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SERVICE DATE – AUGUST 17, 2012

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35659]

Santa Cruz and Monterey Bay Railway Company—Acquisition and Operation
Exemption—Union Pacific Railroad Company

Santa Cruz and Monterey Bay Railway Company (SCMB), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire from Union Pacific Railroad Company (UP) and operate a permanent and exclusive operating easement over a 31.0-mile line (the Line). The Line, known as the Santa Cruz Branch, extends from milepost 0.433 at the east boundary of Salinas Road, near Watsonville Junction, Cal., to milepost 31.39 at the end of the line near Davenport, Cal., and includes an interconnection with Santa Cruz, Big Trees & Pacific Railway Company at milepost 20.4 in Santa Cruz, Cal., and an additional 3.6 miles of siding and spur track. SCMB states that there are no agreements applicable to the Line that contain any provisions that may limit future interchange with a third-party carrier.

In two related proceedings, verified notices of exemption were filed for: (1) Iowa Pacific Holdings, LLC, and Permian Basin Railways to continue in control of SCMB upon SCMB's becoming a Class III rail carrier, Iowa Pacific Holdings, LLC & Permian Basin Rys.—Continuance in Control Exemption—Santa Cruz & Monterey Bay Ry., Docket No. FD 35632; and (2) SCMB to acquire by assignment from Sierra Northern

Railway its lease and operating rights over the Line, Santa Cruz & Monterey Bay Ry.—Assignment of Lease Exemption—Union Pacific R.R. & Sierra Northern Ry., Docket No. FD 35633.¹

The transaction may be consummated on or after September 2, 2012 (30 days after the notice of exemption was filed).

SCMB certifies that its projected annual revenues as a result of this transaction will not result in SCMB's becoming a Class II or Class I rail carrier and will not exceed \$5 million.

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 effectiveness of the exemption. Petitions to stay must be filed no later than August 24, 2012 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35659, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on John D. Heffner, Strasburger & Price, LLP, 1700 K Street, N.W., Suite 640, Washington, DC 20006.

¹ Related to these notices of exemption is a petition for a declaratory order filed by the Santa Cruz County Regional Transportation Commission (SCCRTC). See Santa Cruz Cnty. Reg'l Transp. Comm'n—Petition for Declaratory Order, Docket No. FD 35653. SCCRTC seeks a finding that its purchase of the physical assets of the Line from UP is not subject to the Board's approval jurisdiction and will not result in SCCRTC acquiring a common carrier obligation with respect to the Line. The petition will be addressed in a separate decision.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV.”

Decided: August 14, 2012.

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