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SERVICE DATE – DECEMBER 28, 2005

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34784]

Koch Forest Products, Inc. and Koch Industries, Inc.—Acquisition of Control Exemption—
Gloster Southern Railroad Company and Blue Rapids Railway Company

Koch Industries, Inc. (Koch Industries), and its wholly owned subsidiary Koch Forest Products, Inc. (Koch Forest), both noncarriers (together, Applicants), have filed a verified notice of exemption to acquire control of the following two Class III railroads:

(1) Gloster Southern Railroad Company (GSR) and Blue Rapids Railway Company (BRR).¹

The transaction is expected to be consummated on or after December 15, 2005.

Koch Forest Products states that: (1) the rail lines operated by GSR, BRR and OAR do not connect with each other or any railroad in their corporate family; (2) the transaction is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (3) the transaction

¹ Koch Forest will acquire the two railroads pursuant to its acquiring all of the outstanding stock of Georgia-Pacific Corporation (Georgia-Pacific). Following this transaction, Koch Forest will be merged into Georgia-Pacific and Georgia-Pacific, GSR, and BRR will then become indirect wholly owned subsidiaries of Koch Industries. Koch Industries, through its wholly owned subsidiary Koch Cellulose, LLC, also controls the Old Augusta Railroad Company (OAR), a Class III railroad.

does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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. 34784, 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 David H. Coburn, STEPTOE & JOHNSON LLP, 1330 Connecticut Avenue, Washington, DC 20036.

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Decided: December 19, 2005.

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

Vernon A. Williams

Secretary