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NOV 28 2011

**SURFACE
TRANSPORTATION BOARD**

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MANAGEMENT
STB

November 28, 2011

Karl Morell
Of Counsel

kmorell@balljanik.com

BY HAND DELIVERY

231349

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

PUBLIC RECORD

Re: STB Finance Docket No. 35575, Watco Holdings, Inc. –
Continuance In Control Exemption – Swan Ranch Railroad,
L.L.C.

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified
Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check
covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of
Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell
Of Counsel

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**SURFACE
TRANSPORTATION BOARD**

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

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SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35575

231349

STB FINANCE DOCKET

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
SWAN RANCH RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

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**SURFACE
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**SURFACE
TRANSPORTATION BOARD**

KARL MORELL
Of Counsel
BALI JANIK LLP
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO HOLDINGS, INC.

Dated: November 28, 2011

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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35575

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
SWAN RANCH RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Holdings, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Swan Ranch Railroad, L.L.C. ("SRR"), a non-carrier, upon SRR becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed.

Watco, a non-carrier, is a Kansas corporation which currently controls, indirectly, twenty three (23) Class III railroads operating in 18 States. Watco also owns, indirectly, 100 percent of the outstanding membership interests of SRR, a Delaware limited liability company and a non-carrier that was formed for the purpose of operating the rail lines located in the Swan Industrial Park in Cheyenne, WY. Concurrently with the filing of this Notice of Exemption, SRR is filing a Notice of Exemption in STB Finance Docket No. 35574.

Swan Ranch Railroad, L.L.C. – Acquisition Exemption – Swan Industrial Park, under 49 C.F.R. § 1150.31, to operate the rail lines in the Swan Industrial Park. Upon consummation of the transaction in STB Finance Docket No. 35574, SRR will become a Class III terminal switching carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Inc. (“SKO”), Palouse River & Coulee City Railroad, L.L.C. (“PRCC”), the Timber Rock Railroad, L.L.C. (“TIBR”), the Stillwater Central Railroad, L.L.C. (“SLWC”), the Eastern Idaho Railroad, L.L.C. (“EIRR”), Kansas & Oklahoma Railroad, L.L.C. (“K&O”), the Pennsylvania Southwestern Railroad, L.L.C. (“PSWR”), the Great Northwest Railroad, L.L.C. (“GNR”), the Kaw River Railroad, L.L.C. (“KRR”), the Mission Mountain Railroad, L.L.C. (“MMT”), the Mississippi Southern Railroad, L.L.C. (“MSRR”), the Yellowstone Valley Railroad, L.L.C. (“YVRR”), the Louisiana Southern Railroad, L.L.C. (“LSRR”), the Arkansas Southern Railroad, L.L.C. (“ARSR”), the Alabama Southern Railroad, L.L.C. (“ABS”), the Vicksburg Southern Railroad, L.L.C. (“VSOR”), the Austin Western Railroad, L.L.C. (“AWRR”), the Baton Rouge Southern Railroad, L.L.C. (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad, Inc. (“GER”), Alabama Warrior Railway, L.L.C. (“AWR”), Boise Valley Railroad, L.L.C. (“BVR”) and Autauga Northern Railroad, L.L.C. (“ANRR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR are Class III carriers which operate rail lines in 18 States. SRR will become a Class III carrier.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR do not connect with the rail lines that will be operated by SRR. The rail lines that

will be operated by SRR are located in Cheyenne, Wyoming. No Watco railroads operates in the State of Wyoming.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by SRR with any railroad in the Watco corporate family. Finally, neither SRR nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board ("Board").

The name and business address of Applicants are as follows:

Watco Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Swan Ranch Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad, Inc.
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, L.L.C.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, L.L.C.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, L.L.C.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Boise Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

Karl Morell
Of Counsel
Ball Janik LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

(ii) The proposed time schedule for consummation of the proposed transaction.

Watco intends to consummate this transaction on or shortly after the effective date of this Notice.

(iii) The purpose sought to be accomplished by the proposed transaction.

Watco intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMI's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas and Oklahoma

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSR's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines are located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines are located in Idaho.

ANRR's lines are located in Alabama.

SRR's lines will be located in Wyoming.

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR and the rail lines to be operated by SRR are attached as Exhibit 1.

(7)(ii) Agreement.

Watco will not enter into any agreement, or sign any written instrument, to continue in control of SRR.

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR are Class III carriers and because SRR will become a Class III rail carrier, no labor protection may be imposed on this transaction pursuant to 49 U.S.C. § 11326(c).

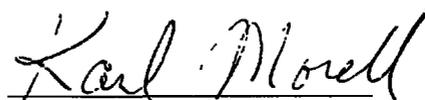
ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control SRR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's 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).

Watco's continuance in control of SRR 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. This transaction 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, this transaction does not contemplate the transportation of any ozone depleting materials. 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
Of Counsel
BALL JANIK LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO HOLDINGS, INC.

Dated: November 28, 2011

EXHIBIT 1



LEGEND:

Alabama Southern RR (ASR)

Alabama Southern Trackage Rights

Interchanges - Track miles 85

- Artesia
- Brookwood
- NS - Tuscaloosa

Mechanical Services

Switching Services



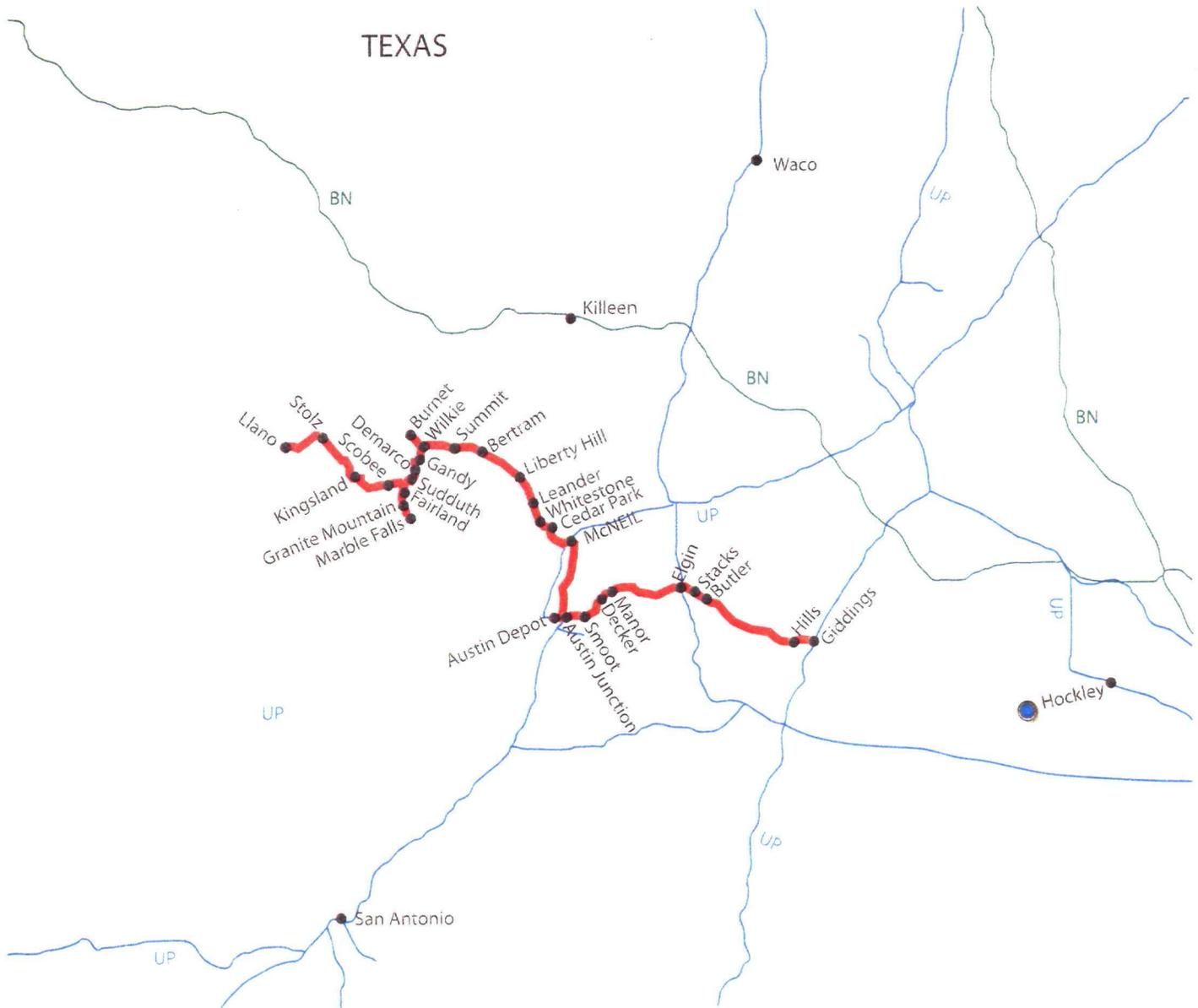
LEGEND:
 Alabama Warrior RR (ABWR) █

Interchanges - Track miles 15
 BNSF - Birmingham
 - Birmingham
 NS - Birmingham

● Mechanical Services
● Switching Services
 Transload Services

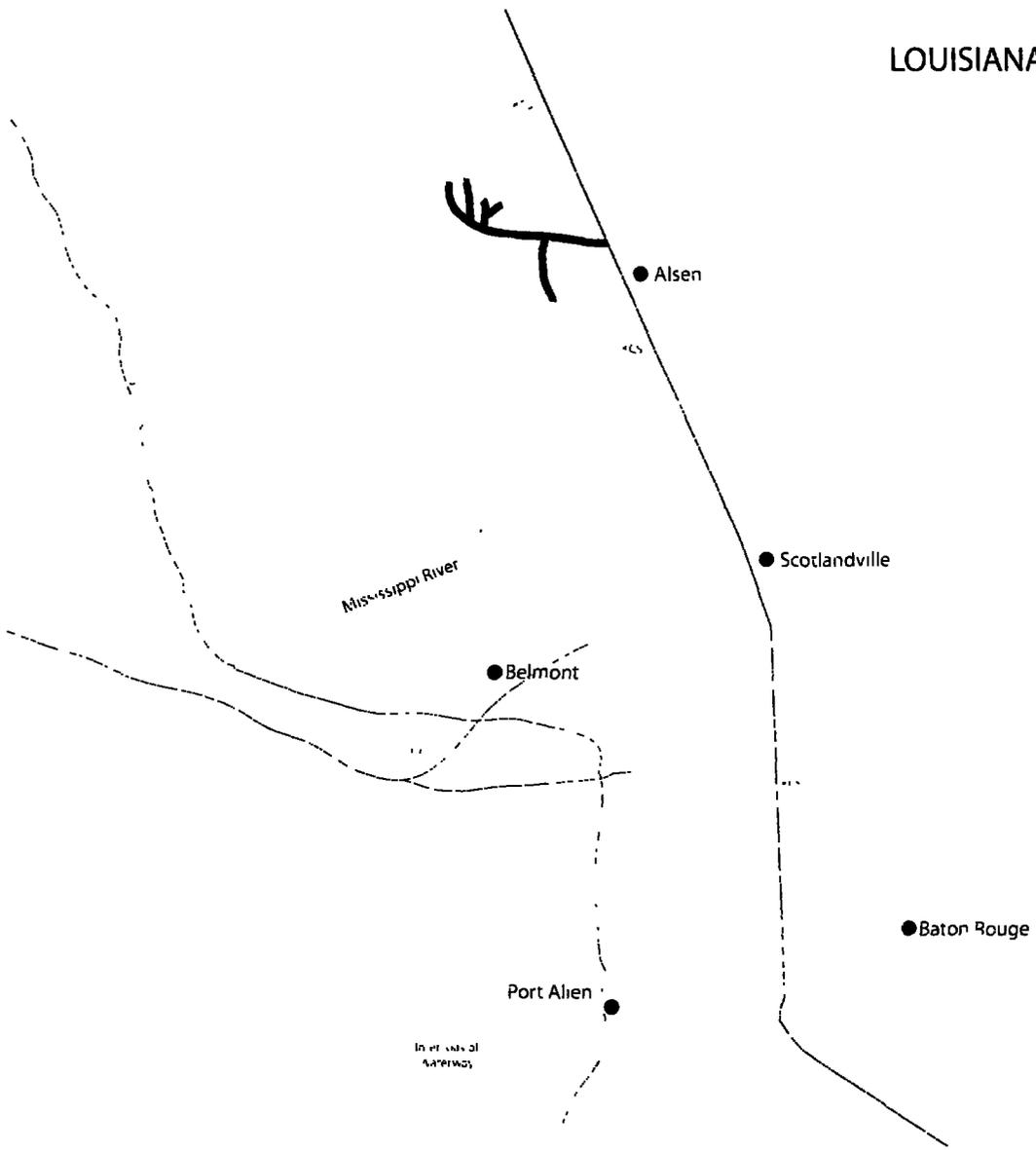


LEGEND:
 Arkansas Southern RR (ARS) 
Interchanges - Track miles 62
 - Ashdown, Heavener
 - Nashville
 - KRR

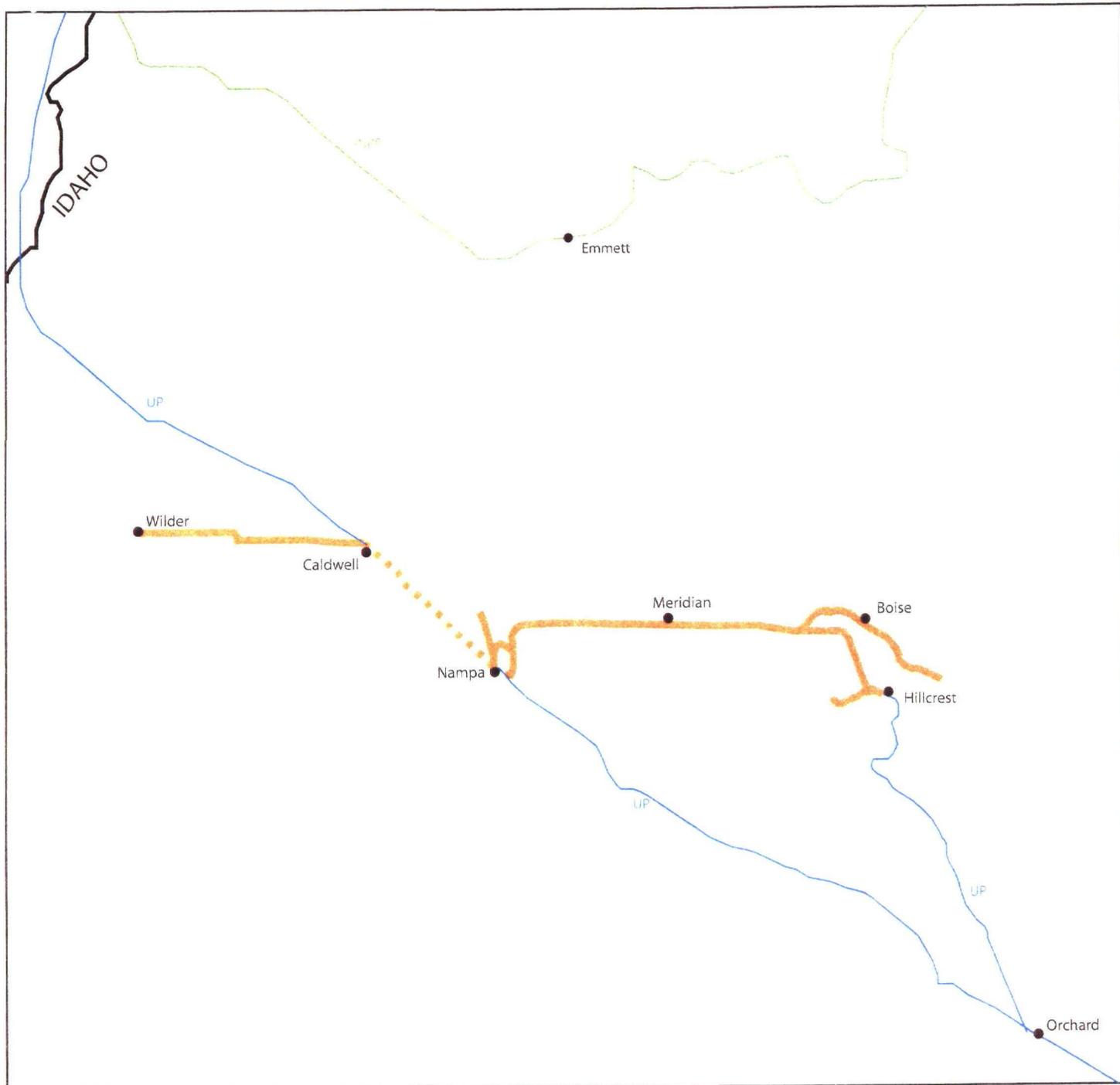


LEGEND:
 Austin Western RR (AWRR)
Interchanges - Track miles 154
 UP - McNeil
 BNSF - McNeil
 Mechanical Services

LOUISIANA



LEGEND: Baton Rouge Southern RR BRS		Interchanges - Track miles 1.5
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LEGEND:

Boise Valley RR (EIRR)



Boise Valley Trackage Rights



Idaho Northwest & Pacific

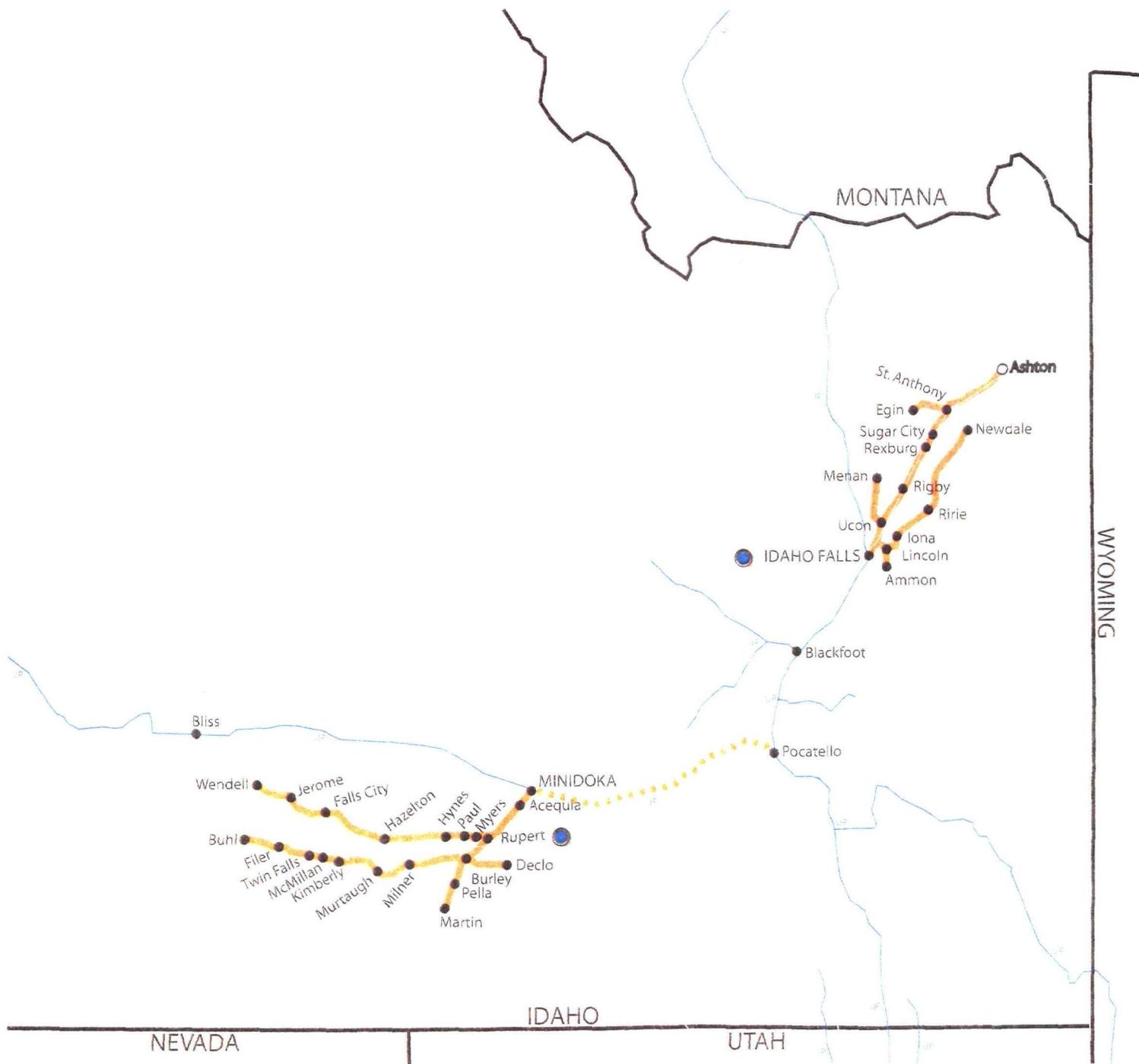


Union Pacific



Interchanges - Track miles 36

UP - Nampa, Caldwell



LEGEND:

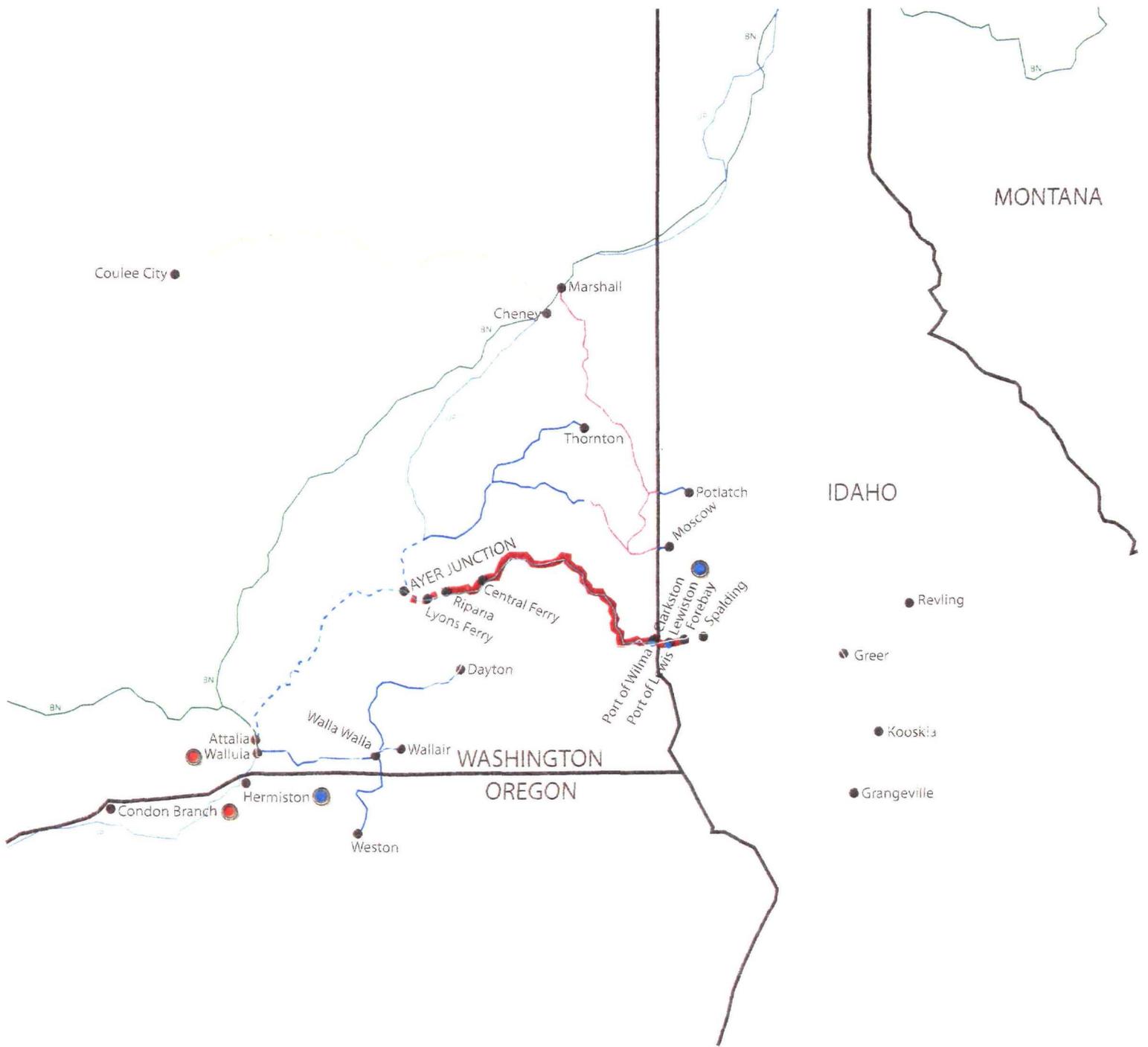
Eastern Idaho RR (EIRR) 

Eastern Idaho Trackage Rights 

Interchanges - Track miles 270

UP - Minidoka, Idaho Falls

 Mechanical Services



LEGEND:

- Great Northwest RR (GRNW)
- Great Northwest Trackage Rights
- Palouse River & Coulee City RR (PCC)
- Palouse River & Coulee City Trackage Rights
- BG & CM Railroad
- Eastern Washington Gateway RR
- Washington and Idaho Railway

Interchanges - Track miles 77

- UP - BNSF - Ayer
- Mechanical Services
- Switching Services



LEGEND:

Grand Elk Railroad



Norfolk Southern



CSXT



Interchanges

NS - Elkhart, IN & Kalamazoo, MI

CN - Kalamazoo, MI

CSXT - Grand Rapids, MI

MSO - Grand Rapids, MI

MSO - Grand Rapids, MI

MSO - White Pigeon, MI

Total Miles: 122.9

Canadian National



CSXT



Canadian National



Indiana Northeastern

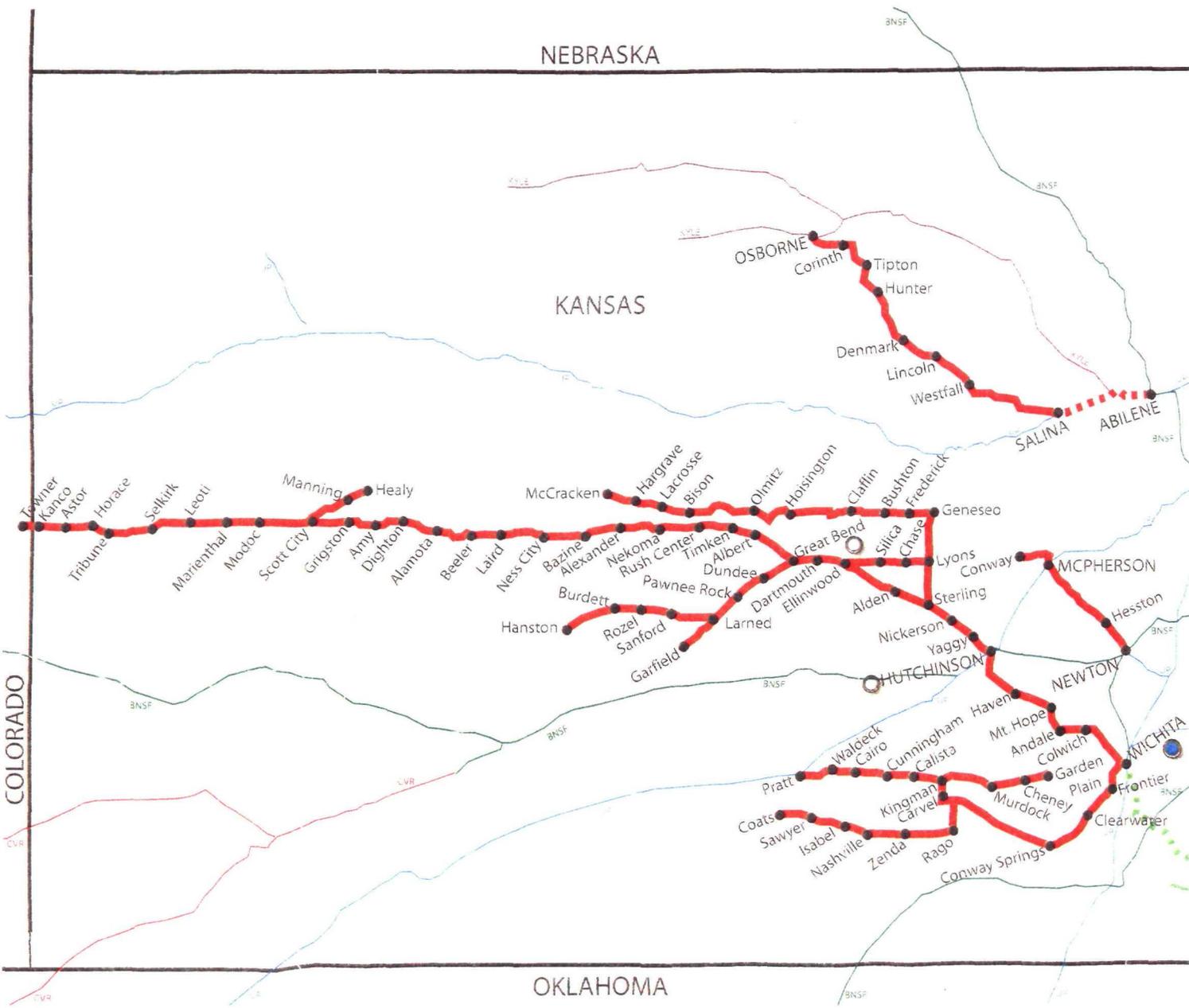


Michigan Southern

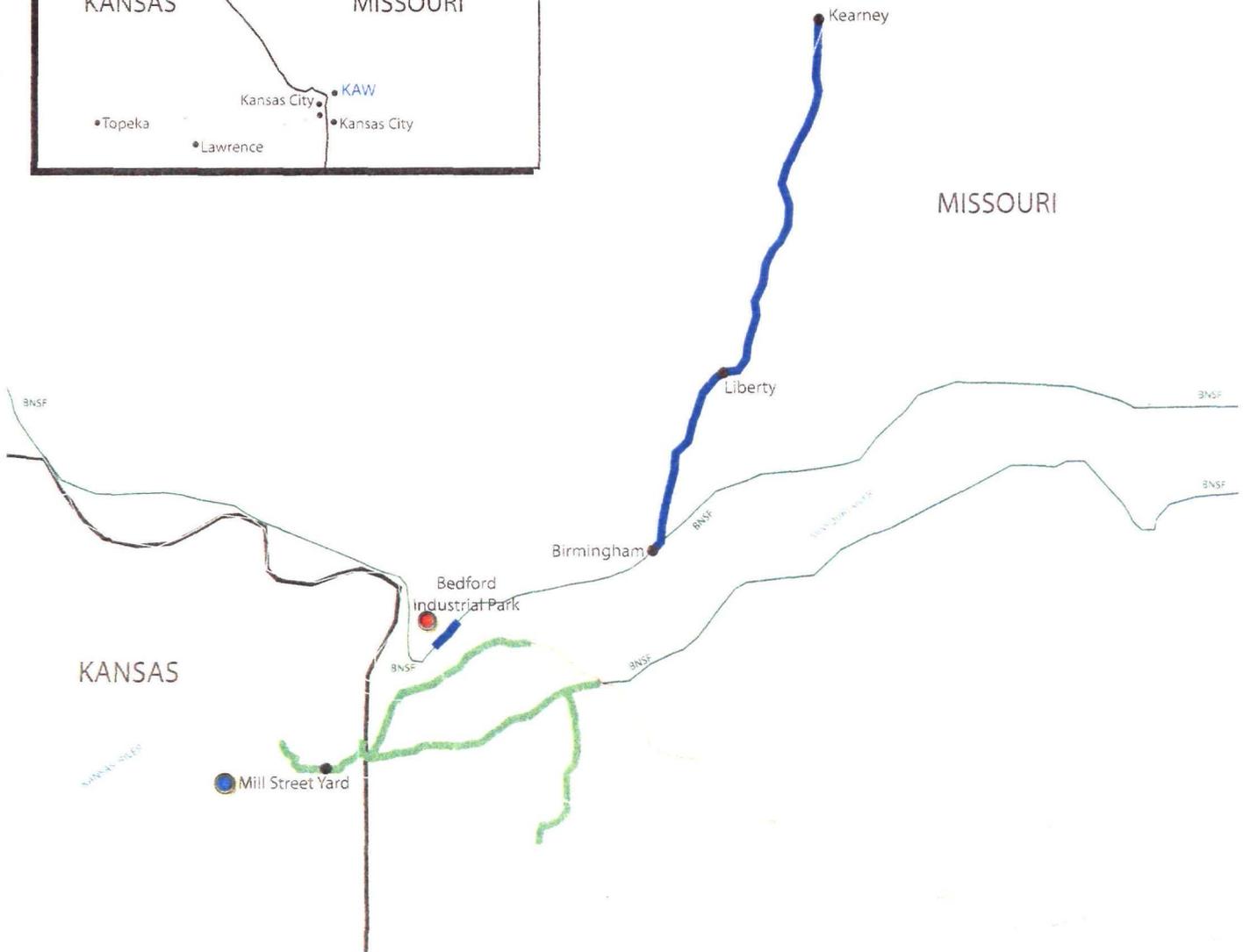


Michigan Southern





LEGEND:	
Kansas & Oklahoma RR (KO)	
Kansas & Oklahoma Trackage Rights	
South Kansas & Oklahoma RR Trackage Rights (SKO)	
Kyle Railroad (KYLE)	
Cimmaron Valley Railroad (CVR)	
Interchanges - Track miles 820	
BNSF - Abilene, Hutchinson, Newton, Wichita	
KLYE - Osborne	
- Wichita	
UP - Hutchinson, McPherson, Salina, Wichita	
	Mechanical Services
	Transload/Warehouse Services



LEGEND:

KAW River Railroad (KAW) —————

Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTL) —————

Interchanges - Track miles 32

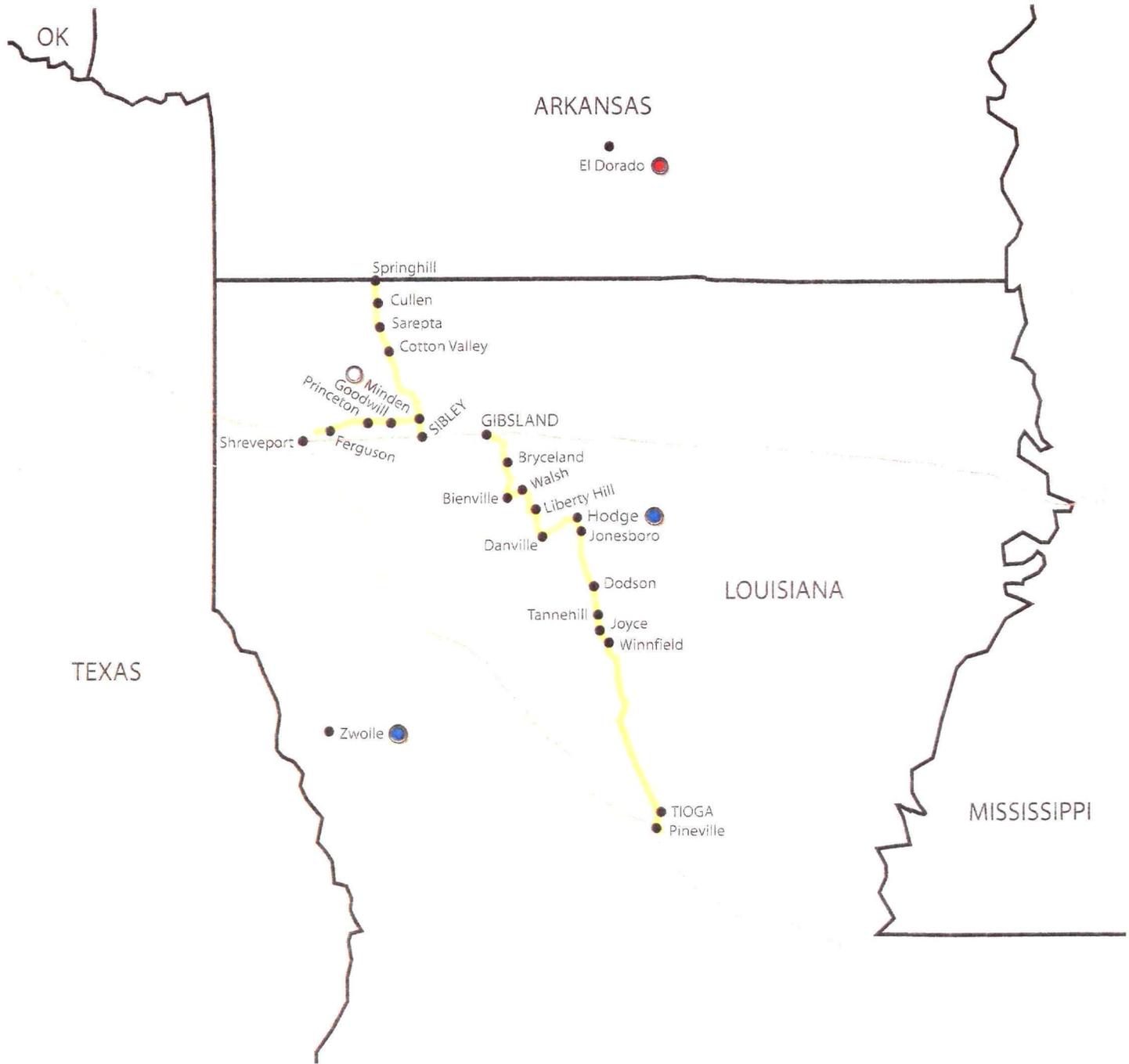
BNSF - Kansas City, KS ● Mechanical Services

ICE - Kansas City, MO/KS ● Switching Services

ICE - Kansas City, MO/KS

NS - Kansas City, MO

UP - Kansas City, MO/KS



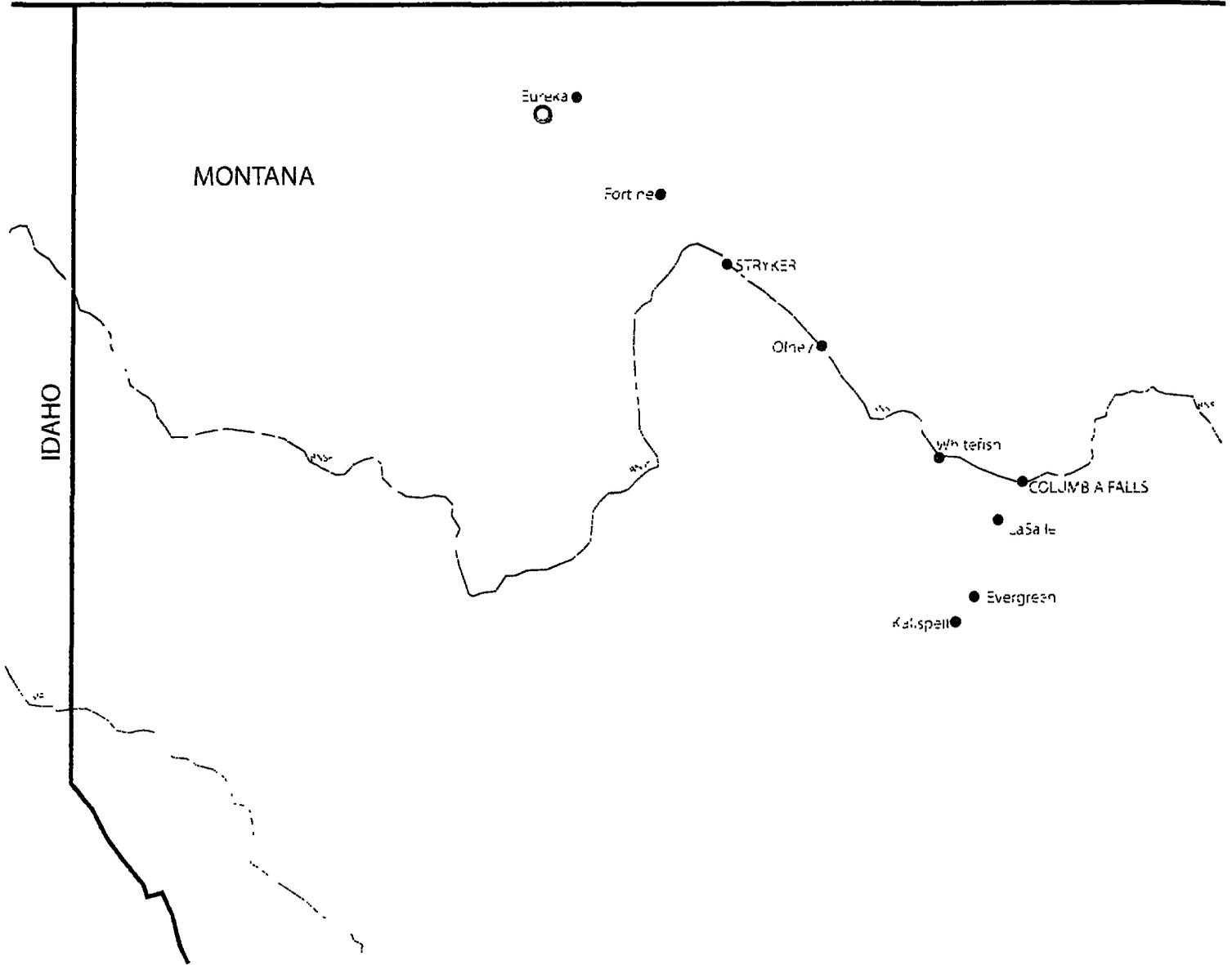
LEGEND:

Louisiana Southern RR (LAS) 

Interchanges - Track miles 166.6

-  - Gibsland, Tioga, Sibley
-  Mechanical Services
-  Switching Services
-  Transload/Warehouse Services

CANADA



LEGEND:

Vision Mountain Railroad (solid line)
Montana Rail Link (dashed line)

Interchanges - Track miles 39.5

BNSF - Stryker - Columbia Falls

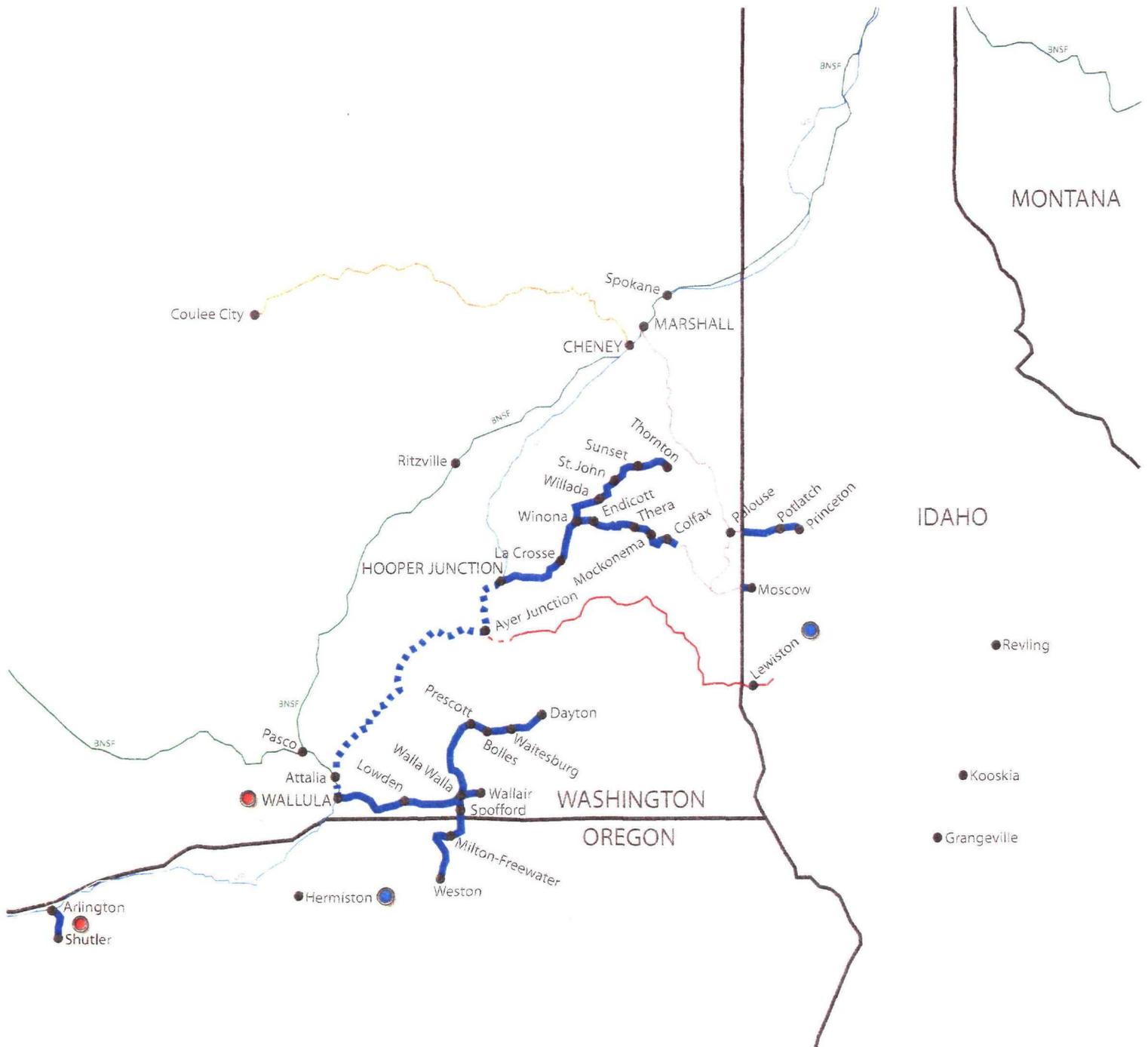
○ Transload/Warehouse Services



LEGEND:		Interchanges - Track miles 28	
Mississippi Southern RR (MSRI)		- Newton	
Mississippi Southern RR Trackage Rights		Mechanical Services	
Vicksburg Southern Railroad			

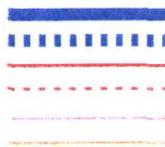


LEGEND:		Interchanges - Track miles 62	
Pacific Sun RR (PSRR)		BNSF - Oceanside	
	Switching Services		



LEGEND:

Palouse River & Coulee City RR (PCC)
 Palouse River & Coulee City Trackage Rights
 Great Northwest RR
 Great Northwest RR Trackage Rights
 Washington and Idaho Railway
 Eastern Washington Gateway RR
 BG & CM Railroad



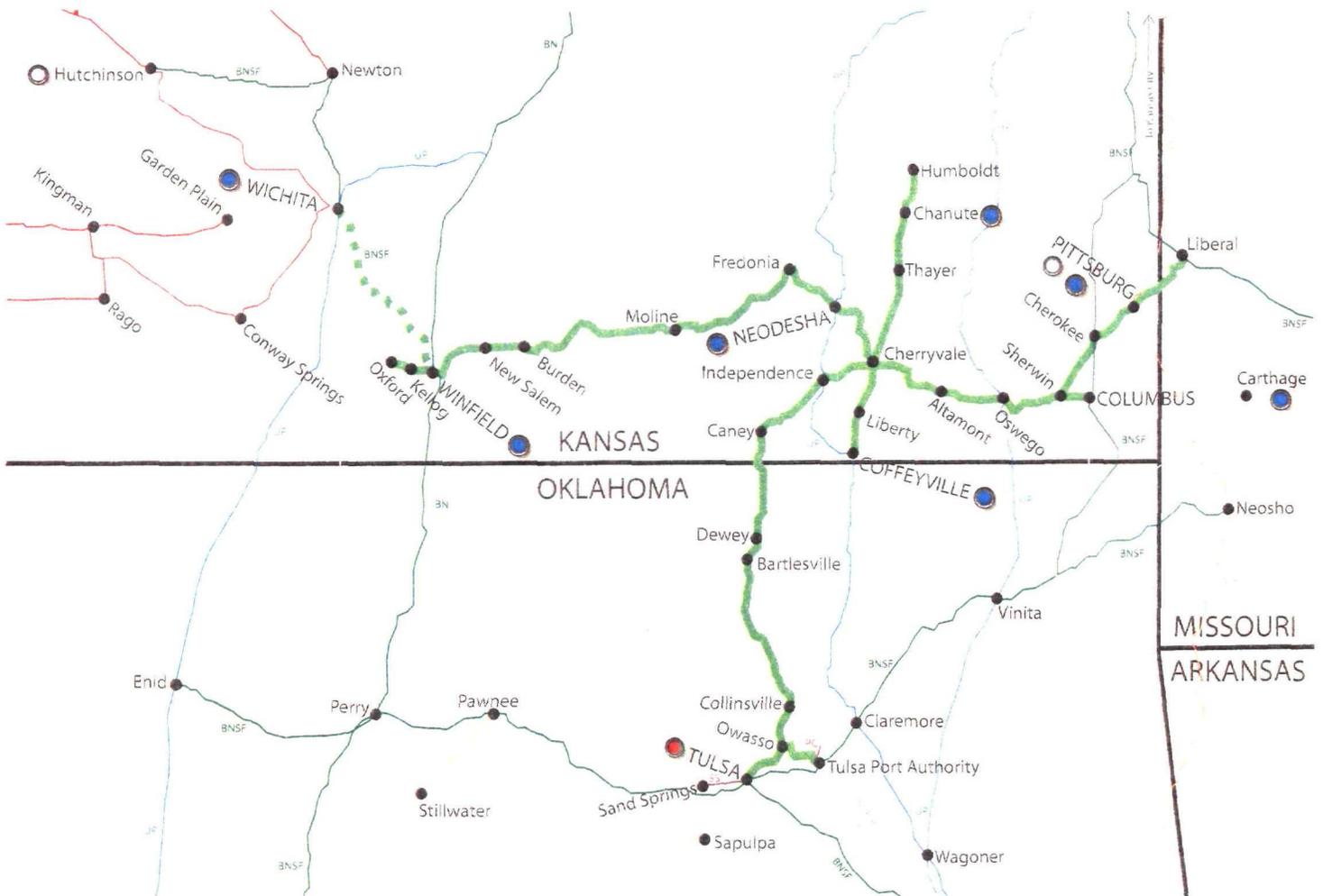
Interchanges - Track miles 202

BNSF - Wallula
 UP - Hooper Junction, Wallula
 Mechanical Services
 Switching Services

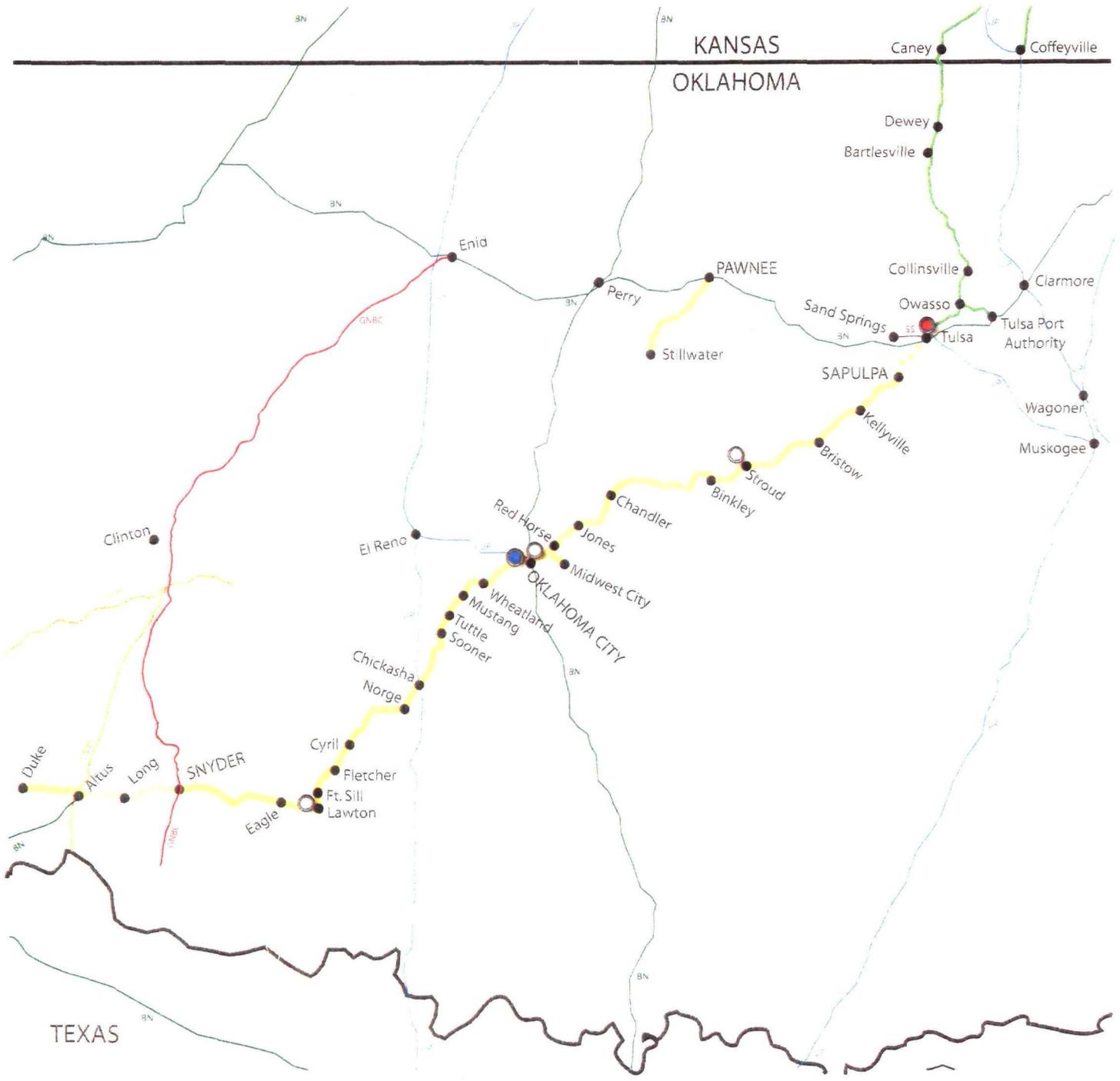




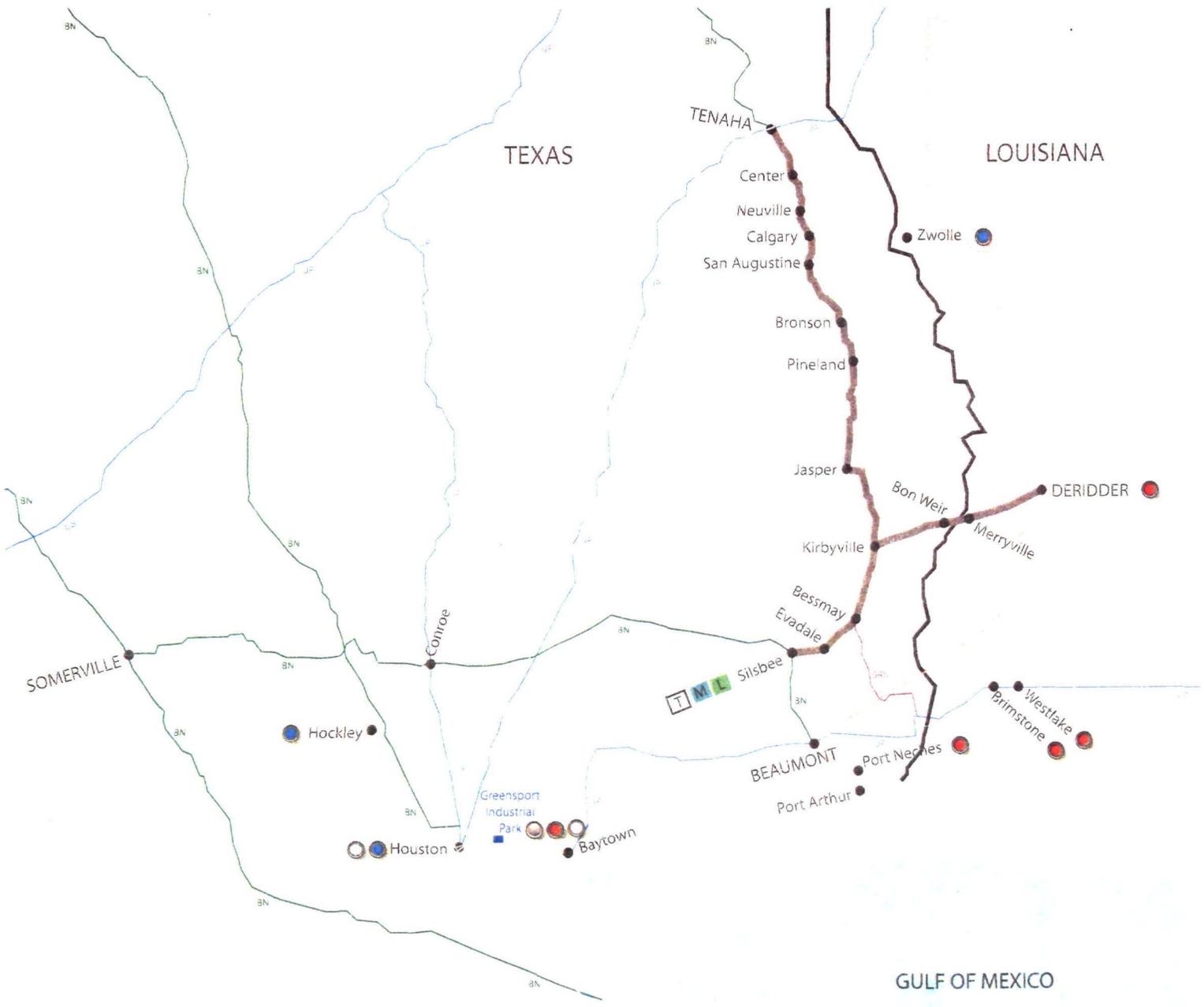
LEGEND:
 Pennsylvania Southwestern RR (PSWR) 
Interchanges - Track miles 12
 - Midland



LEGEND:		Interchanges - Track miles 380	
South Kansas & Oklahoma RR (SKOR)		UP	- Coffeyville, Winfield, Tulsa, Neodesha
South Kansas & Oklahoma Trackage Rights		BNSF	- Winfield, Tulsa, Columbus
Kansas & Oklahoma RR (KOR)			- Pittsburg
Stillwater Central RR (SLWC)		KO	- Wichita
Stillwater Central Trackage Rights		SS	- Tulsa
Sand Springs RR (SS)			- Tulsa
Tulsa's Port of Catoosa (PC)			
	Mechanical Services		
	Switching Services		
	Transload/Warehouse Services		



LEGEND:		Interchanges - Track miles 265.4	
Stillwater Central Railroad (SLWC)		BNSF	- Oklahoma City, Pawnee, Sapulpa,
Stillwater Central Trackage Rights			Snyder, Altus
South Kansas & Oklahoma RR (SKOL)		GNBC	- Altus
Sand Springs RR (SS)		GNBC	- Snyder
Grainbelt Corporation (GNBC)		UP	- Tulsa
	Mechanical Services	UP	- Oklahoma City
	Switching Services		
	Transload/Warehouse Services		



LEGEND:

Timber Rock RR (TIBR) 

Interchanges - Track miles 168

BNSF - Tenaha, Silsbee

SRN - DeRidder

SRN - Bessmay

 Mechanical Services

 Switching Services

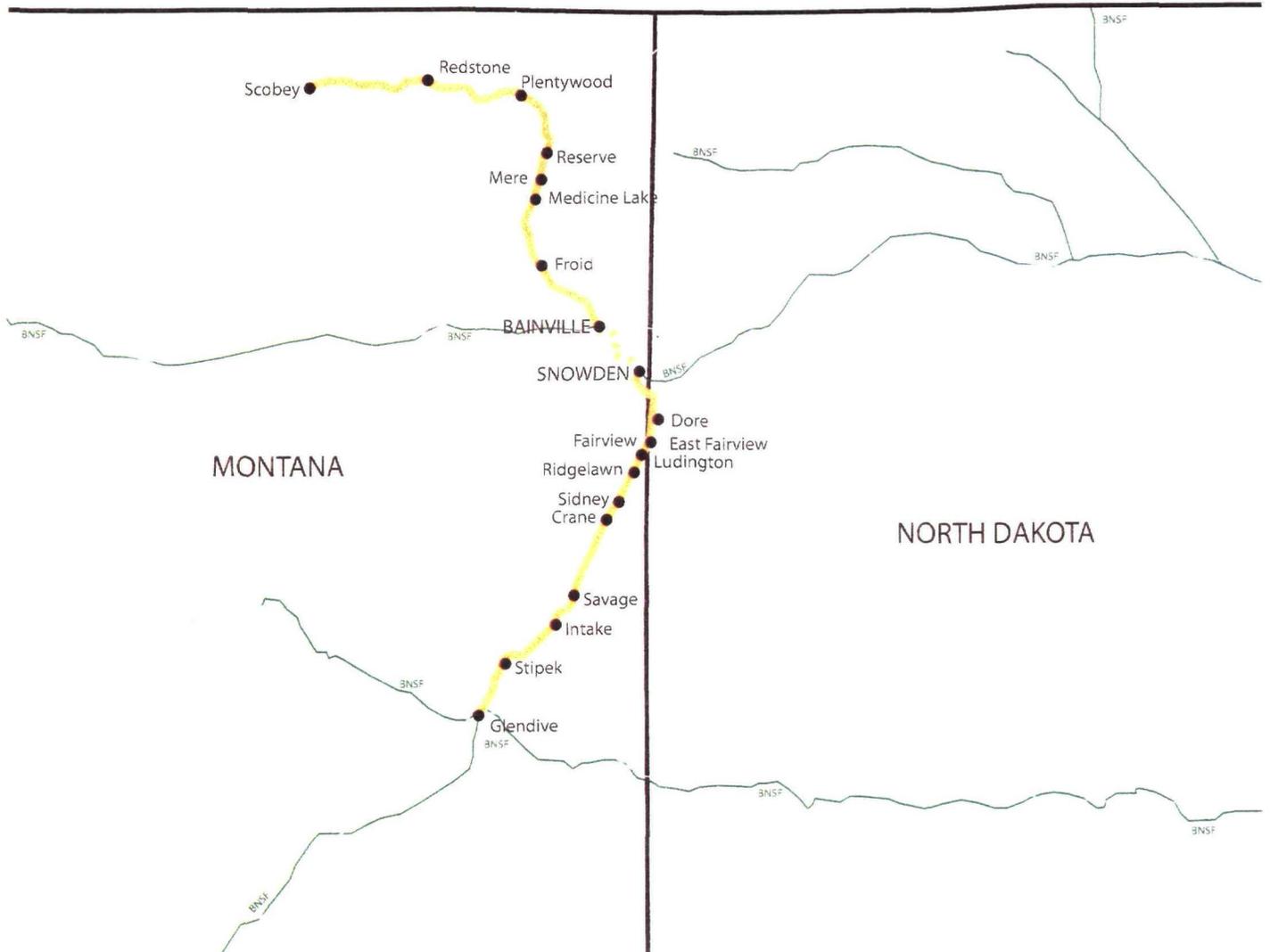
 Transload/Warehouse Services

 Port Operations



LEGEND:
Vicksburg Southern RR (VSOB) 
Interchanges - Track miles 21
• - Vicksburg
 Mechanical Services

CANADA



LEGEND:

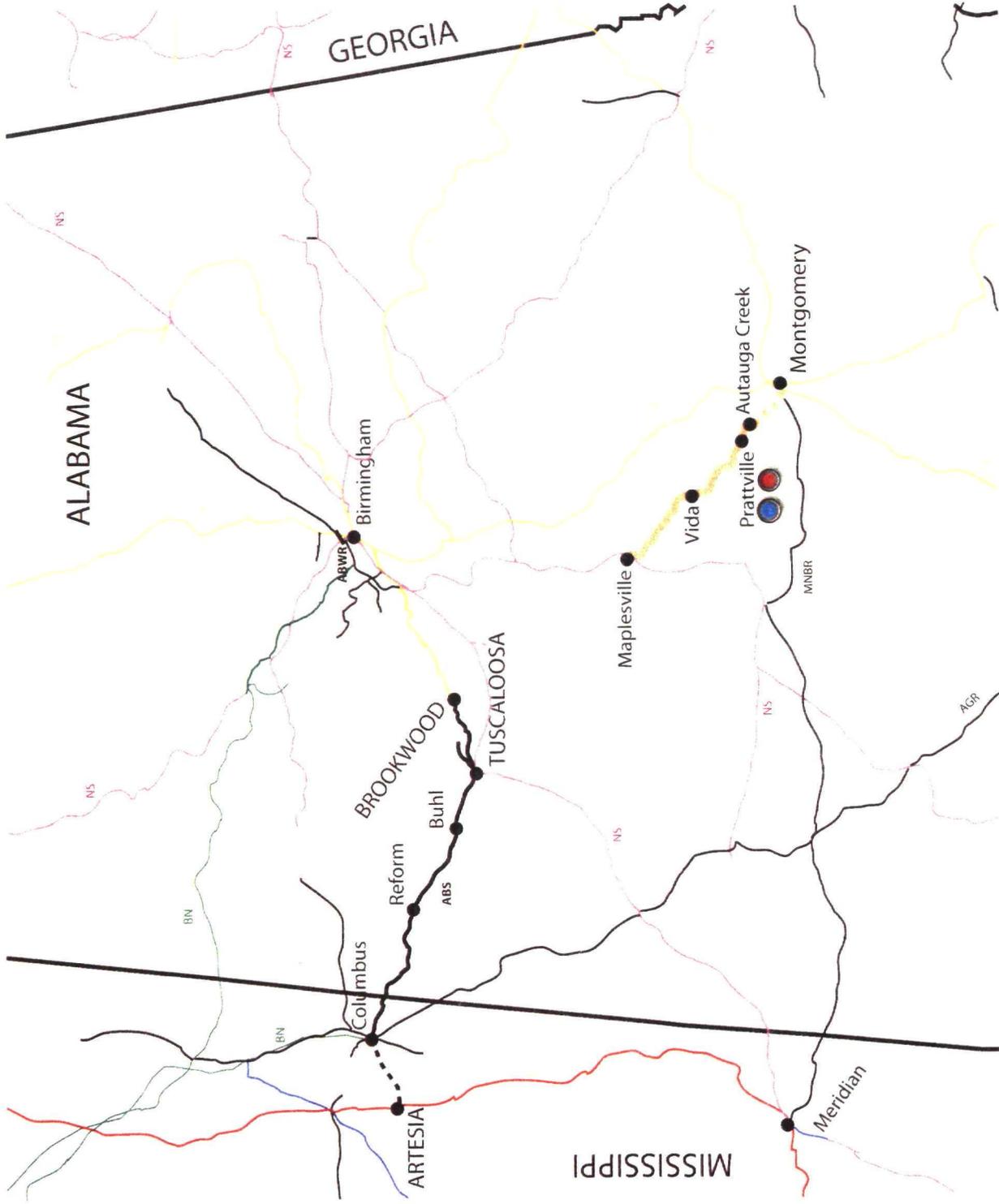
Yellowstone Valley RR (YSVR)

Yellowstone Valley Trackage Rights

Interchanges - Track miles 172

BNSF - Snowden, Bainville



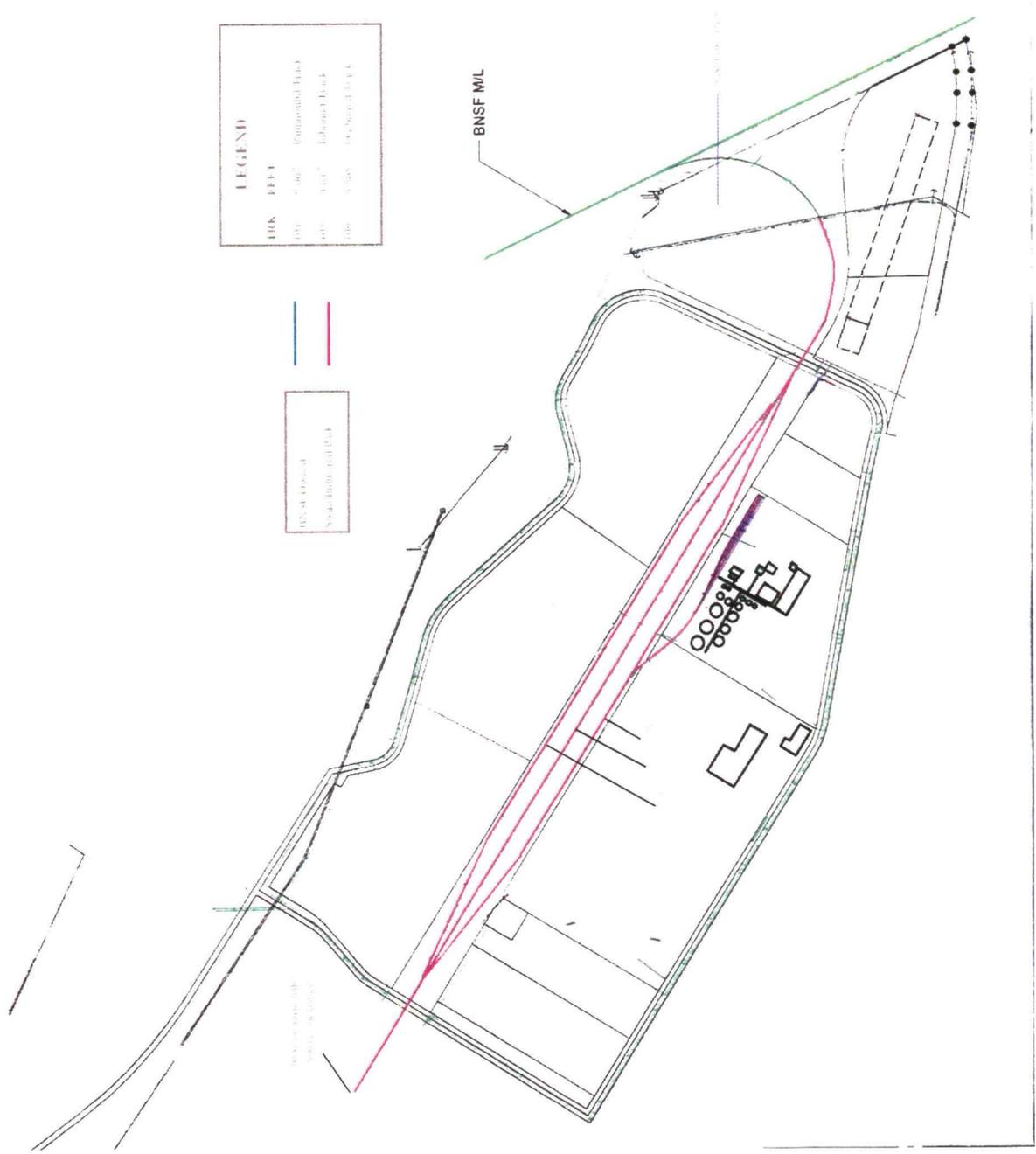


LEGEND:

- Autauga Northern (AUT)
- Autauga Northern Trackage Rights
- Interchanges - Track miles 43.57**
- - Maplesville
- - Montgomery

● Mechanical Services

● Switching Services



Swan Ranch Railroad LLC

VERIFICATION

STATE OF KANSAS)
)) **SS.**
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, Inc., 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.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 23 day of November, 2011. in the County of Crawford, State of Kansas.

My Commission Expires: 8/16/2012


Notary Public

VERIFICATION

STATE OF KANSAS)
) **ss.**
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, Inc., 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.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 23rd day of November, 2011, in the County of Crawford, State of Kansas.

My Commission Expires: 3/31/2014


Notary Public

