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SERVICE DATE – DECEMBER 22, 2006

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34967]

Iowa Pacific Holdings, LLC and Permian Basin Railways, Inc.—Continuance in Control
Exemption—Chicago Terminal Railroad

Iowa Pacific Holdings, LLC (IPH) and its subsidiary Permian Basin Railways, Inc. (Permian), both noncarriers, have filed a verified notice of exemption to continue in control of Chicago Terminal Railroad (CTR), upon CTR's becoming a Class III rail carrier.

IPH owns 100 percent of the common stock of Permian. IPH presently controls four other Class III short line railroads through Permian: the West Texas and Lubbock Railway Company, Inc., the Austin & Northwestern Railroad Company, Inc., d/b/a Texas New Mexico Railroad, the Arizona Eastern Railway Company, Inc., and the San Luis & Rio Grande Railroad Company, Inc. Otherwise, IPH does not directly or indirectly own any other railroad properties subject to Board jurisdiction.

The transaction is scheduled to be consummated on or after December 21, 2006.

This transaction is related to the concurrently filed verified notice of exemption in STB Finance Docket No. 34968, Chicago Terminal Railroad—Acquisition and Operation Exemption—Soo Line Railroad Company d/b/a Canadian Pacific Railway, wherein noncarrier CTR seeks to purchase and operate a 4.5-mile line of railroad in Chicago,

Cook County, IL, known as the C&E Line currently owned by the Soo Line Railroad Company d/b/a Canadian Pacific Railway.

Applicant states that: (1) the railroads do not connect with each other or any railroad in their corporate family; (2) the continuance in control 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 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 interest of its employees. Section 11326(c), however, does not provide for labor protection for transactions under section 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. 34967, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on John D. Heffner, 1920 N Street, N.W., Suite 800, Washington, DC 20036.

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

Decided: December 14, 2006.

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

Vernon A. Williams

Secretary