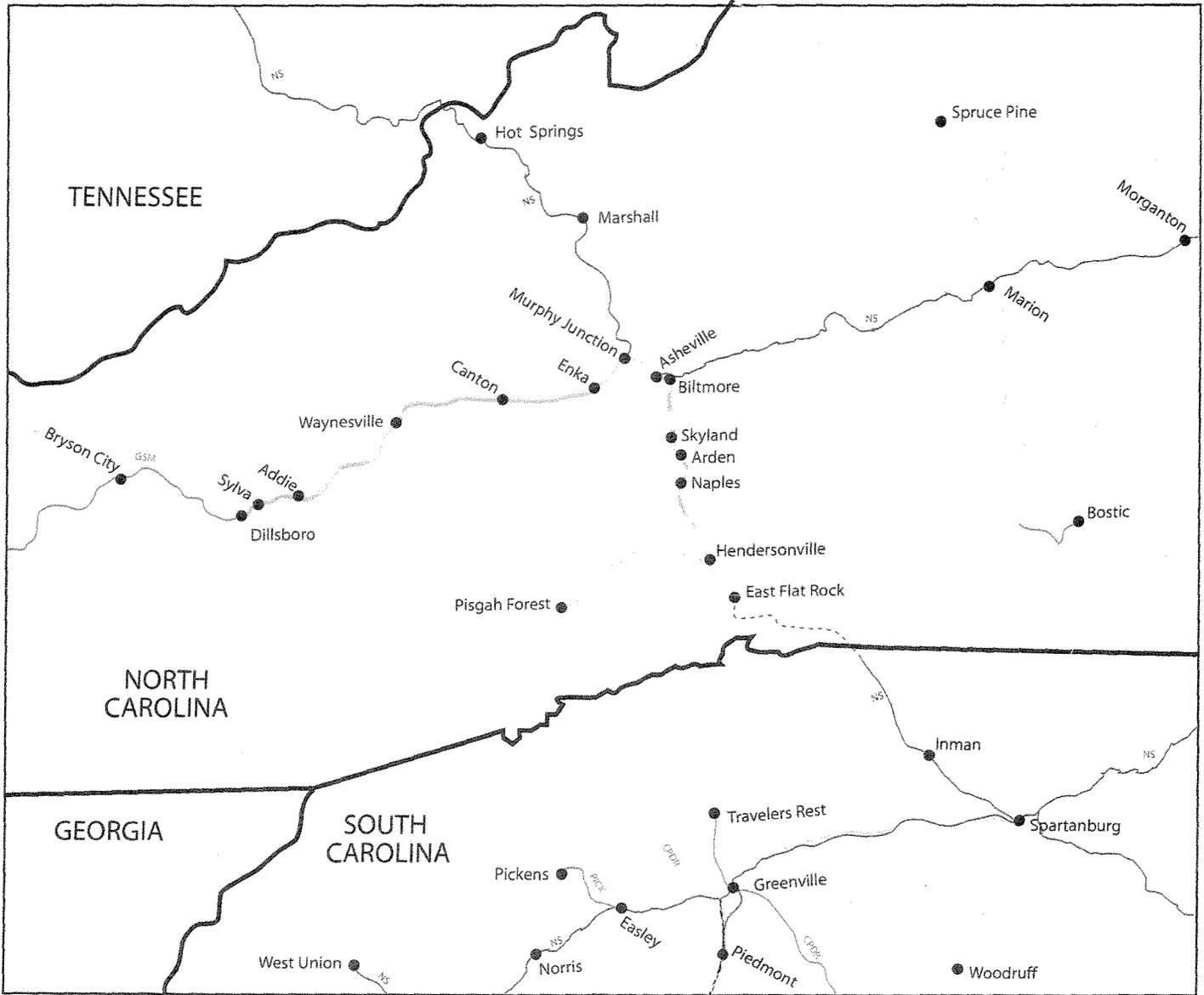
- PORT RAIL - 22967 LF
- TENANT RAIL LINES
- PROPERTY LINE / R.O.W.
- UNION PACIFIC RAIL LINES
- RAIL SWITCH
- DERAIL



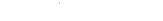
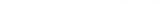
KEYMAP:

LEGEND:
 Pecos Valley Southern Railway (PVSr) 
Interchanges - Track miles 23
 UP - Pecos
 Terminal/Warehouse Services





LEGEND:

- Blue Ridge Southern RR (BLU) 
- Blue Ridge Southern RR (BLU) Trackage Rights 
- Blue Ridge Southern RR (BLU) - Out of Service 
- Norfolk Southern 
- Norfolk Southern - Out of Service 
- CSX 
- Other short lines 

Interchanges - Track miles 91.8
 NS - Asheville

