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August 6, 2013

234638

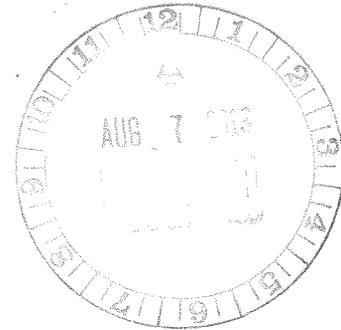
VIA FEDERAL EXPRESS

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20024

FILED

AUG - 7 REC'D

**SURFACE
TRANSPORTATION BOARD**



Re: **Finance Docket No. 35751**
Iowa Interstate Railroad, Ltd. -- Acquisition
Exemption -- Line of BNSF Railway Company

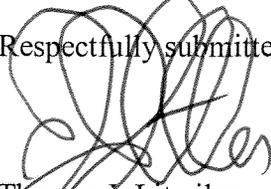
Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Petition for Exemption of Iowa Interstate Railroad, Ltd.**, dated August 6, 2013. A check in the amount of \$6,600, representing the appropriate fee for this filing, and a compact disk containing the text of the Petition in MS Word 2003 format also are enclosed. Please note that expedited consideration of this Petition is requested.

An extra copy of the Petition and of this transmittal letter are included as well. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

Should any questions arise regarding this filing, please feel free to contact me. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,


Thomas J. Litwiler
Attorney for Iowa Interstate Railroad, Ltd.

ENTERED
Office of Proceedings

AUG - 7 2013

Part of
Public Record

TJL:tl

Enclosures

cc: Shippers on Certificate of Service

SEE RECEIVED

AUG - 7 2013

**SURFACE
TRANSPORTATION BOARD**

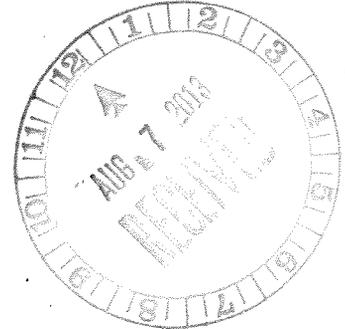
ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

234638

FINANCE DOCKET NO. 35751

IOWA INTERSTATE RAILROAD, LTD.
-- ACQUISITION EXEMPTION --
LINE OF BNSF RAILWAY COMPANY



FILED

AUG - 7 RECD

**SURFACE
TRANSPORTATION BOARD**

**PETITION FOR EXEMPTION OF
IOWA INTERSTATE RAILROAD, LTD.**

EXPEDITED CONSIDERATION REQUESTED

ENTERED
Office of Proceedings

AUG - 7 2013

Part of
Public Record

FILE RECEIVED

AUG - 7 2013

**SURFACE
TRANSPORTATION BOARD**

Lanny M. Van Daele
Corporate Counsel
Iowa Interstate Railroad, Ltd.
5900 6th Street S.W.
Cedar Rapids, Iowa 52404
(319) 298-5405

Thomas J. Litwiler
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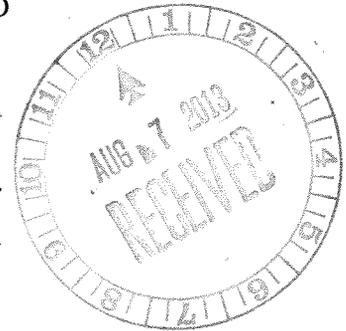
**ATTORNEYS FOR IOWA INTERSTATE
RAILROAD, LTD.**

Dated: August 6, 2013

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35751

IOWA INTERSTATE RAILROAD, LTD.
-- ACQUISITION EXEMPTION --
LINE OF BNSF RAILWAY COMPANY



**PETITION FOR EXEMPTION OF
IOWA INTERSTATE RAILROAD, LTD.**

Pursuant to 49 U.S.C. § 10502 and the regulations of the Surface Transportation Board (the "Board") at 49 C.F.R. § 1121, Iowa Interstate Railroad, Ltd. ("IAIS") submits this petition for an exemption from the prior review and approval requirements of 49 U.S.C. § 10902 for IAIS's acquisition of an approximately 0.75-mile rail line in Council Bluffs, Iowa (the "Bartlett Line") owned by BNSF Railway Company ("BNSF"). IAIS's acquisition of the Bartlett Line will accommodate a significant public works project undertaken by the Iowa Department of Transportation ("IDOT") to reconstruct and reconfigure the interchange of Interstates 29 and 80 in Council Bluffs. Various rail lines of BNSF, IAIS and a third rail carrier will be relocated in connection with the IDOT project, and most of those changes will be the subject of a joint relocation project notice of exemption to be filed by the railroads pursuant to 49 C.F.R. § 1180.2(d)(5). Because the transfer of the Bartlett Line from BNSF to IAIS will result in an change in the service provider for the two active shippers on the Bartlett Line, that component of the project arguably does not fall within the class exemption of 49 C.F.R. § 1180.2(d)(5). IAIS is instead seeking an individual exemption for its proposed acquisition of the Bartlett Line. A copy of this petition has been served on each of the two active shippers on the Bartlett Line. As

demonstrated further below, exemption of this transaction clearly is warranted under the relevant standards of Section 10502.

IAIS seeks expedited consideration of this petition to allow any Board decision approving IAIS's acquisition of the Bartlett Line to be effective no later than November 30, 2013. That is the date on which a series of associated real estate transactions associated with the broader IDOT project are scheduled to close. While the Bartlett Line acquisition will not itself be completed until 2015, the parties wish to assure that all required regulatory approvals are in place prior to the initiation of their various project-related arrangements.

A map showing the Bartlett Line and other rail lines in the vicinity is attached hereto as Exhibit A. In support of this Petition for Exemption, IAIS submits the following:

I. BACKGROUND

A. Identification of Parties

Petitioner IAIS is a Class II common carrier by rail which owns or operates approximately 560 route miles of rail line in the states of Illinois and Iowa. IAIS's principal route extends from Blue Island, Illinois, outside of Chicago, to Council Bluffs. A primary branch line extends from Bureau, Illinois, on the Blue Island-Council Bluffs line, to Peoria, Illinois. Secondary branch lines reach Milan, Illinois and Prairie City, Grimes and Oakland, Iowa. IAIS began operations in 1984, over rail lines previously owned by the bankrupt Chicago, Rock Island & Pacific Railroad Company. See generally Iowa Interstate Railroad, Ltd. -- Lease and Operate -- Exemption, Finance Docket No. 30554 (ICC served October 1, 1984). Most recently, IAIS assumed operation of an 8-mile rail line between Iowa City and Hills, Iowa. See Iowa Interstate Railroad, Ltd. -- Lease Exemption -- Line of Cedar Rapids and Iowa City Railway Company, Finance Docket No. 35562 (STB served January 25, 2012).

IAIS controls the Lincoln & Southern Railroad Company, a non-operating Class III rail carrier which owns a portion of IAIS's Peoria Branch. See Iowa Interstate Railroad, Ltd. -- Acquisition of Control Exemption -- Lincoln & Southern Railroad Company, Finance Docket No. 34942 (STB served December 22, 2006). IAIS is itself owned by RDC Domestic Holdings Corporation, a non-carrier holding company.

The complete name and address of petitioner IAIS is:

Iowa Interstate Railroad, Ltd.
5900 6th Street S.W.
Cedar Rapids, IA 52404
(319) 298-5400

BNSF is a Class I common carrier by rail which owns and operates approximately 32,500 route miles of rail line in 28 western and central states and two Canadian provinces. BNSF is an indirect subsidiary of Berkshire Hathaway, Inc.

B. The Subject Rail Line

The Bartlett Line extends from approximately BNSF milepost 491.00 near 29th Avenue in Council Bluffs to the crossing of the rail line of CBEC Railway, Inc. ("CBEC") at approximately BNSF milepost 491.75 in Council Bluffs, a distance of approximately 0.75 miles. The Bartlett Line is today an integral part of BNSF's Council Bluffs Subdivision, a through route that extends from Pacific Junction, Iowa (on BNSF's east-west main line across Iowa) into the Council Bluffs/Omaha area. As part of IDOT's Interstate 29/80 interchange reconstruction project, the Council Bluffs Subdivision will be relocated onto an alternate alignment further to the east, and BNSF's existing line will be abandoned both north and south of the Bartlett Line. The short rail line segment that comprises the Bartlett Line is being retained in order to preserve rail service to the two shippers located on that segment.

An existing connection between the BNSF and CBEC lines at milepost 491.75 will be realigned in connection with the IDOT project. The connection is immediately adjacent to the north end of IAIS's Council Bluffs Yard, and IAIS has existing rights to operate over CBEC between the IAIS Council Bluffs Yard and the connection to the Bartlett Line, a distance of approximately 0.07 miles.

There are two shippers on the Bartlett Line, Bartlett Grain Company, L.P. ("Bartlett") and Western Engineering Company ("Western"). Bartlett is the more active shipper of the two, generating a significant volume of outbound grain traffic. Western has previously had periodic shipments of aggregate/stone/rock. BNSF currently provides rail service on the line three times per week or on demand, utilizing a crew based in Omaha. As indicated above, IDOT's massive Interstate 29/80 reconstruction project involves the abandonment of BNSF's Council Bluffs Subdivision both north and south of the Bartlett Line, and contemplates that preserved rail service on the Bartlett Line will be provided by IAIS.

C. The Proposed Transaction

BNSF, IAIS, CBEC and/or the City of Council Bluffs have entered into a series of agreements related to the overall Interstate 29/80 interchange reconstruction project, which will involve significant rail line relocations involving BNSF and CBEC and to a lesser extent IAIS.¹ BNSF, CBEC and IAIS anticipate filing a notice of exemption pursuant 49 C.F.R. § 1180.2(d)(5) covering most rail-related aspects of the IDOT project that are subject to the Board's jurisdiction. That notice will be docketed as Finance Docket No. 35755, BNSF Railway Company, CBEC Railway, Inc. and Iowa Interstate Railroad, Ltd. -- Joint Relocation Project Exemption -- In

¹ In addition to Interstates 29 and 80, the IDOT project also involves U.S. Highway 275 and Iowa Highways 92 and 192. The project is identified as IDOT Project Nos. IM-029-2(55)49--13-78 and IMN-029-3(65)54--0E-78.

Council Bluffs, IA. Because the transfer of the Bartlett Line from BNSF to IAIS will involve a change in rail service to the two shippers on that line, IAIS is separately filing this petition for exemption for that component of the IDOT project.²

Pursuant to a Yard Real Estate Transfer Agreement dated May 10, 2013 between BNSF, IAIS, IDOT and the City of Council Bluffs, BNSF will transfer to the City title to the real estate underlying the Bartlett Line, while retaining ownership of the rail trackage itself and a permanent easement over the real estate for rail freight purposes.³ Pursuant to a Freight Easement Sale Agreement between BNSF and IAIS, also dated May 10, 2013, IAIS proposes to acquire the Bartlett Line trackage and the permanent real estate easement from BNSF. That transaction is expected to be completed sometime in 2015, pending completion, as part of the overall IDOT Interstate 29/80 project, of the connecting track reconfigurations between the

² 49 C.F.R. § 1180.2(d)(5) covers joint projects that will not "disrupt" service to shippers. While IAIS's assumption of operations on the Bartlett Line will preserve and enhance, rather than "disrupt," service to existing Bartlett Line shippers, IAIS reads the regulation as excluding from the scope of the joint relocation project exemption any transactions that involve a change in the existing rail service provider. Compare Consolidated Rail Corporation and CSX Transportation, Inc. -- Transfer of Ownership -- In Stark and Summit Counties, OH, Finance Docket No. 31432 (ICC served September 12, 1989) at 2 & n.2.

³ Attached as Exhibit B is the form of the deed that will be provided by BNSF to the City, showing the permanent easement that BNSF will retain. Because the City is simply acquiring title to the property under the Bartlett Line, without obtaining any interest in the rail line itself, the BNSF-City transaction does not implicate any so-called "State of Maine" considerations under the holding in Maine Dept. of Transp. -- Acq. & Oper. Exempt. -- Maine Cent. R. Co., 8 I.C.C.2d 835 (1991) and its progeny. See State of Texas, Department of Transportation -- Petition for Declaratory Order Regarding Highway Construction In Tarrant County, TX, Finance Docket No. 32589 (ICC served February 7, 1995) at 4 ("This transaction does not implicate State of Maine. It involves only the sale of underlying real estate (including right-of-way) and the retention of an easement providing [the railroad] permanent, unconditional, unrestricted access to the line along with the right to operate and maintain it."); see also, e.g., Southern Pacific Transportation Company -- Abandonment Exemption -- In Fresno County, CA, Docket No. AB-12 (Sub-No. 179X) (ICC served May 8, 1995) at 3; Seminole Gulf Railway, Inc. -- Abandonment Exemption -- In Lee County, FL, Docket No. AB-400 (Sub-No. 2X) (ICC served December 22, 1994) at 4. Much of the fee title to railroad rights-of-way in the United States is held by an entity other than the railroad.

Bartlett Line and the CBEC line at milepost 491.75. At that time, IAIS will assume operation and maintenance of the Bartlett Line, and BNSF's operations will cease.

IAIS will provide service on the Bartlett Line using a crew based at IAIS's adjacent Council Bluffs Yard. The close proximity of IAIS yard and crew resources to the Bartlett Line will allow IAIS to be responsive to the shipping needs of the two shippers on the line, and IAIS anticipates providing service on the line 5-7 days per week as warranted. IAIS believes that both of the shippers on the Bartlett Line support the proposed acquisition,⁴ and a copy of this petition is being served on those shippers.

II. JURISDICTION AND STATUTORY STANDARDS

Pursuant to 49 U.S.C. § 10902, enacted by the ICC Termination Act of 1995,⁵ a Class II rail carrier may acquire a line of railroad from another carrier if the Board finds that the acquisition is not inconsistent with public convenience and necessity. 49 U.S.C. § 10902(a), (c). Under 49 U.S.C. § 10502, however, the Board must exempt a transaction from regulation under Part A of Subtitle IV of Title 49 of the U.S. Code (including Section 10902) if the Board finds that: (1) regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. § 10101; and (2) either (a) the transaction is of limited scope or (b) regulation is not necessary to protect shippers from the abuse of market power.

In enacting the Staggers Rail Act of 1980, Congress made clear its intent that the Interstate Commerce Commission would use its expanded exemption authority under former Section 10505 to free certain transactions and service from the administrative and financial costs associated with continued regulation:

⁴ As part of the IDOT project, Bartlett has agreed with IAIS to amend and restate an existing Industrial Track Agreement between BNSF and Bartlett.

⁵ Pub. L. No. 104-88, 109 Stat. 803 (1995).

The policy underlying this provision is that while Congress has been able to identify broad areas of commerce where reduced regulation is clearly warranted, the Commission is more capable through the administrative process of examining specific regulatory provisions and practices not yet addressed by Congress to determine where they can be deregulated consistent with the policies of Congress. The conferees expect that, consistent with the policies of this Act, the Commission will pursue partial and complete exemption from remaining regulation.

H.R. Conf. Rep. No. 1430, 96th Cong. 2d Sess. 105 (1980). Congress reaffirmed this policy in the conference report accompanying the ICC Termination Act of 1995, which reenacted the existing exemption provisions as Section 10502. H.R. Conf. Rep. No. 422, 104th Cong. 1st Sess. 168-169 (1995).

An exemption from the requirements of Section 10902 for IAIS's acquisition of the Bartlett Line would be fully consistent with the standards set forth in Section 10502. Detailed scrutiny of the transaction, through an application for review and approval under Section 10902, is unnecessary to carry out the rail transportation policy of 49 U.S.C. § 10101. In fact, exemption from such review and approval would further several of the objectives established in the transportation policy. Moreover, the proposed transaction is of limited scope and will not result in any abuse of market power.

III. EXEMPTION CRITERIA

A. Regulation Is Not Necessary to Carry Out the Rail Transportation Policy Of 49 U.S.C. § 10101

IAIS's acquisition of the Bartlett Line is wholly consistent with the rail transportation policy outlined in 49 U.S.C. § 10101. The proposed transaction will allow IAIS to provide continued and efficient rail service to shippers on the Bartlett Line, and preserve the long-term viability of operations on the line. As such, exemption will promote the continuation of a sound rail system to meet the needs of the public. 49 U.S.C. § 10101(4). IAIS's acquisition

of the Bartlett Line will accommodate the important public interest benefits associated with IDOT's Interstate 29/80 interchange reconstruction project, and help simplify the relocation of rail lines and operations that are necessitated by that project. Thus, the transaction also will promote efficiency, coordination and competition among rail carriers and other transport modes. See 49 U.S.C. §§ 10101(4), (5) and (9).

Granting the relief sought herein will advance several other goals enumerated in the rail transportation policy as well. Section 10101 provides that the Board should minimize the need for federal regulatory control over the rail transportation system, reduce the barriers to entry into and exit from the rail transportation industry and provide for the expeditious resolution of all proceedings. 49 U.S.C. §§ 10101(2), (7) and (15). The statutory exemption contained in Section 10502 obviates the need for the expensive and time-consuming processes attendant to a proceeding under Section 10902. By limiting the level of regulatory review of this transaction and by relying upon the adequate and more expeditious exemption procedure, the Board would minimize the burden of unnecessary regulation on this transaction. E.g., Livonia, Avon & Lakeville Railroad Corporation -- Acquisition and Operation Exemption -- Line of Consolidated Rail Corporation, Finance Docket No. 32754 (STB served March 11, 1996) at 4.

B. Regulation Is Not Necessary to Protect Shippers From an Abuse of Market Power

IAIS's acquisition of the Bartlett Line will have no adverse impact on competition. No shipper will lose access to rail service, and operations to be conducted by IAIS will simply replace those previously performed by BNSF. Indeed, as indicated above, IAIS should be well-positioned to respond to the service needs of the two shippers on the Bartlett Line. The relevant agreements governing the Bartlett Line transaction do not contain any provision that would limit IAIS's future interchange of traffic to or from the line with a third-party connecting carrier. See

49 C.F.R. § 1121.3(d). Because approval of the proposed acquisition will not lessen competition or transportation options for any affected shippers, the transaction satisfies the market abuse standard set forth in 49 U.S.C. § 10502(a)(2)(B).

C. The Transaction Is Limited in Scope

Because regulation is not necessary to protect shippers from an abuse of market power, IAIS need not demonstrate that the proposed transaction is of limited scope. 49 U.S.C. § 10502(a)(2); Fort Worth & Western Railroad Company, Inc. -- Lease Exemption -- St. Louis Southwestern Railway Company, Finance Docket No. 32955 (STB served September 5, 1996) at 3. Nevertheless, it is clear that IAIS's acquisition of the Bartlett Line satisfies this criterion as well. The proposed transaction involves the acquisition of a short, 0.75-mile rail line segment in a single city by an established carrier which already conducts significant operations in the area. There are only two active shippers on the line, and no diminishment of service levels will occur. Accordingly, the Board should find that this transaction is of limited scope within the meaning of Section 10502(a)(2)(A).

IV. LABOR PROTECTION

Under 49 U.S.C. § 10502(g), the Board may not exempt a rail carrier from otherwise applicable employee protection obligations. The applicable level of labor protection for this transaction is that specified by 49 U.S.C. § 10902(d) and Wisconsin Central Ltd. -- Acq. Exem. -- Union Pacific R. Co., 2 S.T.B. 218 (1997), rev'd in part sub nom. Association of Amer. Railroads v. STB, 162 F.3d 101 (D.C. Cir. 1998). IAIS's acquisition of the Bartlett Line from BNSF is not expected to result in the dismissal of any BNSF employees.

IAIS will shortly post and serve the 60-day labor notice required by 49 C.F.R. § 1121.4(h), and will certify its compliance with those requirements to the Board.

V. ENVIRONMENTAL ASSESSMENT

A petition for exemption must comply with the Board's environmental reporting requirements, if applicable. 49 C.F.R. § 1121.3(b). Under 49 C.F.R. § 1105.6(c)(2), IAIS's proposed acquisition of the Bartlett Line is exempt from environmental reporting requirements. The proposed acquisition will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds of 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed acquisition of the Bartlett Line by IAIS also is exempt from historic preservation reporting requirements. IAIS's acquisition of the line is for the purpose of continuing rail operations. Further Board approval would be required as a prerequisite to any abandonment by IAIS, and there are no plans in connection with this transaction to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older.

VI. EXPEDITED CONSIDERATION

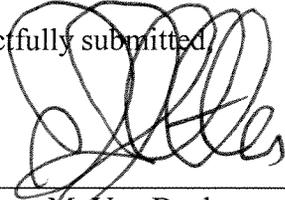
The various agreements executed by IDOT, BNSF, IAIS, CBEC and the City of Council Bluffs with respect to the Interstate 29/80 interchange reconstruction project require the completion of certain rail-related property transactions by November 30, 2013. While the proposed Bartlett Line acquisition will not close until sometime in 2015, the parties wish to have all required regulatory authorizations in place prior to the initiation of transactions on November 30. The joint relocation project notice of exemption to be filed by BNSF, CBEC and IAIS in Finance Docket No. 35755 will be submitted sufficiently in advance to become effective by the November 30th deadline. IAIS is filing this petition before the joint relocation notice in order to accommodate the additional time necessary for considering an individual exemption request.

IAIS accordingly requests that this petition be given expedited consideration to the extent necessary to allow any exemption granted hereunder to be effective by November 30.

WHEREFORE, IAIS respectfully requests that the Board grant an exemption from the provisions of 49 U.S.C. § 10902 for IAIS's acquisition of BNSF's 0.75-mile Bartlett Line in Council Bluffs, Iowa, to be effective no later than November 30, 2013.

Respectfully submitted,

By: _____


Lanny M. Van Daele
Corporate Counsel
Iowa Interstate Railroad, Ltd.
5900 6th Street S.W.
Cedar Rapids, Iowa 52404
(319) 298-5405

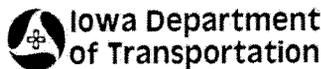
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Fletcher & Sippel LLC
29 North Wacker Drive
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Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR IOWA INTERSTATE
RAILROAD, LTD.**

Dated: August 6, 2013



**Finance Docket
No. 35751**



Prepared by: Treva T. Petersen, Office of Right of Way, IDOT, 800 Lincoln Way, Ames, IA 50010, 515-239-1269
Return to: Treva T. Petersen, Office of Right of Way, IDOT, 800 Lincoln Way, Ames, IA 50010, 515-239-1269
Address Tax Statements:(Tax Exempt - Iowa Code Section 427.1 Office of Right of Way, 800 Lincoln Way, Ames, IA 50010/Council Bluffs City Clerk's Office, 209 Pearl Street, Council Bluffs, IA 51503-4270)(Treasurer, CBEC Railway, Inc., 666 Grand Avenue, P. O. Box 657, Des Moines, IA 50303-0657

QUITCLAIM DEED

For the consideration of MUTUAL BENEFIT and other valuable considerations in hand paid by Iowa Department of Transportation, **BNSF RAILWAY COMPANY** (formerly known as The Burlington Northern and Santa Fe Railway Company/The Atchison, Topeka and Santa Fe Railway Company, and as Burlington Northern Railroad Company, which was formerly named Burlington Northern, Inc., successor in interest by merger with Chicago, Burlington & Quincy Railroad Company on March 2, 1970), a Delaware corporation, whose address for purposes of this instrument is 2650 Lou Menk Drive, Fort Worth Texas, 76131, Grantor, does hereby quitclaim to (the **STATE OF IOWA**)(the **CITY OF COUNCIL BLUFFS, IOWA**)(**IOWA INTERSTATE RAILROAD, Ltd.**, a Delaware corporation), Grantee, all its right, title, estate, claim and demand in the following described real estate in Pottawattamie County, Iowa:

THE RIGHTS, TITLE, CLAIM, INTEREST, IF ANY, GRANTED IS TO LAND DESCRIBED AS FOLLOWS:

A parcel of land located in the $\frac{1}{4}$ $\frac{1}{4}$ of Section , Township North, Range , West of the 5th P.M., Pottawattamie County, Iowa, as shown on Acquisition Plat Attachment "A" attached hereto and by this reference made a part hereof, more particularly described as follows:

(insert description); containing (sq. ft.) (0. acre).

[Excepting and reserving therefrom a Permanent Easement for all freight rail operating purposes, and all railway trackage and associated appurtenances now located on the Property owned by BNSF.]

[Grantee acknowledges and agrees that the reserved Permanent Easement is freely transferable, and that Grantor intends to transfer the reserved Permanent Easement to Iowa Interstate Railroad, Ltd., a Delaware corporation.]

[NOTE: these two paragraphs must be added to the QCDs for Parcels B-3 and B-4 that BNSF is conveying to the City.]

[This conveyance to IAIS includes but is not limited to the Permanent Easement for freight rail operating purposes previously reserved in BNSF and all railway trackage and associated appurtenances now located on the Property owned by BNSF.]
[NOTE: this paragraph must be added to the QCDs for Parcels D-1 and D-2 that BNSF is conveying to IAIS.]

[The Permanent Easement for freight rail operating purposes shall continue so long as the tracks within the easement provide direct access to an operating railroad shipper or receiver. The Permanent Easement shall terminate should the railroad shippers or receivers permanently cease to operate, or by mutual agreement of the parties, but in any case only after appropriate and effective abandonment authorization has been obtained from the Surface Transportation Board or any successor governmental entity having regulatory jurisdiction over railroad common carrier operations and obligations. The term "permanently cease to operate" shall mean that business activities result in no revenue carloads shipped or received for a period of one calendar year.]

EXHIBIT 2 Page 1 of 4

BNSF _____ Council Bluffs, IA

ACCEPTED:

**(STATE OF IOWA
IOWA DEPARTMENT OF TRANSPORTATION**

By: _____
Martin J. Sankey, Right of Way Director)

**(CITY OF COUNCIL BLUFFS, IOWA
PUBLIC WORKS DEPARTMENT**

By: _____
Greg Reeder, Director)

(IOWA INTERSTATE RAILROAD, Ltd., a Delaware corporation

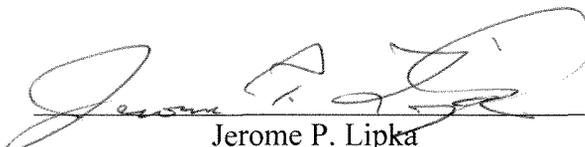
By: _____
____, _____)

EXHIBIT 2 Page 3 of 4

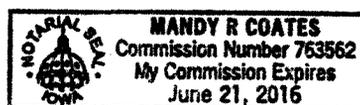
VERIFICATION

State of Iowa)
) SS:
County of Linn)

Jerome P. Lipka, being duly sworn, deposes and says that he is President and Chief Executive Officer of Iowa Interstate Railroad, Ltd., that he has read the foregoing Petition for Exemption and knows the facts asserted therein, and that the same are true as stated.


Jerome P. Lipka

SUBSCRIBED AND SWORN TO
before me this 23 day
of July, 2013.




Notary Public

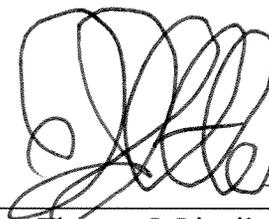
My Commission expires: 6/21/2016

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of August, 2013, a copy of the foregoing **Petition for Exemption of Iowa Interstate Railroad, Ltd.** was served by first class mail, postage prepaid, upon:

Mr. Joe Griffith
General Manager
Bartlett Grain Company, L.P.
4900 Main Street, Suite 1200
Kansas City, MO 64112

Mr. J. William Lemons
Chairman and Chief Executive Officer
Western Engineering Company
1149 West Highway 44
P.O. Box 350
Harlan, IA 51537



Thomas J. Litwiler