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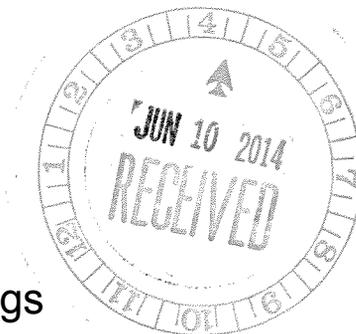
June 10, 2014

236167

By Hand-Delivery

Cynthia T. Brown
 Chief, Section of Administration
 Office of Proceedings
 Surface Transportation Board
 395 E Street, S.W.
 Washington, D.C. 20423

**ENTERED
 Office of Proceedings
 June 10, 2014
 Part of
 Public Record**



Re: Finance Docket No. 35834, Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7), *Dakota, Minnesota & Eastern Railroad Corporation—Trackage Rights Exemption—Soo Line Railroad Company*

Dear Ms. Brown:

Enclosed for filing in the above-referenced proceeding are an original and ten (10) copies of a Verified Notice of Exemption (the "Notice") filed by Dakota, Minnesota & Eastern Railroad Corporation pursuant to 49 C.F.R. §§ 1180.2(d)(7) and a check in the amount of \$1,200.00 for the required filing fee. Also enclosed, in accordance with 49 C.F.R. § 1180.6(a)(6), are twenty (20) unbound copies of the maps submitted as Exhibit 1 to the Notice. Three disks containing an electronic version of the Notice in searchable pdf format are also enclosed.

Sincerely,



Hanna M. Chouest

HMC:aat
 Enclosures

**FILED
 June 10, 2014
 SURFACE
 TRANSPORTATION BOARD**

**FEE RECEIVED
 June 10, 2014
 SURFACE
 TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 35834

**DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION
—TRACKAGE RIGHTS EXEMPTION—
SOO LINE RAILROAD COMPANY**

VERIFIED NOTICE OF EXEMPTION

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**Attorneys for Dakota, Minnesota &
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Dated: June 10, 2014

Filing Contains Color Images

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 35834

**DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION
—TRACKAGE RIGHTS EXEMPTION—
SOO LINE RAILROAD COMPANY**

VERIFIED NOTICE OF EXEMPTION

Dakota, Minnesota & Eastern Railroad Corporation (“DM&E”) files this Verified Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1180.2(d)(7) for overhead and local trackage rights over approximately 119.0 +/- miles of the Rail Line (“Line”) owned and operated by Soo Line Railroad Company (“SOO”) between Bluff, MN (previously known as La Crescent, MN) and Columbia, WI. The parties have entered into a written trackage rights agreement, which is attached hereto as Exhibit 2.

Pursuant to the Surface Transportation Board’s (the “Board’s”) regulations at 49 C.F.R. § 1180.4(g), DM&E submits the following information.

Section 1180.6(a)(1)(i) – Summary of the Proposed Transaction

The proposed transaction, along with the transaction in Docket No. 35833, is part of an exchange of nonexclusive trackage rights between two affiliated rail carriers that is intended to allow more fluid and efficient operations over both carriers. DM&E and SOO are affiliated railroads under common control pursuant to authority granted by the Board in *Canadian Pacific Ry. Co.—Control—Dakota, Minnesota & Eastern R.R. Co.*, Fin. Docket No. 35081 (Sept. 30, 2008). SOO’s Tomah Subdivision and DM&E’s Marquette Subdivision connect at Bluff, MN (previously known as La Crescent, MN).

In this proceeding, DM&E proposes to acquire trackage rights between SOO's connection with the DM&E at mile post 159.0 +/- on DM&E's Marquette Subdivision at or in the vicinity of Bluff, MN, over SOO's Tomah Subdivision and Watertown Subdivision to the connection with SOO's M&P Subdivision and over the M&P Subdivision to mile post 7.0 at or in the vicinity of Columbia, WI. DM&E's trackage rights will include the right to conduct both overhead and local service, including the right to perform pickups and setoffs at customer facilities over the Line. A parallel trackage rights agreement in which SOO would acquire trackage rights over DM&E's Marquette Subdivision is the subject of the Verified Notice of Exemption being filed concurrently in Docket No. 35833.

Dakota, Minnesota, and Eastern Railroad Corporation's business address is 120 South Sixth Street, Suite 1000, Minneapolis, Minnesota 55402. Questions regarding this transaction can be addressed to the counsel identified on the cover page of the notice.

Section 1180.6(a)(1)(ii) – Consummation Date

This transaction will be consummated on or immediately after the date that the exemption becomes effective.

Section 1180.6(a)(1)(iii) – Purpose of the Transaction

The purpose of the transaction is to promote the more efficient and economical movement of freight by allowing DM&E continued handling of traffic between DM&E's Marquette Subdivision and SOO's Tomah, Watertown, and M&P Subdivisions.

Section 1180.6(a)(5) – States in Which Property is Situated.

DM&E operates or possesses property rights in the following States: Illinois, Iowa, Minnesota, Missouri, and Wisconsin. SOO operates or possesses property rights in the following States: Illinois, Indiana, Michigan, Minnesota, Montana, Ohio, North Dakota, South Dakota, and Wisconsin.

Section 1180.6(a)(6) – Map

A map of the Line is provided as Exhibit 1.

Section 1180.6(a)(7)(ii) – Agreements

A copy of the trackage rights agreement is attached as Exhibit 2.

Section 1180.4(g)(1)(i) – Labor Protection

Although DM&E does not anticipate that any employees will be adversely affected by this transaction, it recognizes that employees who are adversely affected by this transaction are entitled to protection under the conditions imposed in *Norfolk & W. Ry. Co. -- Trackage Rights -- Burlington N., Inc.*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc. -- Lease and Operate -- Cal. W. R.R.*, 360 I.C.C. 653 (1980).

Section 1180.4(g)(2)(i) – Caption Summary

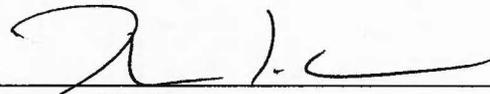
A caption summary of this transaction suitable for publication in the *Federal Register* is attached as Exhibit 3.

Section 1180.4(g)(3) – Environmental and Historical Documentation

Environmental and historical documentation are not required for this transaction.

Pursuant to 49 C.F.R. § 1105.6(c)(4), no environmental documentation should be required because this proceeding involves authority for trackage rights that will not result in significant changes in operations that would exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (e)(5). Moreover, no historic report is required because the transaction is a proposal for trackage rights that will not substantially change the level of maintenance of railroad property. *See* 49 C.F.R. § 1105.8(b)(3).

Respectfully submitted,



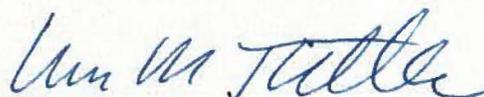
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1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000

Attorneys for Dakota, Minnesota & Eastern
Railroad Corporation

Dated: June 10, 2014

VERIFICATION

I, William M. Tuttle, state that I am Vice President Corporate of Dakota, Minnesota & Eastern Railroad Corporation and that I am an officer duly authorized to execute, verify and file this Verified Notice of Exemption. I have knowledge of the matters contained herein, and the statements made herein are true and correct to the best of my knowledge, information and belief.



William M. Tuttle

Subscribed and sworn to before me this 10 day of June 2014.



Notary Public

My Commission expires: _____

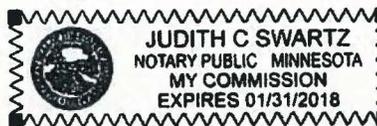
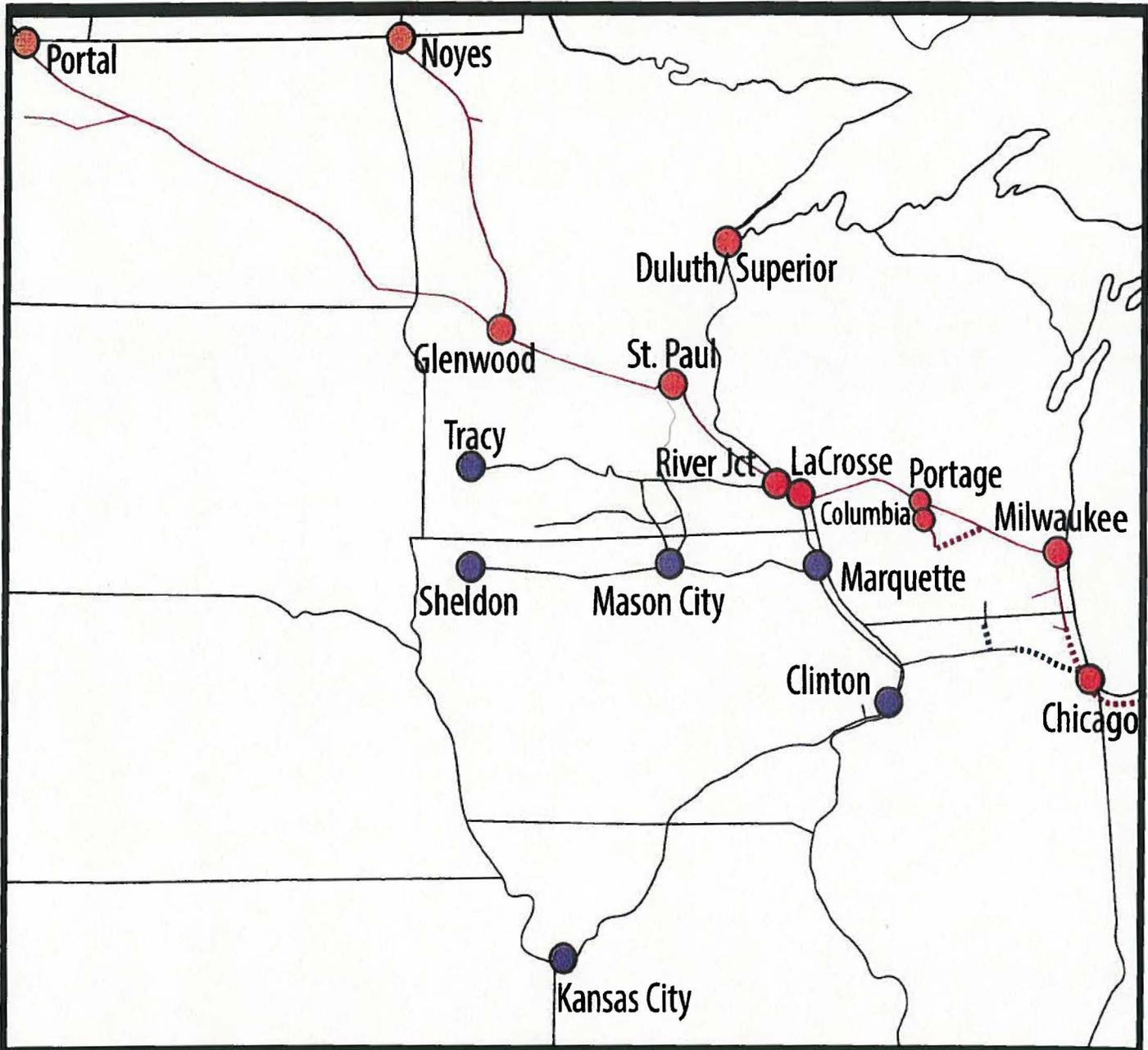


Exhibit 1
Map



——— SOO LINE SYSTEM
 ——— DAKOTA, MINNESOTA & EASTERN SYSTEM
 JUNE 9TH, 2014

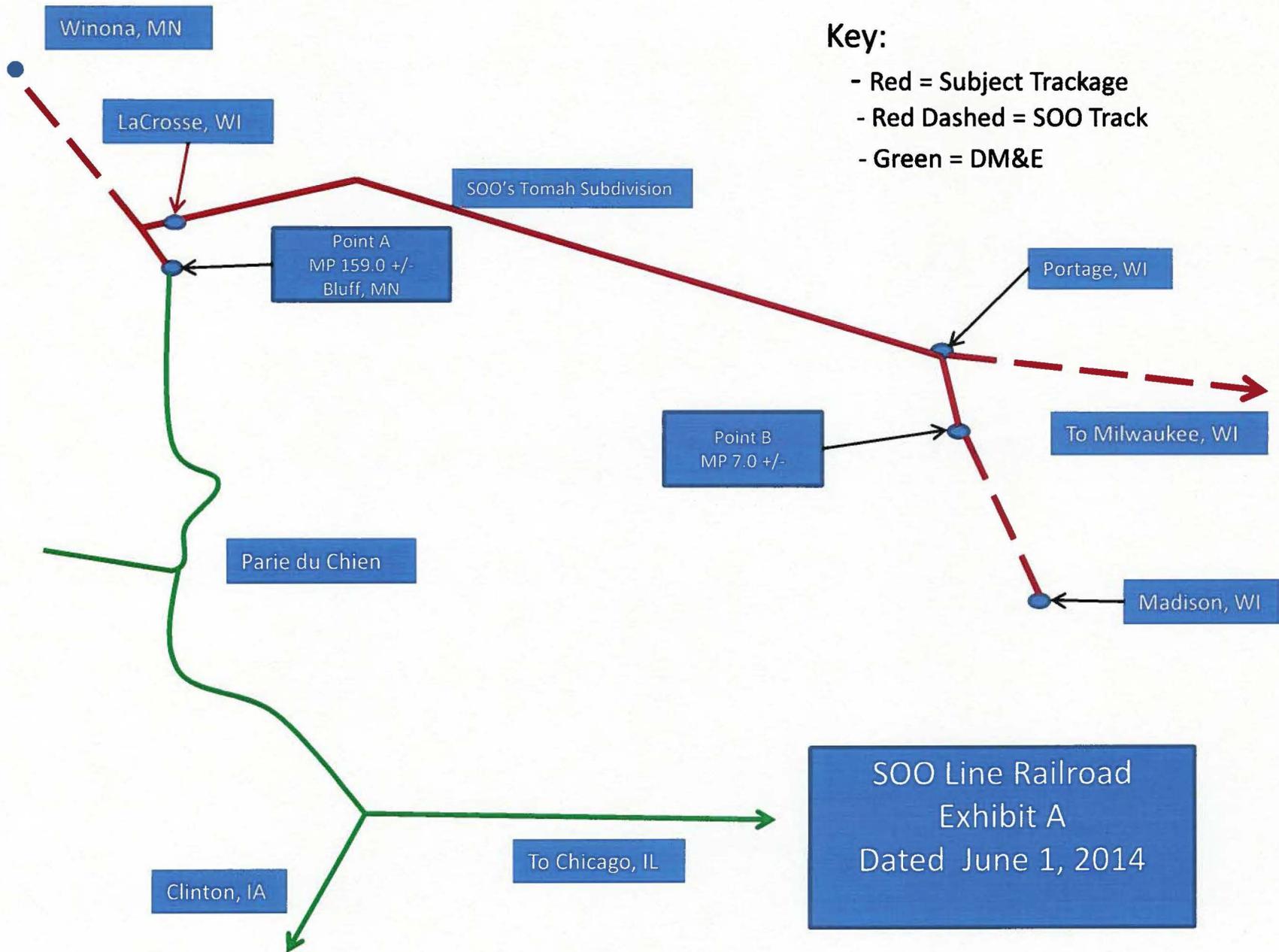


Exhibit 2
Agreement

**TRACKAGE RIGHTS AGREEMENT
BLUFF, MN (LA CRESCENT, MN) to COLUMBIA, WI**

THIS AGREEMENT is entered into as of this 9th day of June, 2014, by and between SOO LINE RAILROAD COMPANY, a Minnesota corporation, hereinafter referred to as "SOO", and DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, a Delaware corporation, hereinafter referred to as "DM&E". Sometimes hereinafter, each may be referred to as a "Party" and sometimes collectively referred to as "the Parties."

WITNESSETH:

WHEREAS, Bluff, MN located at MP 159.0 of the DM&E's Marquette Subdivision was previously known as La Crescent, MN; and

WHEREAS, DM&E owns and operates a line of railroad between Bluff, MN and Marquette, IA ("Marquette Subdivision") by which DM&E conducts rail freight operations between these cities, and points beyond; and

WHEREAS, DM&E's Marquette Subdivision connects with SOO's Tomah Subdivision at Bluff; and

WHEREAS, in order to promote the more efficient and economical movement of freight, DM&E and SOO desire to enter into this trackage rights agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of all the mutual covenants herein set forth, the Parties hereto, intending to be legally bound, agree as follows:

Section 1. GRANT OF TRACKAGE RIGHTS

1.1 Subject to the terms and conditions herein provided SOO hereby grants to DM&E the non-exclusive right to operate its trains, locomotives, cars and equipment with its own crews (hereinafter referred to as "Trackage Rights") over trackage owned and operated by SOO (hereinafter referred to as "Subject Line"), as described in Section 1.2 below.

1.2 Attached to, incorporated in and made a part of this Agreement is a print dated June 1, 2014, marked Exhibit A, which shows the Subject Line between the points designated as Point "A" SOO's connection with the DM&E at MP 159.0 of DM&E's

Marquette Subdivision, thence over the Tomah Subdivision to its connection with SOO's Watertown Subdivision, thence over the Watertown Subdivision to its connection with SOO's M&P Subdivision, thence over the M&P subdivision to MP 7.0 +/- (Point "B"). The Subject Line includes all of SOO's trackage, track connections, facilities and appurtenances, both east and west legs of the wye at River Junction, signals and switches located between these points, as such facilities and appurtenances, signals and switches are from time to time added to, modified, or removed at the sole discretion of SOO. The Parties understand that the Subject Line includes yard tracks at LaCrosse, WI and Portage, WI and access to the power plant at Columbia, WI to effect railroad operations.

1.3 It is expressly agreed that this Agreement acts to connect the Parties lines of railroad forming a contiguous route.

1.4 The rights granted hereby to DM&E include the right to conduct both overhead and local service; to perform pickups and setoffs at customer facilities; and to engage in other operating activities (including picking up or setting out of bad order cars or locomotives) that are related to the transportation of freight on or along the Subject Line.

Section 2. Intentionally Left Blank

Section 3. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTION

3.1 Existing connections or facilities, which are jointly used by the Parties hereto under existing agreements, shall continue to be maintained, repaired and renewed by and at the expense of the Party or Parties responsible for such maintenance, repair and renewal under such agreements.

3.2 If, in the opinion of DM&E, a new or upgraded connection is required at the point of permitted entry or exit, or, if in the opinion of DM&E, other upgrades, including but not limited to capacity capital, switches, power switches, signals, communications and other are required for operational efficiency, then SOO will, unless such improvements will have a material adverse effect on SOO's operations, cooperate and DM&E shall be responsible for the funding that construction/upgrade at actual cost plus customary additives, unless mutually agreed to by DM&E and SOO.

Section 4. MAINTENANCE OF SUBJECT LINE.

4.1 SOO shall maintain, repair and renew the Subject Line with its own supervision and labor forces. SOO shall keep and maintain the Subject Line in reasonably good

condition for the use herein contemplated, but SOO does not guarantee the conditions of the Subject Line or that operations thereover will not be interrupted. SOO shall take all reasonable steps to ensure that any interruptions will be kept to a minimum and shall use its best efforts to avoid such interruptions. Furthermore, except as may be otherwise provided in Section 13, DM&E shall not by reason of failure or neglect on the part of SOO to maintain, repair or renew the Subject Line, have or make any claim or demand against SOO or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whatsoever, or for any damage to or loss or destruction of any property whatsoever, or for any nature suffered by DM&E resulting from such failure or neglect.

4.2 SOO at its sole discretion may perform, at the sole expense of DM&E, such additional maintenance as DM&E may reasonably require or request on the Subject Line.

Section 5. ADDITIONS, BETTERMENTS AND ALTERATIONS

5.1 SOO may, from time to time and in its sole cost and expense, make changes in, additions and betterments to or retirements from the Subject Line as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions shall become part of the Subject Line and such retirements shall be excluded from the Subject Line.

5.2 In the event changes in or additions and betterments to the Subject Line, including changes in the communication or signal facilities are required to accommodate DM&E's operations beyond that required by SOO to accommodate its operations, SOO at its sole discretion may construct the additional or altered facilities and DM&E shall pay to SOO the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

5.3 Capacity related betterments in and/or additions to the Subject Line other than those covered by Sections 5.1 and 5.2 above shall be shared by SOO and DM&E on the basis that the Parties' respective car miles operated over the Subject Line bear to total car miles operated over the Subject Line for the twelve (12) month period immediately prior to the month work on the project is commenced. The use of the Subject Line by any third party shall be attributed to SOO for purposes of computing respective car miles for purposes of this Section 5.3. SOO shall advise DM&E in

advance of any betterments and/or additions contemplated under this Section 5.3. SOO's failure to advise DM&E of any betterments and/or additions shall not relieve DM&E from assuming its share of expense under this Section 5.3.

Section 6. OPERATION AND MANAGEMENT OF SUBJECT LINE

6.1 The management and operation of the Subject Line shall be under the exclusive direction and control of SOO. SOO shall have the unrestricted right to change the management and the operations on and over the Subject Line as it, in its sole judgment, may deem necessary, expedient or proper for the operation of the Subject Line.

6.2 DM&E shall comply with the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and equipment or trains, locomotives, cars and equipment under its control while such trains, locomotives, cars and equipment are being operated over the Subject Line. Notwithstanding any other provisions herein, DM&E shall indemnify, protect, defend, and hold harmless SOO and its subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon SOO or its subsidiaries or affiliates, or their respective directors, officers, agents and employees under such laws, rules, and regulations by any public authority or court of competent jurisdiction, when attributable solely to the failure of DM&E to comply with its obligations in this regard.

6.3 When operating Trackage Rights traffic over the Subject Line, DM&E's locomotives and crews shall be equipped to communicate with the operators of the segments of Subject Line on radio frequencies then normally used in directing train movements on the Subject Line. DM&E's locomotives shall be adequately powered to maintain the maximum authorized freight speeds as provided by SOO's operating rules and equipped with such cab signals, LSL and other safety equipment that is required by law or instruction for the operation over any or all of the Subject Line.

6.4 DM&E, at its sole expense, shall install and maintain upon its trains, locomotives, cabooses and cars such equipment or devices including but not limited to EOT's with functioning telemetry as may now or in the future be mandated by the Federal Railroad Administration, or other governing body having authority, for the safe and efficient operation of trains over the Subject Line.

6.5 The operation of DM&E over the Subject Line shall at all times be in accordance with the rules, instructions and restrictions of SOO, provided, however, that such rules, instructions and restrictions shall be reasonable, just and fair between all parties using the Subject Line and shall not unjustly discriminate against any of them. These rules and instructions shall include, but not be limited to, operating and safety rules, timetables, special instructions, bulletins, general orders and authoritative directions of train dispatchers and operating officers. Other than those restrictions provided for herein, SOO will not make any rule or restriction applying to DM&E's trains that does not apply with equal force to SOO's trains.

6.6 DM&E trains while operating over the Subject Line shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Line as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by SOO's operating rules and regulations without the prior consent of SOO.

6.7 In the event that a train of DM&E shall be forced to stop on the Subject Line due to mechanical failure of DM&E's equipment or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of DM&E fails to maintain the speed required by SOO on the Subject Line, or if in emergencies, crippled or otherwise defective cars are set out of DM&E's trains on the Subject Line, SOO shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Line, and DM&E shall reimburse SOO for the actual cost of rendering any such assistance.

6.8 If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Line, such work shall be done by SOO, and DM&E shall reimburse SOO for the cost thereof.

6.9 All employees of DM&E engaged in the operation of DM&E trains over the Subject Line shall be required to qualify for entry onto the Subject Line by passing periodic examinations on the operating and safety rules of SOO in addition to the physical characteristics. DM&E shall make such arrangements with SOO as may be required to ensure that all of its employees who shall operate its trains, locomotives, cars and equipment over the Subject Line are qualified for operation thereover, and DM&E shall pay to SOO, upon receipt of bills therefore, any and all costs incurred by SOO in connection with the qualification of such employees of DM&E which may include, but are not limited to, those costs addressed in Section 9 of this Agreement

including the cost of pilots furnished by SOO, until such time as such employees are deemed by the appropriate examining officer of SOO to be properly qualified for operation as herein contemplated. SOO may require that such qualification trips be repeated if the subject DM&E employee has not made a trip over the Subject Line within a reasonable period of preceding time, but only to the same extent as would be required of SOO's own employees. Pending qualification or requalification of subject employees, SOO shall furnish a pilot or pilots, at the expense of DM&E, to allow operation as contemplated in this Agreement. For purposes of Section 13 of this Agreement, any employee of SOO acting as a pilot for DM&E will be considered an employee of DM&E.

6.10 If any employee of DM&E, neglects, refuses or fails to abide by SOO's rules, safety rules, instructions or restrictions governing the operation over the Subject Line, SOO shall in writing so notify DM&E. SOO shall have the right to require DM&E to promptly withhold any DM&E employee from service over the Subject Line pending the result of formal investigation of the alleged neglect, refusal or failure. After the notice is given to DM&E, SOO and DM&E shall promptly hold a joint investigation, in which each of the Parties shall bear its own expenses for its own employees and witnesses. Notice of such investigation to DM&E employees shall be given by DM&E officers. The investigation shall be conducted in accordance with the terms and conditions of the agreements between DM&E and its employees. If the result of such investigation warrants, any subject DM&E employee so investigated shall upon written request by SOO be restricted by DM&E from operating on the Subject Line, and DM&E shall release and indemnify SOO from and against any and all claims and expenses related to such restriction, provided, however, that SOO shall not unreasonably exercise this right of restriction.

6.11 Neither Party hereto shall require the other Party's crews to perform any work beyond that required by its current labor agreements, subject to any modifications that may result from future labor agreements, while said crews are on the other Party's property and/or subject to the other Party's supervision. Should either Party require the other Party's crews to perform additional services over and above that contemplated herein, which results in penalty claims being progressed, that Party shall reimburse the other Party for the cost of all such claims. It is agreed that the Party subject to the claims shall notify the other Party of such claims so that the movement(s) causing the claim(s) can be corrected to avoid liability.

6.12 To promote more efficient train operations over the Subject Line, DM&E shall submit all schedules of its train operations over the Subject Line to SOO for its concurrence and DM&E shall provide SOO with advance notice of the estimated time of arrival of trains, and documentation, prior to entering the Subject Line.

Section 7. MILEAGE AND CAR HIRE

All mileage and car hire charges accruing on cars in DM&E's trains on the Subject Line shall be assumed by DM&E and reported and paid by DM&E.

Section 8. BAD ORDERS AND LIGHT RUNNING REPAIRS

If any cars, cabooses, or locomotives of DM&E are bad ordered en route on the Subject Line and it is necessary that they be set out, those cars, cabooses or locomotives shall, after being promptly repaired, be promptly picked up by DM&E. SOO may, upon request of DM&E and at the exclusive expense of DM&E, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the Association of American Railroads, furnish required labor and material to perform light repairs required to make such bad ordered equipment safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the Association of American Railroads.

Section 9. BILLING AND PAYMENT OF CHARGES

9.1 Except as specifically provided for elsewhere in the Agreement, there shall be no compensation required for DM&E's use of and operation over the Subject Line for so long as SOO does not terminate rights granted to it to operate over DM&E trackage under that certain Trackage Rights Agreement Bluff, MN (La Crescent, MN) to McGregor, IA of even date herewith. In the event SOO discontinues its operation over the DM&E pursuant to that agreement, the Parties shall meet and develop an equitable charge for SOO to invoice DM&E for the use of the Subject Line. If after ninety (90) days the Parties cannot agree to a trackage rights fee this issue may be submitted to arbitration pursuant to Section 18 herein.

9.2 It is expressly understood and agreed that the payments described in this Section 9 to be paid by DM&E do not, in any case, include any cost or expense which may be incurred by SOO on account of loss of or damage to property, or injury to or death of any person or persons arising out of, or in connection with, the operation by DM&E upon or over the Subject Line. It is agreed by and between the Parties that such items of cost or expense shall be borne and paid by the Parties according to the provision of Section 13 hereof.

9.3 All monthly bills rendered pursuant to the provisions of this Agreement shall include invoiced expense plus direct labor and material costs, together with the customary surcharges, overhead percentages and equipment rentals as specified at the time any work is performed..

9.4 The payment of bills shall not be delayed or payment refused or reduced on the face amount of bill rendered because of errors in supporting details which are not material relative to the billed amount, but bill shall be paid as rendered and exception to charges shall be taken in writing addressed to the officer of SOO responsible for the issuance of the bill; provided that no exception to any charge shall be honored, recognized or considered if filed after the expiration of one (1) year from the last day of the calendar month during which the bill containing said charge was rendered

9.5 DM&E shall maintain complete and accurate records applicable to its use of the Subject Line under this Agreement and such records shall be open to inspection by representatives of SOO upon reasonable notice during regular office hours.

Section 10. Intentionally Left Blank

Section 11. CLAIMS AND SETTLEMENTS

11.1 Except as provided in Section 11.2, all claims, injuries, deaths, property damages and losses arising out of or connected with this Agreement shall be investigated, adjusted and defended by the Party bearing the liability, cost and expense therefore under the provisions of this Agreement. The Parties shall be bound by the Freight Claim Rules, Principles and Practices of the AAR as to the handling of any claims for the loss or damage to lading.

11.2 Each Party will investigate, adjust and defend all cargo related liability claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709.

11.3 In the event a claim or suit is asserted against one of the Parties hereto which is the other Party's duty hereunder to investigate, adjust or defend, then unless otherwise agreed, such other Party shall, upon request, take over the investigation, adjustment and defense of such claim or suit.

11.4 All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth herein, except that salaries or wages of full-time claim agents, full-time attorneys and other full-time employees of

either Party engaged directly or indirectly in such work shall be borne by the employing Party.

11.5 Excluding cargo related liability claims filed in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract filed pursuant to 49 U.S.C. Section 10709, neither Party shall settle or compromise any claim, demand, suit or cause of action for which the other Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement or compromise exceeds Fifty Thousand Dollars (\$50,000).

11.6 It is understood that nothing in this Section shall modify or waive the conditions, obligations, assumptions or apportionments provided in Section 13.

11.7 Except as provided for in Section 6.10 herein, each Party hereto agrees to indemnify and hold harmless the other Party and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of labor claims or grievances made by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or predicated on a collective bargaining agreement. It is the intention of the Parties that each Party shall bear the full costs of labor claims and grievances filed by its own employees arising under its collective bargaining agreements with its employees.

Section 12. CLEARING OF WRECKS

12.1 Whenever DM&E's use of the Subject Line requires rerailling, wrecking service or wrecking train service, SOO shall perform or provide such service, including the repair and restoration of roadbed, track and structures, except that SOO in its sole discretion may request a third party to perform such rerailling service at DM&E's sole reasonable expense.

12.2. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Section

13 hereof. All locomotives, cars, equipment and salvage that are owned by or under the management and control of or used by DM&E at the time of such wreck, shall be promptly delivered to DM&E, unless the Parties otherwise agree.

Section 13. LIABILITY

13.1 The responsibility and liability between the Parties for: (i) any personal injury or death of any person (including employees of the parties and third persons), (ii) any real or personal property damage of any person (including property of the Parties and third persons), (iii) any damage or destruction to the environment (including land, air, water, wildlife and vegetation), and (iv) all cleanup and remedial expenses, court costs, litigation expenses and attorney's fees resulting from the use of the Subject Line as described herein, all of which are collectively referred to as a "Loss", will be divided as follows:

(a) If a Loss occurs on the Subject Line involving the trains, cars and locomotives of only one of the Parties hereto, then that one Party is solely responsible for the Loss, even if caused partially or completely by the another Party.

(b) If a Loss occurs on the Subject Line involving the trains, cars and locomotives of more than one Party, then (i) each Party is solely responsible for any Loss to its own employees, locomotives and equipment and that in its own revenue account including lading and (ii) the Parties are equally responsible for any Loss to the Subject Line and any Loss sustained by third parties, regardless of the proportionate responsibility between them as to the cause of the Loss.

(c) For purposes of assigning responsibility of a Loss under this Section as between the Parties hereto, a Loss involving one of the Parties to this Agreement and a third party or parties shall be construed as being the sole responsibility of that one Party to this Agreement.

(d) Whenever any liability, cost, or expense is assumed by or apportioned to a Party hereto under the foregoing or succeeding provisions, that Party shall forever protect, defend, indemnify, and save harmless the other Party to this Agreement and their parent corporations, subsidiaries and affiliates, and all of its respective directors, officers, agents and employees from and against that liability, cost and expense assumed by that Party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence,

misconduct, nonfeasance, or misfeasance of the indemnitee or its directors, officers, agents, or employees.

(e) In every case of death or injury suffered by an employee of any Party hereto, when compensation to such employees or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employers' liability or other law, and any of said Parties, under the provisions of this Agreement, are required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such Party (ies) shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(f) For purposes of determining liability, pilots furnished by SOO to DM&E pursuant to this Agreement shall be considered as the employees of DM&E while such pilots are on duty as pilots.

(g) If a claim or suit shall be commenced against any of the Parties hereto for Damage for which another Party hereto is ultimately liable, the Party sued or against whom the claim is asserted may give notice of such claim or suit to the other Party and thereupon the latter shall assume the defense of the claim or suit and save harmless therefrom the Party sued or against whom the claim is asserted. The Party liable hereunder shall also be responsible and indemnify the other Party for all costs and expenses associated with defending the claim or suit (excluding the salaries, wages and benefits of the Parties' employees), including reasonable outside attorneys' fees. Where both Parties are liable hereunder, each Party shall bear its own costs and expenses associated with defending the claim or suit.

Section 14. DEFAULT AND TERMINATION

In the event of any substantial failure on the part of DM&E to perform its obligations under this Agreement and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from SOO, SOO shall have the right at its option, after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by SOO of any prior breach thereof, to terminate the Trackage Rights and DM&E's use of the Subject Line. The exercise of such rights by SOO shall not impair its rights under this Agreement or any cause or causes of action it may have against DM&E for the recovery of damages.

Section 15. REGULATORY APPROVAL

Should this Agreement require the prior approval of, or exemption by, the Surface Transportation Board ("STB"), DM&E at its own cost and expense will initiate and thereafter diligently pursue an appropriate application, petition or notice to secure such approval.

Section 16. ABANDONMENT AND DISCONTINUANCE OF SUBJECT LINE.

16.1. DM&E shall have the right, subject to securing any necessary regulatory approval, to discontinue its use of the Subject Line or any portion thereof. SOO shall have the right, subject to securing any necessary regulatory approval, to abandon its use of the Subject Line or any portion thereof.

16.2 In the event SOO secures the right to abandon the Subject Line, or any portion thereof, DM&E shall promptly file an application with the proper regulatory authority seeking approval of the discontinuance of its operations over the Subject Line. If DM&E does not promptly file an application seeking approval of its discontinuance of DM&E's operations over the Subject Line, SOO shall be deemed to have been given DM&E's power of attorney to take such action on DM&E's behalf.

Section 17. TERM

17.1 This Agreement shall be effective the day and the year first written above or, in the event STB approval is required, on the effective date such is secured and shall remain in full force and effect for an initial term of two (2) years. This Agreement shall be automatically renewed for subsequent five year periods "Renewal Term" unless cancelled by SOO or DM&E at any time during the Renewal Terms on 180 days written notice to the other Party.

17.2 In the event this Agreement is terminated, DM&E shall not oppose any discontinuance application filed by SOO with the STB.

17.3 Termination of this Agreement shall not relieve or release any Party hereto from any obligation assumed or from any liability which may have arisen or been incurred by any Party under the terms of this Agreement prior to the termination hereof.

Section 18. ARBITRATION

Any irreconcilable dispute arising between the Parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the Parties hereto. Each Party to the arbitration shall pay the compensations, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, cost and expense of the arbitrator, if any, shall be borne equally by the Parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws.

Section 19. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. DM&E shall not transfer or assign this Agreement, or any of its rights, interests or obligations hereunder, to any person, firm, or corporation without obtaining the prior written consent of SOO, which consent may be withheld at the sole discretion of SOO.

Section 20. NOTICES

20.1 Except as may be otherwise provided in this Agreement or as may be otherwise mutually agreed to by the parties hereto from time to time, any and all notices or other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by certified mail, postage prepaid, upon the date so personally delivered or on the second day of uninterrupted postal service following the date so mailed, and shall be addressed to the persons at the following addresses:

If to DM&E:

Vice President - Corporate
Dakota, Minnesota & Eastern Railroad Corporation
120 S. 6th Street, Suite 1000
Minneapolis, MN 55402

If to SOO:

Vice President Operations
SOO Line Railroad Company
120 S. 6th Street, Suite 1000
Minneapolis, MN 55402

20.2 Either party to this Agreement may provide changes to its address or addressees by furnishing a notice of such change to the other party to this Agreement, in the same manner as provided above for all other written notices.

Section 21. GOVERNING LAW

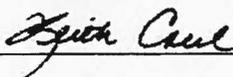
It is the intention of the parties hereto that the laws of the State of Minnesota shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties' hereto.

Section 22. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate, each part being an original, as of the day and year first above written.

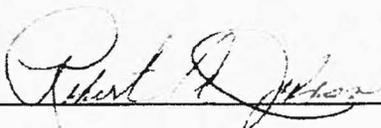
**DAKOTA, MINNESOTA AND
EASTERN RAILROAD
CORPORATION**

By 

Its President & COO

Date June 9, 2014

SOO LINE RAILROAD COMPANY

By 

Its Sr. VP - Operations

Date June 9, 2014

Exhibit 3

Caption Summary

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 35834

**DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION
—TRACKAGE RIGHTS EXEMPTION—
SOO LINE RAILROAD COMPANY**

VERIFIED NOTICE OF EXEMPTION

Soo Line Railroad Company (SOO) has agreed to grant nonexclusive overhead and local trackage rights to Dakota, Minnesota & Eastern Railroad Corporation (DM&E), between the SOO's connection with the DM&E at mile post 159.0 +/- on DM&E's Marquette Subdivision at or in the vicinity of Bluff, MN, over SOO's Tomah Subdivision and Watertown Subdivision to the connection with SOO's M&P Subdivision and over the M&P Subdivision to mile post 7.0 at or in the vicinity of Columbia, WI, to promote the more efficient and economic movement of freight between DM&E's Marquette Subdivision and SOO's Tomah, Watertown, and M&P Subdivisions.

This transaction will be consummated on or immediately after the date that the exemption becomes effective.

This notice is filed under 49 C.F.R. § 1180.2(d)(7). 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.

Dated: _____

By the Board.

Rachel D. Campbell,
Director, Office of Proceedings

CERTIFICATE OF SERVICE

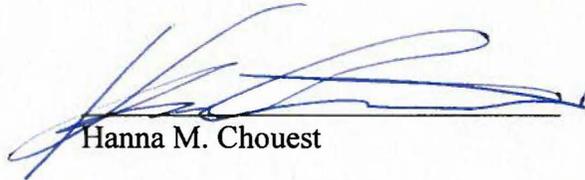
I hereby certify that I have caused the foregoing Verified Notice of Exemption to be served by first class mail, postage pre-paid, this 10th day of June 2014, on

Secretary of US Department of Transportation
Docket Clerk, Office of Chief Counsel
Federal Railroad Administration
400 7th Street, S.W., Room 5101
Washington, D.C. 20590

Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001

Federal Trade Commission
600 Pennsylvania Avenue, N.W., CRC-240
Washington, D.C. 20580

The Governor, Department of Transportation and Public Service Commission of the following States: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Montana, North Dakota, Ohio, South Dakota, and Wisconsin.



Hanna M. Chouest