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Ms. Cynthia T. Brown
Chief of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, N.W.
Washington, DC 20423

**RE: Petition for Waiver of 49 CFR §1150.32(e),
FD 35930, Texas New Mexico Railway, L.L.C.-Acquisition
Exemption-Austin & Northwestern Railroad Company, Inc.**

**Petition for Waiver of 49 CFR §1150.32(e),
FD 35932, Lubbock and Western Railway Company, L.L.C.-
Acquisition and Lease Exemption-West Texas and Lubbock
Railway Company, Inc., and West Texas & Lubbock
Railroad Company, Inc.**

Dear Ms. Brown:

I am writing on behalf of Iowa Pacific Holdings, LLC, and its wholly owned subsidiary, Permian Basin Railways (collectively “IPH”) in connection with and in support of the two above-captioned proceedings. IPH respectfully requests that the Board partially waive the labor notice requirements of 49 CFR §1150.32(e) to enable these transactions to be consummated on or after July 8, 2015.

On May 21, 2015, WATCO Holdings, Inc. (“WATCO”) filed two notices of exemption with the Board for its continuance in control of Texas New Mexico Railway, L.L.C. (“TNMR”) and Lubbock and Western Railway Company, L.L.C. (“LWR”), respectively, and two notices of exemption for TNMR and LWR to acquire and lease two lines of railroad currently owned by IPH subsidiary railroads. Under these transactions IPH will sell to TNMR and LWR, and TNMR

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Ms. Cynthia T. Brown

June 3, 2015

Page 2

and LWR will acquire and lease certain railroad lines IPH subsidiary railroads currently own. But for the requirements of 49 CFR §1150.32(e), these transactions could be consummated by or about June 21, 2015.

IPH files this request because time is of the essence. IPH is committed to acquiring and or operating two new lines of railroad in the very near future. IPH and WATCO had both hoped that they could have reached an agreement for IPH to sell and for WATCO to acquire the lines that are the subject of the above-referenced acquisition and lease proceedings at an earlier date. However, the due diligence work and transaction negotiations took far more time than any of the parties had envisioned. As a result, IPH is under pressure to consummate the two new acquisitions more quickly than it had originally anticipated. In the case of one of those acquisitions, IPH will be required to finance and undertake a substantial amount of track, bridge, and right of way rehabilitation in order to be able to continue rail service to dependent shippers. Accordingly, an expeditious grant of this waiver request will facilitate the preservation of rail service on the two new lines.

IPH notes that the Board has traditionally granted parties relief from the strict requirements of 49 CFR §1150.32(e) when there will be little or no impact on the affected employees or the financial circumstances of the selling carrier required expedition. *See, e.g., Kansas and Oklahoma Railroad, Inc.-Acquisition Exemption-Rail Line of Union Pacific Railroad Company*, FD 34746 (STB served Sept. 15, 2006)(short line purchasing rail line it has been operating under lease); *Central Maine & Quebec Railway US Inc.-Acquisition and Operation Exemption-Montreal, Maine & Atlantic Railway, LTD*, FD 35805 (STB served March 13, 2014)(labor notice requirement waived in its entirety due to dire circumstances of selling carrier and the possibility of a delay in closing could jeopardize rail service). The Board has also on occasion even accelerated the normal 30 day period between the filing of a notice of exemption under 49 CFR §1150.31 and the effective date to accommodate the business and tax needs of the parties. *See, The Great Lake Port Corporation d/b/a Grand River Railway-Acquisition and Operation Exemption-CSX Transportation, Inc.*, FD 35888 (STB served December

Ms. Cynthia T. Brown

June 3, 2015

Page 3

24, 2014)(the Board reduced the notice period from 30 to 18 days because of tax considerations and need to plan for and undertake needed rehabilitation).

Here the parties publicly announced the sale/lease of the subject rail lines on May 18, 2015. Notices of the transaction were posted at the work places of its two subsidiary railroads on May 18. WATCO is committed to employing a substantial number of the people who presently work on the two railroads. IPH will endeavor to offer employment at other company locations to as many of its other affected employees as possible. The affected rail lines do not have a unionized work force subject to a collective bargaining agreement. Moreover, IPH does not foresee any substantial change in operations on either of these railroads in the near future. Neither WATCO nor IPH anticipates that there will be any opposition to either the purchase and lease transactions or to this labor notice request. The flexibility granted by the reduction in the normal 60 day waiting period will give IPH the financial breathing room it needs to fulfill its acquisition commitments for the two other lines of railroad that it will rehabilitate and take over. Because the affected employees will have roughly 50 days of notice of the transaction before it is consummated, it does not appear that the purpose behind the notice requirement would be thwarted by the requested waiver.

Accordingly, IPH requests that the Board partially waive its labor notice requirement under 49 CFR §1150.32(e) to enable these transactions to be consummated on or after July 8, 2015.

Sincerely yours,



John D. Heffner

cc: Mr. Edwin Ellis
Craig Richey, Esq.
Karl Morell, Esq.