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SERVICE DATE - APRIL 9, 2004

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34465]

Mendocino Railway–Acquisition Exemption–Assets of The California Western Railroad

Mendocino Railway (Mendocino), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire, through California Western Railroad's (CWR) trustee in bankruptcy and with the approval of the Bankruptcy Court for the Northern District of California, the rail assets of CWR.<sup>1</sup> The assets consist of all rail lines owned by CWR between milepost 0 and milepost 40. Mendocino states that, on February 11, 2004, the sale of CWR's assets was authorized by order of the Bankruptcy Court and that CWR's trustee was authorized to sell the railroad assets of CWR to SRC.

Mendocino intends initially to operate CWR with the help of Mendocino's affiliated entities: Sierra Northern Railway (a Class III rail carrier), Midland Railroad Enterprises Corporation (a railroad construction and track maintenance company), and Sierra Entertainment (a tourism, entertainment, and passenger operations company). Mendocino states that it is negotiating an agreement with Hawthorne Timber Company, LLC (Hawthorne) for the transfer to Mendocino of Hawthorne's fee interest in the real property underlying

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<sup>1</sup> Mendocino is a California corporation formed for the purpose of acquiring and operating CWR. It is a wholly owned subsidiary of Sierra Railroad Company (SRC),

CWR's tracks. Mendocino anticipates completing the acquisition by mid March 2004 and to begin operations on or about May 1, 2004.

Mendocino certifies that its projected revenues as a result of this transaction do not exceed \$5 million per year and do not exceed those that would qualify it as a Class III rail carrier.

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. 34465, 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 Torgny Nilsson, General Counsel, 341 Industrial Way, Woodland, CA 95776.

Board decisions and notices are available on the Board's website at "WWW.STB.DOT.GOV."

Decided: April 2, 2004.

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

Vernon A. Williams

Secretary