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SERVICE DATE – JANUARY 27, 2006

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34816]

Dakota Northern Railroad, Inc.—Lease and Operation Exemption—Rail Lines of BNSF Railway Company

Dakota Northern Railroad, Inc. (DN), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire by lease and to operate two lines of railroad from BNSF Railway Company (BNSF). The subject lines total 69.79 miles in length and are located in Walsh and Pembina Counties, ND.¹

Specifically, DN will lease and operate: (1) BNSF's entire Walhalla Subdivision, between milepost 0.0, near Grafton, ND, and the end of the line at milepost 48.38, near Walhalla, ND, a distance of approximately 48.38 miles; and (2) a portion of BNSF's Glasston Subdivision, between the clearance point of the turnout located at milepost 38.79, near Grafton, ND, and the end of the line at milepost 60.20, near Glasston, ND, a distance of approximately 21.41 miles.

This transaction is related to STB Finance Docket No. 34817, KBN, Inc.—Continuance in Control Exemption—Dakota Northern Railroad, Inc., wherein

¹ On January 11, 2006, a correction was received from DN to its verified notice of exemption filed on December 30, 2005, to reflect that BNSF's Glasston Subdivision was located at milepost 60.20, not milepost 61.23, and that the total length of the two rail lines was 69.79, instead of 70.82.

KBN, Inc. (KBN), has filed a notice of exemption to continue in control of DN upon DN's becoming a Class III rail carrier.

DN certifies that its projected revenues as a result of the transaction will not exceed those that would qualify it as a Class III carrier. The transaction was scheduled to be consummated on or about January 18, 2006.²

If the verified notice contains false or misleading information, the exemption is void ab initio. 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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34816, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604.

² In DN's correction received on January 11, 2006, DN indicated that the proposed lease and operation agreement would not be consummated until 7 days or more after the filing of the correction to the verified notice.

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WWW.STB.DOT.GOV.

Decided: January 23, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary