

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 35874

LONE STAR RAILROAD, INC. AND SOUTHERN SWITCHING COMPANY—TRACK
CONSTRUCTION AND OPERATION EXEMPTION—IN HOWARD COUNTY, TEX.

Decided: May 13, 2015

By petition filed on February 25, 2015, Lone Star Railroad, Inc. (LSR) seeks an exemption under 49 U.S.C. § 10502 from the prior approval requirements of 49 U.S.C. § 10901 to construct a new line of railroad in Howard County, Tex. (the Line). In the same petition, Southern Switching Company (SSC) seeks an exemption under § 10502 from the prior approval requirements of § 10902 to operate the Line. LSR and SSC will be referred to collectively as Petitioners. Petitioners state that the proposed Line would extend approximately 3.18 miles,¹ connecting an industrial park that LSR intends to develop to sidetrack that Union Pacific Railroad Company (UP) plans to construct along an existing UP main line track, which runs from Sweetwater, Tex., to El Paso, Tex., through Big Spring, Tex.

LSR, a wholly-owned subsidiary of CGX, Inc. (CGX), is a non-operating Class III rail carrier. SSC, a wholly-owned subsidiary of Ironhorse Resources, Inc.,² is an operating Class III rail carrier. Petitioners state that SSC currently operates in Abilene, Tex., over approximately eight miles of rail line owned by LSR and over rail lines leased from UP.

According to Petitioners, LSR has acquired over 600 acres of land a short distance east of Big Spring, which it proposes to develop into a rail-served industrial park. Petitioners state that LSR will construct the Line, and SSC will operate over the Line to provide rail service to shippers in the industrial park. Petitioners acknowledge that LSR would have a residual common carrier obligation to operate the Line if SSC were to discontinue rail service over the Line.

Petitioners state that the purpose of the proposed construction is to relieve congestion created by the transfer of trainload quantities of frac sand, which is mined primarily in Wisconsin

¹ A map of the proposed track is attached as Appendix A. Petitioners state that LSR's ability to construct the track identified on the map as tracks A and B, which extends approximately 2.14 miles, is virtually certain, but its ability to construct the track identified on the map as tracks A-1 and B-1, which extends approximately 1.04 miles, depends on various land acquisition and operational factors.

² Ironhorse Resources, Inc., is a wholly-owned subsidiary of CGX.

and eastern Minnesota and transported by rail to Texas for the production of crude oil, to trucks at or near the wellheads. According to Petitioners, the proposed industrial park would provide an uncongested location to transload the frac sand to trucks for delivery to the wellheads. Petitioners state that the proposed industrial park would be scalable to accommodate rail trainload shipments of 100 cars or more of frac sand.

By this decision, the Board is instituting a proceeding under 49 U.S.C. § 10502(b). To meet the Board's obligations under the National Environmental Policy Act, the Board is initiating an environmental review. See 42 U.S.C. §§ 4321-4347; 49 C.F.R. §§ 1105, 1121.3.

It is ordered:

1. Under 49 U.S.C. § 10502(b), a proceeding is instituted.
2. This decision is effective on its date of service.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

