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SERVICE DATE - JULY 10, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33619]

Richard B. Webb and Susan K. Lundy--Continuance in Control Exemption--Stillwater
Central Railroad, Inc.

Richard B. Webb and Susan K. Lundy (Applicants), have filed a verified notice of exemption to continue in control of Stillwater Central Railroad, Inc. (SCRR), upon SCRR becoming a Class III railroad.

The transaction was scheduled to be consummated on or shortly after June 19, 1998.

This transaction is related to two simultaneously filed verified notices of exemption:

(1) STB Finance Docket No. 33620, State of Oklahoma by and through the Oklahoma Department of Transportation--Acquisition Exemption--The Burlington Northern and Santa Fe Railway Company, wherein the State of Oklahoma by and through the Oklahoma Department of Transportation (ODOT) seeks to acquire rail lines from The Burlington Northern and Santa Fe Railway Company (BNSF), and (2) STB Finance Docket No. 33621, Stillwater Central Railroad, Inc.--Lease and Operation Exemption--Oklahoma Department of Transportation, wherein SCRR seeks to lease and operate the lines being acquired by ODOT.

In addition to SCRR,¹ Applicants control two Class III rail carriers.: These carriers are South Kansas and Oklahoma Railroad Company, operating in the States of Kansas and Oklahoma, and the Palouse River & Coulee City Railroad, Inc., operating in the States of Washington and Idaho.²

Applicants state that: (i) the rail lines operated by SCRR do not connect with any railroad in the corporate family; (ii) the transaction is not part of a series of anticipated transactions that would connect SCRR's lines with any railroad in the corporate family; and (iii) 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 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. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

¹ SCRR is a noncarrier corporation formed for the purpose of leasing the rail lines acquired by ODOT from BNSF and operating the 124.78 miles of rail line.

² On May 15, 1998, Applicants filed a petition for exemption seeking Board approval to indirectly control the Blue Mountain Railroad, Inc., and the Southeast Kansas Railroad Company in STB Finance Docket No. 33603, Richard B. Webb and Susan K. Lundy--Control Exemption--Blue Mountain Railroad, Inc. and Southeast Kansas Railroad Company. This proceeding is currently pending.

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. 33619, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Esq., BALL JANIK, LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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

Decided: July 1, 1998.

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

Vernon A. Williams

Secretary