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March 27, 2009

Kevin M Sheys
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kvmn.sheys@klgates.com



BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street SW
Washington, DC 20423-00001

Re: STB Finance Docket No. 35225, San Benito Railroad LLC –
Acquisition and Operation Exemption – Certain Assets of
Union Pacific Railroad Company

Dear Acting Secretary Quinlan:

Enclosed for filing are (i) the original and ten copies of a Verified Notice of Exemption under 49 C F R § 1150.31 and a check covering the \$1,800 filing fee, and (ii) the original and ten copies of a Motion to Dismiss the Notice of Exemption. Also enclosed is a disc containing the enclosed filings. Original versions of Exhibits B and D to the Notice will be filed on Monday.

Please time and date stamp the extra copy of the filings and return it with our messenger.

If you have any questions, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Sheys'.

Kevin M. Sheys

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

224766



FINANCE DOCKET NO. 35225

SAN BENITO RAILROAD LLC
- ACQUISITION EXEMPTION -
CERTAIN ASSETS OF UNION PACIFIC RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
OF
SAN BENITO RAILROAD LLC
PURSUANT TO 49 C.F.R. § 1150.31

FILED
MAR 27 2009
SURFACE
TRANSPORTATION BOARD

ENTERED
Office of Proceedings
MAR 27 2009
Part of
Public Record

FEE RECEIVED
MAR 27 2009
SURFACE
TRANSPORTATION BOARD

Kevin M. Sheys
Janie Sheng
K&L Gates LLP
1601 K Street, NW
Washington, D.C. 20006
(202) 778-9000

Attorneys for San Benito Railroad LLC

Dated: March 27, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35225

SAN BENITO RAILROAD LLC
– ACQUISITION EXEMPTION –
CERTAIN ASSETS OF UNION PACIFIC RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
SAN BENITO RAILROAD LLC
PURSUANT TO 49 C.F.R. § 1150.31**

Pursuant to 49 C.F.R. § 1150.31 et seq., San Benito Railroad LLC (“San Benito”), a California limited liability company and a non-carrier, hereby files this Verified Notice of Exemption related to its right to acquire from Union Pacific Railroad Company (“UP”) certain right-of-way and trackage located in the County of San Benito in California (the “Subject Line”).

Simultaneously with this Verified Notice of Exemption, San Benito is filing in this docket a motion to dismiss this Notice. San Benito is utilizing this procedure to obtain a jurisdictional determination regarding its prospective common carrier status on the Subject Line. See State of Maine, Department of Transportation – Acquisition and Operation Exemption – Maine Central Railroad Company, 8 I.C.C.2d 835 (1991).

In accordance with the requirements of 49 C.F.R. § 1150.33, San Benito states as follows:

49 C.F.R. § 1150.32(e)
ADVANCE NOTICE

San Benito would not conduct any freight operations on the Subject Line and therefore the prospective annual freight revenue of San Benito would not exceed \$5 million. Accordingly, the requirements of 49 C.F.R. § 1150.32(e) do not apply to this matter.

49 C.F.R. § 1150.33(a)
NAME AND ADDRESS OF APPLICANT

The full name and address of the applicant is as follows:

San Benito Railroad LLC
c/o Longwood San Benito LLC
535 Cowper St., Second Floor
Palo Alto, CA 94301
(650) 614-9203

49 C.F.R. § 1150.33(b)
APPLICANT'S REPRESENTATIVE

San Benito's representative to whom correspondence regarding this matter should be addressed is as follows:

Janie Sheng
K&L Gates LLP
1601 K Street, NW
Washington, D.C. 20006
(202) 778-9000

49 C.F.R. § 1150.33(c)
STATEMENT CONCERNING AGREEMENT

Pursuant to an Option Agreement by and between San Benito and UP, San Benito has the right to purchase the right-of-way, track and other property and assets associated with the Subject Line, subject to UP's retained exclusive and perpetual freight railroad operating easement.

49 C.F.R. § 1150.33(d)
OPERATION OF THE PROPERTY

San Benito would acquire the Subject Line to operate (through a designated third-party operator) intrastate passenger rail service. As noted above, UP would retain an exclusive and perpetual freight operating easement. San Benito would not acquire any freight operating rights.

49 C.F.R. § 1150.33(e)
SUMMARY OF THE TRANSACTION

UP would transfer to San Benito all of its right, title and interest in the right-of-way, trackage and other property and physical assets constituting the Subject Line, and extending between approximately milepost 0.07 and approximately milepost 12.50 in the County of San Benito in the State of California. The Subject Line is a total of approximately 12.43 route miles. The transfer would be subject to UP's reservation of an exclusive freight rail operating easement on the Subject Line. San Benito would not acquire the right to operate freight rail service on the Subject Line.

The UP contact information is as follows:

Union Pacific Railroad Company
ATTN: Richard Gooch
45 Stevenson St., 15th Floor
San Francisco, CA 94105

San Benito would consummate acquisition of the Subject Line in June of 2009, or later.

49 C.F.R. § 1150.33(f)

MAP

A map indicating the area served by the Subject Line, including origins, termini, stations, cities and counties, is attached hereto as Exhibit A.

49 C.F.R. § 1150.33(g)

CERTIFICATION OF CLASS III STATUS

San Benito would not conduct any freight operations and therefore the projected freight revenues of San Benito would not exceed those that would qualify San Benito as a Class III rail carrier. A certificate complying with the provisions of 49 C.F.R. § 1150.33(g) is attached hereto as Exhibit B.

49 C.F.R. § 1150.33(h)

TRANSACTIONS IMPOSING INTERCHANGE COMMITMENTS

The proposed transaction does not involve a provision or agreement that would limit future interchange with a third-party connecting carrier.

49 C.F.R. Part 1105

ENVIRONMENTAL/HISTORIC PRESERVATION DATA

Under 49 C.F.R. § 1105.6(c)(2), the acquisition of assets by San Benito would be exempt from environmental reporting requirements. San Benito's acquisition of the Subject Line would not result in significant changes in carrier operations (i.e., changes that would exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5)).

Under 49 C.F.R. § 1105.8(b)(1), the proposed acquisition of assets by San Benito also would be exempt from historic preservation reporting requirements. Further STB approval would be required to abandon UP freight service on the Subject Line, and

there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older.

49 C.F.R. § 1150.34
CAPTION SUMMARY

A caption summary in the appropriate form is attached hereto as Exhibit C.

Respectfully submitted,

By:



Kevin M. Sheys

Janie Sheng

K&L Gates LLP

1601 K Street, NW

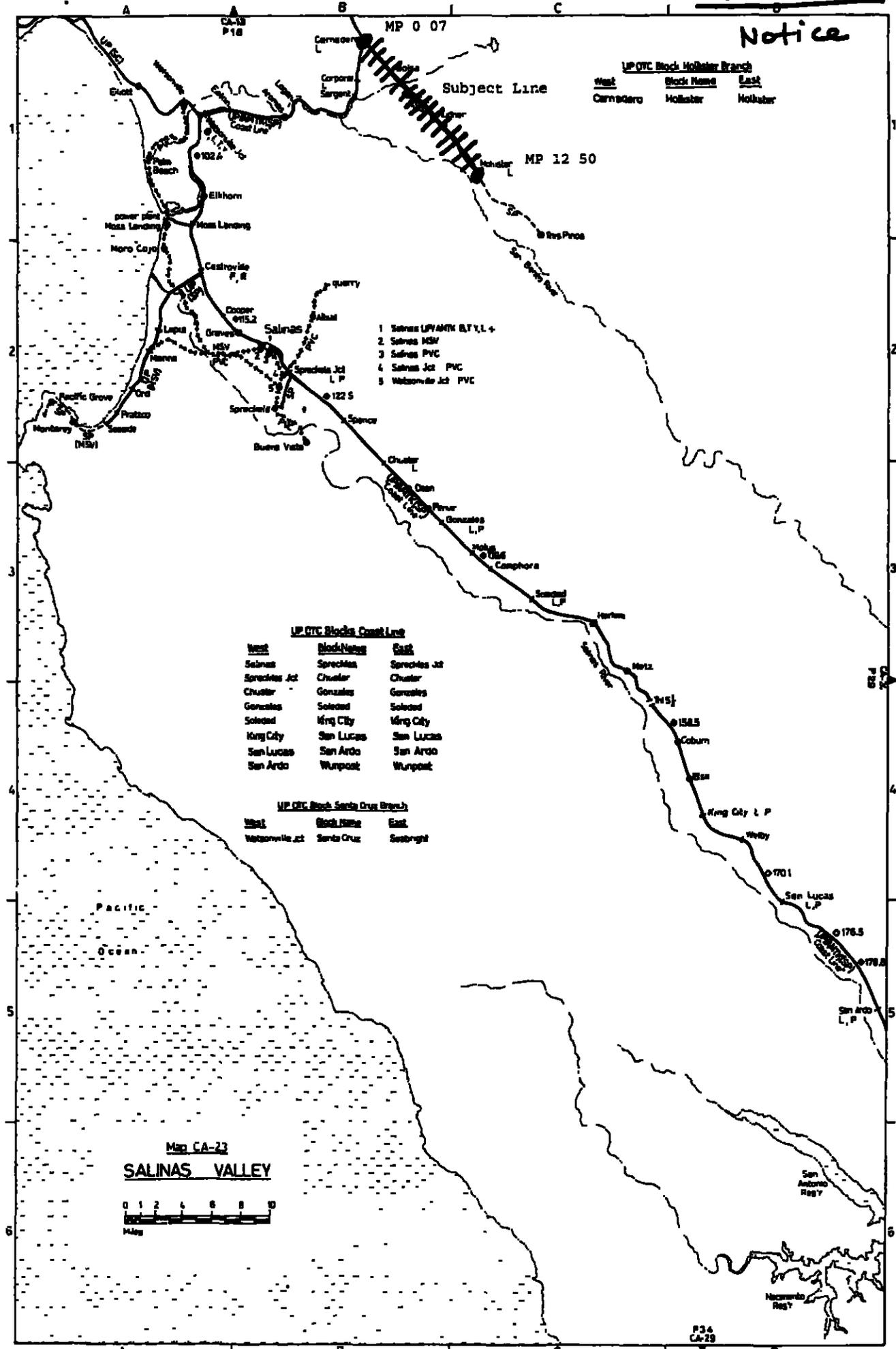
Washington, D.C. 20006

(202) 778-9000

**ATTORNEYS FOR SAN BENITO
RAILROAD LLC**

Dated: March 27, 2009

Notice



UP CTC Block Hollister Branch

West	Block Name	East
Carnesero	Hollister	Hollister

- 1 Salinas UPYANK BT Y, L, +
- 2 Salinas MSV
- 3 Salinas PVC
- 4 Salinas Jct PVC
- 5 Watsonville Jct PVC

UP CTC Blocks Coast Line

West	Block Name	East
Salinas	Sprachies	Sprachies Jct
Sprachies Jct	Chuster	Chuster
Chuster	Gonzales	Gonzales
Gonzales	Soledad	Soledad
Soledad	King City	King City
King City	San Lucas	San Lucas
San Lucas	San Ardo	San Ardo
San Ardo	Wurpost	Wurpost

UP CTC Block Santa Cruz Branch

West	Block Name	East
Watsonville Jct	Santa Cruz	Subright

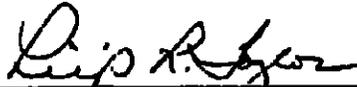
Map CA-23
SALINAS VALLEY
0 1 2 4 6 8 10
Miles

EXHIBIT B
CERTIFICATION

STATE OF CALIFORNIA
COUNTY OF San Mateo) SS:

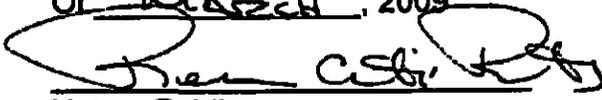
PHILIP R. TAYLOR, being duly sworn, deposes and says that he/she is
Authorized Rep. of San Benito Railroad LLC that to the best of his/her knowledge,
information and belief:

The San Benito Railroad LLC's projected freight revenues as a result of the
transaction will not exceed those that would qualify it as a Class III carrier.



{name} PHILIP R. TAYLOR

SUBSCRIBED AND SWORN to
Before me this 26th day
of MARCH, 2009



Notary Public



My Commission expires: 7-23-10

Exhibit C

CAPTION SUMMARY

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35225

**SAN BENITO RAILROAD LLC
– ACQUISITION EXEMPTION –
CERTAIN ASSETS OF UNION PACIFIC RAILROAD COMPANY**

San Benito Railroad LLC has filed a Verified Notice of Exemption under 49 C.F.R. § 1150.31 related to its option to acquire from Union Pacific Railroad Company certain right-of-way and trackage between approximately milepost 0.07 and approximately milepost 12.50, totaling approximately 12.43 route miles, located in the County of San Benito in the State of California.

This Notice is filed under § 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.

An original and ten (10) copies of all pleadings referring to STB Finance Docket No. 35225 must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 395 E Street, SW, Washington, D.C. 20423-0001. In addition, a copy of each pleading must be served on: Janie Sheng, K&L Gates LLP, 1601 K Street, NW, Washington, D.C. 20006, (202) 778-9000.

Simultaneously with this Verified Notice of Exemption, San Benito Railroad LLC is filing in this docket a motion to dismiss this Notice. San Benito Railroad LLC is utilizing this procedure to obtain a jurisdictional determination regarding its prospective common carrier status on the Subject Line. See State of Maine, Department of Transportation – Acquisition and Operation Exemption – Maine Central Railroad Company, 8 I.C.C.2d 835 (1991).

VERIFICATION

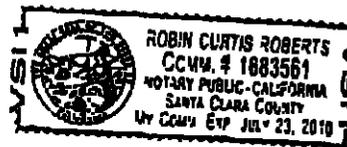
STATE OF CALIFORNIA)
)
COUNTY OF San Mateo) SS:

Philip R. Taylor, being duly sworn, deposes and says that he/she is
~~Authorized Representative~~ of San Benito Railroad LLC, and that he/she has read the foregoing
Notice of Exemption and that to best of his/her knowledge, information and belief,
believes the facts asserted therein and that the same are true as stated.

Philip R. Taylor
{name} PHILIP R. TAYLOR

SUBSCRIBED AND SWORN to
Before me this 26th day
of MARCH, 2009

Robin Curtis Roberts
Notary Public



My Commission expires: 7-23-10