



SIERRA NORTHERN RAILWAY

gg6042

341 Industrial Way
Woodland, CA 95776-6012
Tel: 530-666-9646
Fax: 530-666-2919

November 30, 2009

VIA Federal Express

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

ENTERED
Office of Proceedings

DEC 1 - 2009

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Public Record



Re: FD 35331, Sierra Northern Railway – Lease and Operation Exemption – Union Pacific Railroad Company

Dear Ms. Brown:

The following are enclosed for filing:

1. An original and 10 copies of the Verified Notice of Exemption by Sierra Northern Railway (“Sierra”) pursuant to 49 C.F.R. Part 1150, Subpart E—*Exempt Transactions Under 49 U.S.C. 10902*;
2. A CD containing the Notice of Exemption and Caption Summary; and
3. A check in the amount of \$1,800 for the filing fee.

Please contact me if you have any questions regarding this filing.

Thank you.

Sincerely,

David Magaw
President
Sierra Northern Railway

cc: Union Pacific Railroad Company

FEE RECEIVED

DEC 1 - 2009

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TRANSPORTATION BOARD**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB Finance Docket No. FD 35331

226092



**SIERRA NORTHERN RAILWAY — LEASE AND OPERATION EXEMPTION —
UNION PACIFIC RAILROAD COMPANY**

Sierra Northern Railway (“SERA”), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E—*Exempt Transactions Under 49 U.S.C. 10902*, to permit SERA to acquire and operate a rail line owned by Union Pacific Railroad Company (“UPRR”). SERA submits the following information in support of this Notice of Exemption as required under 49 C.F.R. § 1150.43:

(a) Full name and address of applicant:

Sierra Northern Railway
341 Industrial Way
Woodland, CA 95776
Telephone 530-666-9646
E-mail: dmagaw@att.net

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(b) Applicant’s Representative: Please address correspondence to David

Magaw, President, at the aforementioned address and telephone number.

(c) Statement of Agreement: SERA and UPRR have agreed to a “LEASE AGREEMENT BY AND BETWEEN UNION PACIFIC RAILROAD COMPANY AND SIERRA NORTHERN RAILWAY” (the “Lease Agreement”) pursuant to which UPRR has agreed to lease to SERA a rail line and associated property in Santa Cruz County, California.

FILED

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TRANSPORTATION BOARD**

(d) The operator of the property: SERA will be the operator of the rail line.

(e) Summary of proposed transaction:

(1) The name and address of the entity leasing the rail line:

**Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179**

(2) Proposed time schedule for consummation of the transaction:

The transaction is expected be consummated in December 2009, on or shortly after the effective date of this Notice.

(3) Subject property:

SERA will acquire under lease the Santa Cruz Branch located between Milepost 0.433, the east boundary of Salinas Road, near Watsonville Jct., CA to Milepost 31.39, the end of UPRR's line near Davenport, CA, including the interconnection with the Santa Cruz and Big Trees Railroad at MP 20.4 at Santa Cruz, CA.

Pursuant to an "INTERCHANGE AGREEMENT" between UPRR and SERA (the "Interchange Agreement"), attached to the Lease Agreement and part of this transaction, UPRR is granting to SERA certain trackage rights over trackage in UPRR's Watsonville yard as necessary for interchange.

(4) The length of the leased rail line is approximately 31.0 miles, and has an additional 3.6 miles of sidings and spurs.

(f) Maps of the subject rail line are in Attachment 1.

(g) SERA hereby certifies that its revenues as a result of this transaction will not result in SERA becoming a Class II or Class I rail carrier. SERA also certifies that its projected annual revenue will not exceed \$5 million as a result of this transaction. Accordingly, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

(h) Neither the Lease Agreement nor the Interchange Agreement contain a provision or agreement that may limit future interchange with a third-party

(i) A caption summary is attached as required by 49 C.F.R. § 1150.44.

(j) The proposed transaction does not require an historic report pursuant to 49 C.F.R. § 1150.8(b)(1).

(k) The proposed transaction will not result in significant changes in carrier operations. Thus, pursuant to 49 C.F.R. § 1105.6(c)(2), environmental documentation is not required.

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

Respectfully Submitted,



David Magaw, President
Sierra Northern Railway
341 Industrial Way
Woodland, CA 95776
Telephone 530-666-9646

Dated: November 30, 2009

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB Finance Docket No. FD 35331

**SIERRA NORTHERN RAILWAY — LEASE AND OPERATION EXEMPTION —
UNION PACIFIC RAILROAD COMPANY**

Sierra Northern Railway, a Class III rail carrier, has filed a Notice of Exemption to acquire and operate the following rail line owned by Union Pacific Railroad Company: the Santa Cruz Branch located between Milepost 0.433, the east boundary of Salinas Road, near Watsonville Jct., CA to Milepost 31.39, the end of UPRR's line near Davenport, CA, including the interconnection with the Santa Cruz and Big Trees Railroad at MP 20.4 at Santa Cruz, CA, and various associated siding and spur trackage.

Comments must be filed with the Board and served on David Magaw, President of Sierra Northern Railway, 341 Industrial Way, Woodland, CA 95776.

This Notice is filed under 49 C.F.R. 1150.41. If the Notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

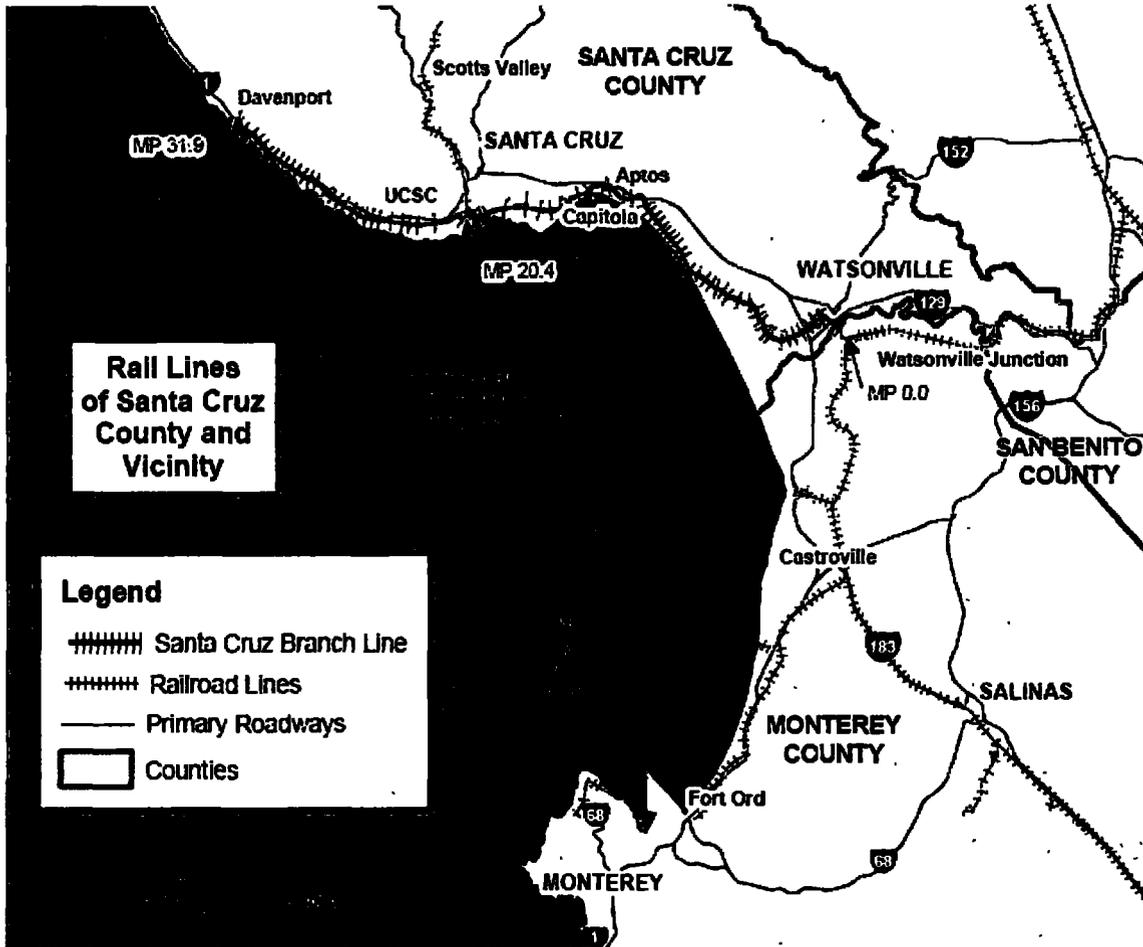
I, David Magaw, verify under penalty of perjury that I am the President of Sierra Northern Railway, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption, and I know that its contents are true and correct to the best of my knowledge, information and belief.

Executed on November 30, 2009


David Magaw
President
Sierra Northern Railway

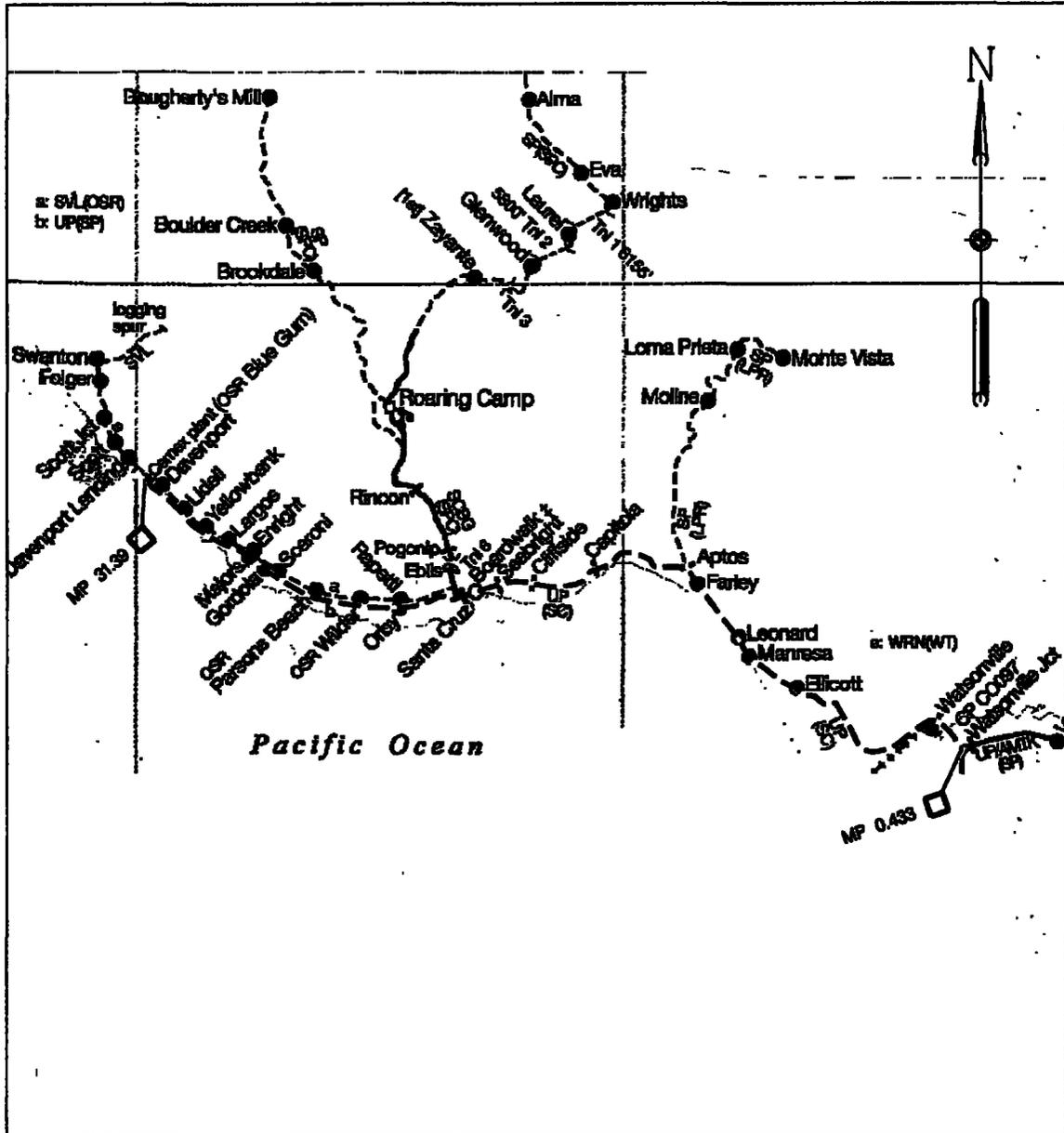
Map 1 Area

SIERRA NORTHERN RAILWAY — LEASE AND OPERATION EXEMPTION —
UNION PACIFIC RAILROAD COMPANY



Map 2 Detail

SIERRA NORTHERN RAILWAY — LEASE AND OPERATION EXEMPTION —
UNION PACIFIC RAILROAD COMPANY



NOT TO SCALE

LEGEND

LINE TO BE LEASED SHOWN
MP 0.433 - 31.39

EXHIBIT "A"

UNION PACIFIC RAILROAD CO.

TO ACCOMPANY AGREEMENT WITH
SIERRA NORTHERN RAILWAY
WATSONVILLE JCT - DAVENPORT, CA.
M.P. 0.433 - 31.39+- SANTA CRUZ SUB.
SP CA V72 /1-6 & V89 /1-7
REAL ESTATE DEPARTMENT OMAHA NE.
FILE #1728-03 DATE: 11-2-2009 T.D.A.