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SERVICE DATE – OCTOBER 7, 2016

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36061]

Arkansas Southern Railroad, L.L.C.—Lease Exemption Containing Interchange  
Commitment—The Kansas City Southern Railway Company

Arkansas Southern Railroad, L.L.C. (ARS), a Class III rail carrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.41 to continue to lease and operate from The Kansas City Southern Railway Company (KCS) approximately 61 miles of rail lines in Arkansas and Oklahoma.<sup>1</sup> The rail lines are located between milepost 4.0 near Heavener, Okla., and milepost 33.0 at Waldron, Ark., and between milepost 32.0 at Ashdown, Ark., and milepost 0.0 at Nashville, Ark., not including the 601 track switch at Ashdown, Ark.

ARS states that it entered into lease agreements with KCS in 2005.<sup>2</sup> ARS recently entered into two amended and restated lease agreements, which, among other things, extend the term of the lease to August 30, 2026. As required by 49 C.F.R. § 1150.43(h)(1), ARS has disclosed in its verified notice that the amended lease agreements contain an interchange agreement that affects the interchange point at

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<sup>1</sup> Pursuant to 49 C.F.R. § 1150.43(h)(1), ARS filed a confidential, complete version of the lease agreement to be kept confidential by the Board without need for the filing of an accompanying motion for protective order.

<sup>2</sup> See Ark. S. R.R.—Lease Exemption—Kan. City S. Ry., FD 34760 (STB served Oct. 26, 2005).

Nashville, Ark. In addition, ARS has provided additional information regarding the interchange commitment as required by 49 C.F.R. § 1150.43(h). ARS states that it will continue to be the operator of the lines.

ARS certifies that its projected revenues as a result of the proposed transaction will not result in ARS's becoming a Class II or Class I rail carrier and that its annual revenues will not exceed \$5 million.

ARS states that it intends to consummate the transaction on or shortly after October 21, 2016, the effective date of the exemption (30 days after the verified notice of exemption was filed).

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 October 14, 2016 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36061, 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 applicant's representative, Karl Morell, Karl Morell & Associates, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005.

According to ARS, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

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Decided: October 4, 2016.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.