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SERVICE DATE – DECEMBER 19, 2007

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35108]

Permian Basin Railways, Inc. — Acquisition of Control Exemption — Mount Hood
Railroad

Permian Basin Railways, Inc. (PBR) has filed a verified notice of exemption to permit PBR to acquire control of the Mount Hood Railroad (MHRR) by purchasing 100% of the outstanding stock of MHRR.¹

PBR is a noncarrier holding company, and a wholly owned subsidiary of Iowa Pacific Holdings, also a noncarrier. PBR owns the following Class III rail carriers: Texas-New Mexico Railroad, West Texas & Lubbock Railway, Arizona Eastern Railway, San Luis & Rio Grande Railroad, and the Chicago Terminal Railway.

The transaction is scheduled to be consummated on or about December 31, 2007, but consummation can lawfully occur no earlier than January 2, 2008, the effective date of the exemption (30 days after the exemption was filed).

Applicant states that: (i) the rail lines involved in this transaction do not connect with any rail lines now controlled, directly or indirectly, by PBR; (ii) this transaction is not part of a series of anticipated transactions that would connect any of these rail lines with each other or any railroad in their corporate family; and (iii) this transaction does not

involve a Class I carrier. Therefore, this 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 rail 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 effectiveness of the exemption. Petitions for stay must be filed no later than December 26, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35108, 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, John D. Heffner, PLLC, 1750 K Street, N.W., Suite 350, Washington, DC 20006.

¹ A copy of a draft Agreement for Sale of Stock, as required by 49 CFR 1180.6(a)(7)(ii), was filed under seal along with a motion for protective order. The motion is being addressed in a separate decision.

Board decisions and notices are available on our website at

WWW.STB.DOT.GOV.

Decided: December 12, 2007.

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

Vernon A. Williams

Secretary