

BEFORE THE

238460

SURFACE TRANSPORTATION BOARD

ENTERED
Office of Proceedings
May 21, 2015
Part of
Public Record

FINANCE DOCKET NO. 35932

LUBBOCK AND WESTERN RAILWAY, L.L.C.
--ACQUISITION AND LEASE EXEMPTION--
WEST TEXAS AND LUBBOCK RAILWAY COMPANY, INC., AND WEST TEXAS AND
LUBBOCK RAILROAD COMPANY, INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

KARL MORELL
KARL MORELL & ASSOCIATES
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 595-9045

Attorney for:
LUBBOCK AND WESTERN RAILWAY,
L.L.C.

Dated: May 21, 2015 FEE RECEIVED
May 21, 2015
SURFACE
TRANSPORTATION BOARD

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--ACQUISITION AND LEASE EXEMPTION--
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VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Lubbock and Western Railway, L.L.C. (“LWR”), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit LWR to acquire and lease from West Texas and Lubbock Railway Company, Inc., and West Texas and Lubbock Railroad Company, Inc., (collectively “WTLR”) various rail lines located in Texas.

In support of this Notice of Exemption, LWR submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant:

Lubbock and Western Railway, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

- (b) Applicant's Representative:

Karl Morell
Karl Morell & Associates
Suite 225

655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 595-9045

(c) Statement of Agreement:

LWR and WTLR have entered into an Agreement.

(d) The operator of the property:

LWR will be the operator of the acquired and leased rail lines.

(e) Summary of proposed transaction:

LWR is a new, wholly owned, non-carrier subsidiary of Watco Holdings, Inc. (“Watco”).

In this proposed transaction, LWR seeks authority to acquire from WTLR approximately 9.5 miles of rail line and to lease approximately 134.75 miles of rail line. LWR will also acquire by assignment trackage rights over approximately 5 miles of rail line owned by BNSF Railway Company (“BNSF”).

(1) The name and address of the railroads selling the subject property:

West Texas and Lubbock Railway Company, Inc.
118 South Clinton Street, Suite 400
Chicago, IL 60661

West Texas and Lubbock Railroad Company, Inc.
118 South Clinton Street, Suite 400
Chicago, IL 60661

(2) The involved transaction is expected to be consummated on or some time after the effective date of this Notice of Exemption.

(3) LWR will acquire and operate the following line segments located between: (1) (a) Milepost 330.10, at Plainview, Texas, and Milepost 331.10 and (b) Milepost 367.250 and Milepost 368.250, at Dimmitt, Texas, on the Dimmit Sub; (2)(a) Milepost 0.0, at

Doud, Texas and Milepost 1.0 and (b) Milepost 12.10 and Milepost 13.10, at Broadview, Texas, on the Broadview Sub; (3)(a) Milepost 6.0, at Doud, Texas and Milepost 8.5 and (b) Milepost 62.90 and Milepost 63.90, at Seagraves, Texas on the Seagraves Sub; and (4)(a) Milepost 4.70, at Whiteface Junction, and Milepost 5.70, and (b) Milepost 38.80 and Milepost 39.80, at Whiteface, Texas, on the Whiteface Sub. The rail lines being leased and operated by LWR are located between: (1) Milepost 331.10 and Milepost 367.25, on the Dimmit Sub; (2) Milepost 1.0 and Milepost 12.10 on the Broadview Sub; (3) Milepost 8.50 and Milepost 62.90, on the Seagraves Sub; and (4) Milepost 5.70 and Milepost 38.80, on the Whiteface Sub. LWR will also acquire by assignment the trackage rights WTLR currently has over the BNSF line located between Milepost 88.6, at Canyon Jct., Texas, and Milepost 83.6, at Broadview, Texas, a distance of approximately 5 miles.

(4) The length of the rail lines being acquired is approximately 9.5 miles and the length of the rail lines being leased is approximately 134.75 miles.

(f) A map of the rail lines being acquired and leased is attached as Exhibit A.

(g) LWR hereby certifies that this transaction will not result in LWR becoming a Class II or Class I rail carrier. Upon consummation of this transaction, LWR will become a Class III carrier. The projected annual revenue of LWR will exceed \$5 million. Consequently, LWR has complied with the notice requirements of 49 C.F.R. § 1150.32(e). LWR certified its compliance with Section 1150.32(e) on May 19, 2015. A copy of the certification is attached as Exhibit B.

(h) The Agreement between LWR and WTLR does not contain any provision that prohibits LWR from interchanging traffic with a third party or limits LWR's ability to interchange with a third party.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

LWR is acquiring and leasing the rail lines from WTLR for continued rail operations. Further Board approval is required for LWR to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

LWR's acquisition and lease of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. LWR's acquisition, lease and operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

KARL MORELL
KARL MORELL & ASSOCIATES
Suite 225
655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 595-9045

Attorney for:
LUBBOCK AND WESTERN RAILWAY, L.L.C.

Dated: May 21, 2015

EXHIBIT A

EXHIBIT A

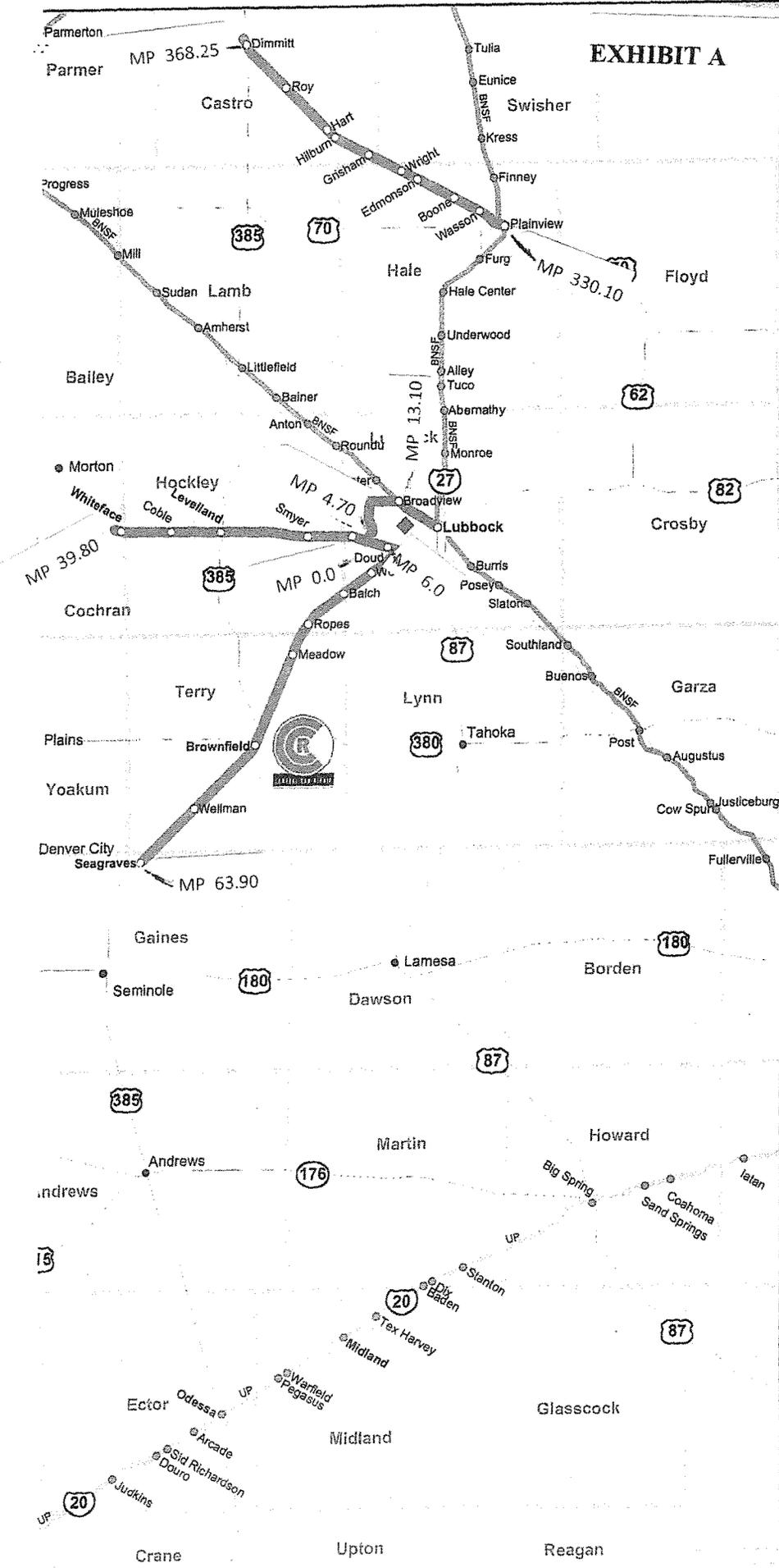


EXHIBIT B

Karl Morell & Associates
655 15th Street, NW, Suite 225
Washington, DC 20005
(202) 595-9045
karlm@karlmorell.com

238414

ENTERED
Office of Proceedings
May 19, 2015
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EXHIBIT B

E-FILE

Cynthia Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re: Finance Docket No. 35932, Lubbock and Western Railway,
L.L.C. – Acquisition and Lease Exemption – West Texas and
Lubbock Railway Company, Inc., and West Texas and
Lubbock Railroad Company, Inc.

Dear Ms. Brown:

Lubbock and Western Railway, L.L.C. ("LWR"), hereby certifies that on May 18, 2015, LWR had posted the attached Notice at 103 North Steck Avenue, Wolfforth, Texas, 821 Broadway Street, Brownfield, Texas, and NE 3rd and Etter, Dimitt, Texas, the workplaces of the employees of West Texas and Lubbock Railway Company, Inc., and West Texas and Lubbock Railroad Company, Inc., (collectively "WTLR"). There are no union employees at WTLR.

If you have any questions regarding this matter, please contact me.

Sincerely,



Karl Morell
Of Counsel

Enclosure

NOTICE

Lubbock and Western Railway, L.L.C. ("LWR") will acquire and lease certain Tracks owned by West Texas and Lubbock Railway Company, Inc., a Texas corporation, and West Texas and Lubbock Railroad Company, Inc. a Texas Corporation including sidings and yard tracks. The Tracks being acquired are located between (1) (a) Mile Post 330.10, at Plainview, Texas, and Mile Post 331.10 and (b) Milepost 367.250 and Mile Post 368.250, at Dimmitt, Texas, on the Dimmit Sub; (2)(a) Mile Post 0.0, at Doud, Texas and Mile Post 1.0 and (b) Mile Post 12.10 and Mile Post 13.10, at Broadview, Texas, on the Broadview Sub; (3)(a) Mile Post 6.0, at Doud, Texas and Mile Post 8.5 and (b) Mile Post 62.90 and Mile Post 63.90, at Seagraves, Texas on the Seagraves Sub; and (4)(a) Mile Post 4.70, at Whiteface Junction, and Mile Post 5.70, and (b) Milepost 38.80 and Mile Post 39.80, at Whiteface, Texas, on the Whiteface Sub. The Tracks being leased are located between: (1) Mile Post 331.10 and Mile Post 367.25, on the Dimmit Sub; (2) Mile Post 1.0 and Mile Post 12.10 on the Broadview Sub; (3) Mile Post 8.50 and Mile Post 62.90, on the Seagraves Sub; and (4) Mile Post 5.70 and Mile Post 38.80, on the Whiteface Sub.

Total Track Miles being acquired are 9.50 Miles and total Track Miles being leased are 134.750 Miles.

As a result of operating the freight portion of the rail line, LWR expects to have employment opportunities in the following areas:

Freight Operation:

Approximately 34 positions in Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

Train Masters:

Approximately 2 position as follows: Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Supervises and coordinates activities of train crews engaged in switching/RR operations.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Conductor:

Approximately 9 positions in Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Conductor/Brakeman.
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months.

- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Engineer:

Approximately 9 positions in Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Locomotive Engineer.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Chief Mechanical Officer:

1 position located in Seagraves, TX or Doud, TX. This position requires the following minimum skills and/or qualifications:

- Directly supervise shop craft employees to safely execute shop operating plan.
- Ensure labor and equipment is positioned to inspect, test and repair equipment to meet the needs of the daily plan.
- Must have previous mechanical department or equivalent industry experience.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Comply with all FRA and Watco safety standards.
- Other duties as assigned.

Locomotive Electrical:

Approximately 1 position located in Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Make repairs and perform scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Electrical maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools.

Locomotive Mechanical:

Approximately 1 position located in Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Make repairs and perform scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Diesel maintenance/repair.

- Demonstrated knowledge and ability in using required hand and power tools.

Track Inspector:

1 position located in Seagraves, TX or Doud, TX. This position requires the following minimum skills and/or qualifications:

- Responsible for supervision of rail car inspection and maintenance in accordance with FRA standards.
- Inspect railroad track structure for compliance with railroad policy and federal/state regulations.
- Implement remedial action on defects pending repair.
- Oversee/direct production gang work.
- Inspect completed work to verify conformance to government regulations.
- Prepare inspection reports for management and government compliance.
- Must possess 3 years supervisory experience in Railroad Track Maintenance.

MoW laborer:

Approximately 8 positions as follows: Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner, all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

MoW Foreman:

Approximately 1 position as follows: Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

Carmen:

Approximately 1 position as follows: Seagraves, TX or Doud, TX. These positions require the following minimum skills and/or qualifications:

- Maintain, replace and/or repair air brake pipes, valves, gaskets, air hoses and other equipment as required.
- Inspect outlet gates on hopper cars and air dumps for defects and ensures they are properly secured.
- Operate electrical and gas welding equipment to join a variety of metals and alloys; operate acetylene torches for cutting and/or shaping metal parts such as aluminum, cast iron, steel, bronze, etc. Operate specialized off-highway motor vehicles including forklift trucks, mobile cranes, trackmobiles, and ship tractors.
- Familiar with AAR office manual, ability to identify AAR/FRA when present on railcars.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above. Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

All jobs will be posted at www.wateocompanies.com or information can be obtained by calling Human Resource department at (866) 479-2826.

Lubbock and Western Railway, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

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LUBBOCK AND WESTERN RAILWAY, L.L.C.
--ACQUISITION AND LEASE EXEMPTION--
WEST TEXAS AND LUBBOCK RAILWAY COMPANY, INC., AND WEST TEXAS AND
LUBBOCK RAILROAD COMPANY, INC.

Lubbock and Western Railway, L.L.C. ("LWR"), a non-carrier, has filed a notice of exemption to acquire and lease certain rail lines in Texas from West Texas and Lubbock Railway Company, Inc., and West Texas and Lubbock Railroad Company (collectively "WTLR").

LWR will acquire and operate the rail lines located between: (1) (a) Milepost 330.10, at Plainview, Texas, and Milepost 331.10 and (b) Milepost 367.250 and Milepost 368.250, at Dimmitt, Texas, on the Dimmit Sub; (2)(a) Milepost 0.0, at Doud, Texas and Milepost 1.0 and (b) Milepost 12.10 and Milepost 13.10, at Broadview, Texas, on the Broadview Sub; (3)(a) Milepost 6.0, at Doud, Texas and Milepost 8.5 and (b) Milepost 62.90 and Milepost 63.90, at Seagraves, Texas on the Seagraves Sub; and (4)(a) Milepost 4.70, at Whiteface Junction, and Milepost 5.70, and (b) Milepost 38.80 and Milepost 39.80, at Whiteface, Texas, on the Whiteface Sub. LWR will lease and operated the rail lines located between: (1) Milepost 331.10 and Milepost 367.25, on the Dimmit Sub; (2) Milepost 1.0 and Milepost 12.10 on the Broadview Sub; (3) Milepost 8.50 and Milepost 62.90, on the Seagraves Sub; and (4) Milepost 5.70 and Milepost 38.80, on the Whiteface Sub. LWR will also acquire by assignment trackage rights over the BNSF Railway Company rail line located between Milepost 88.6, at Canyon Jct., Texas, and Milepost 83.6, at Broadview, Texas.

The length of the rail lines being acquired is approximately 9.5 miles, the length of the rail lines being leased is approximately 134.75 miles and the length of the trackage rights is 5 miles.

This transaction is related to Finance Docket No. 35933, Watco Holdings, Inc. -- Continuance In Control Exemption – Lubbock and Western Railway, L.L.C., wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of LWR upon LWR becoming a Class III carrier.

Comments must be filed with the Board and served on Karl Morell, Karl Morell & Associates, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 595-9045, counsel for LWR and John Heffner, Strasburger & Price, LLP, 1025 Connecticut Avenue, N.W., Suite 717, Washington, D.C. 20036, (202) 742-8607, counsel for WTLR.

This notice is filed under 49 C.F.R. 1150.31. If the 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.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Lubbock and Western Railway, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

AE McKechnie III

Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this 20 day of May, 2015, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-2017

Cindy L. Davied

Notary Public

