

**JOHN D. HEFFNER, PLLC**

1920 N STREET, N.W.

SUITE 800

WASHINGTON, D.C. 20036

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215529

BY HAND

January 11, 2006

Hon. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street  
Washington, D.C. 20423-0001

215529

**RE:** FD No. 34814, Cassatt Management, LLC d/b/a Bay  
Coast Railroad- Lease and Operate Exemption -  
Canonie Atlantic Company on Behalf Of Accomack-  
Northampton Transportation District Commission

FD No. 34815, Cassatt Management, LLC d/b/a Bay Coast  
Railroad - Operation Exemption - Shenandoah Valley Rail Line

215530

Dear Mr. Williams:

On behalf of Petitioner Cassatt Management, LLC d/b/a Bay  
Coast Railroad, I am filing an original and ten copies of:

(1) a verified notice of exemption under 49 CFR 1150.31 for  
the lease and operation by Cassatt Management, LLC d/b/a Bay  
Coast Railroad, of a line of railroad owned by Canonie Atlantic  
Company on Behalf Of Accomack-Northampton Transportation District  
Commission; and

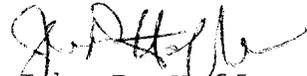
(2) a verified notice of exemption under 49 CFR 1150.31 for  
the operation by Cassatt Management, LLC d/b/a Bay Coast  
Railroad, of a line of railroad known as the Shenandoah Valley  
Railroad Line.

I am also enclosing two checks payable to the Board for  
\$1,500 each to cover the applicable filing fees and a computer  
disk formatted in MS Word containing these filings.

Please date stamp and return one copy of this filing.

Hon. Vernon A. Williams  
January 11, 2006  
Page Two

Sincerely yours,



John D. Heffner

Enclosures

cc: Mr. Larry E. LeMond

215529

BEFORE THE  
SURFACE TRANSPORTATION BOARD

▲  
JAN 11 2006  
RECEIVED

STB FINANCE DOCKET NO. 34814

CASSATT MANAGEMENT, LLC  
D/B/A BAY COAST RAILROAD  
-- LEASE AND OPERATION EXEMPTION --  
CANONIE ATLANTIC COMPANY ON BEHALF OF  
ACCOMACK-NORTHAMPTON  
TRANSPORTATION DISTRICT COMMISSION

-----  
VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 U.S.C. 10901 and 49 CFR 1150.31

NOTICE OF OPERATION OF RAIL LINE

Submitted By:

John D. Heffner  
John D. Heffner, PLLC  
1920 N Street, N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 263-4180

Counsel for Petitioner

Dated: January 11, 2006

BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34814

CASSATT MANAGEMENT, LLC  
D/B/A BAY COAST RAILROAD  
-- LEASE AND OPERATION EXEMPTION --  
CANONIE ATLANTIC COMPANY ON BEHALF OF  
ACCOMACK-NORTHAMPTON  
TRANSPORTATION DISTRICT COMMISSION

VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 U.S.C. 10901 and 49 CFR 1150.31

NOTICE OF OPERATION OF RAIL LINE

INFORMATION REQUIRED BY 49 CFR 1150.33

Name and Address of Applicant                      **49 CFR 1150.33(a)**

Cassatt Management, LLC  
d/b/a Bay Coast Railroad  
1100 Eagle Wood Drive  
Suite C  
Virginia Beach, VA 23454<sup>1</sup>

Applicant's Representative                      **49 CFR 1150.33(b)**

John D. Heffner  
John D. Heffner, PLLC  
1920 N Street, N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 263-4180

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<sup>1</sup> The address for the owner of the subject rail line is Canonie-Atlantic Company, P.O. Box 1027, Eastville, VA 23347.

Cassatt Management, LLC d/b/a Bay Coast Railroad ("CBR") has entered into a new 30 year agreement with Canonie Atlantic Company ("Canonie") acting on behalf of the Accomack-Northampton Transportation District Commission, a political sub-division of the Commonwealth of Virginia, ("the Commission") for the lease and operation of a series of interconnected railroad lines comprising the Eastern Shore Railroad, Inc. ("Eastern Shore") and the assignment of track leases from and trackage rights held by Eastern Shore over lines of Norfolk Southern Railway Company ("NS"). The subject rail lines consist of 68.3 ownership miles, 4.6 leased miles, and trackage rights of approximately 4.0 miles. They include the following:

- (a) between ESHR MP 30.5 at Pocomoke City, MD (NS interchange), and ESHR MP 94.8 at Cape Charles, VA (float bridge) (Eastern Shore owned);
- (b) between ESHR MP 95.0 at Little Creek (Virginia Beach), VA, and ESHR MP 97.6 at Camden Heights (Norfolk), VA (Eastern Shore owned);
- (c) between ESHR MP 97.6 at Camden Heights and ESHR MP 100.7 at North Junction (Eastern Shore leased from NS);
- (d) The Diamond Springs Line between NS MP SN 5.2 and NS MP SN 6.7 (Eastern Shore leased from NS);

- (e) Between ESHR MP 100.7 at North Junction to ESHR MP 102.1 at St. Julian (Eastern Shore owned);
- (f) Trackage rights over NS between Coleman Place and NS' Portlock Yard for interchange purposes.

BCR plans to commence operations on or after January 18, 2006.

Operator of the Property

**49 CFR 1150.33(d)**

In all cases anticipated by this Notice, and as described in the transaction summary provided below, BCR will hold itself out to provide common carrier rail freight service over the subject rail facilities.

Brief Summary of Transaction

**49 CFR 1150.33(e)**

This exemption involves the lease and operation by a new noncarrier established by BCR, the successful bidder to takeover and operate as a new class III short line railroad the Eastern Shore's operations and common carrier obligations. BCR's management team consists of individuals who formerly managed the Eastern Shore. Eastern Shore is an existing class III short line railroad originally established in 1981 for the purpose of operating a strategically located rail line connecting Pocomoke City, MD, with Norfolk, VA.<sup>2</sup> The Eastern Shore serves the southern part of the Delmarva Peninsula connecting at

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<sup>2</sup> By rail between Pocomoke and Cape Charles, VA, and by car float across the Chesapeake Bay between Cape Charles and Little Creek, VA.

Pocomoke City with NS' rail line from Wilmington, DE. At Cape Charles on the southern tip of the Delmarva Peninsula, Eastern Shore floats rail cars across the Chesapeake Bay to and from the mainland at Little Creek where it connects with the NS, and also with CSX Transportation through the Norfolk Portsmouth Beltline Railroad in Norfolk, VA. Eastern Shore provides the only direct north-south route for moving "high and wide" rail cars in the Northeast.

Omitted from the Conrail System under the U.S. Railway Association's Final System Plan, the Pocomoke-Cape Charles line originally remained the property of the bankrupt Penn Central Transportation Company. After several short line railroads took their turn at operating this line, the Commission acquired the line and contracted with Canonie to operate it as the Eastern Shore Railroad. More recently, Canonie solicited operating bids from private parties with Cassatt's bid accepted for a 30 year operating contract.

Simultaneous with this transaction, BCR seeks authority in STB FD No. 34815 to acquire by assignment Eastern Shore's agreement to operate the Shenandoah Valley Railroad line in Rockingham and Augusta Counties, VA. These two railroad lines do not connect and these two transactions are independent of each other.

Map

**49 CFR 1150.33(f)**

A Map depicting the line to be leased and operated is attached as Exhibit A.

Certificate of Carrier Classification      49 CFR 1150.33(g)

BCR certifies that, with this acquisition, its projected annual revenues will be less than \$5,000,000 annually. A certificate complying with the provisions of 49 CFR 1150.33(g) is attached as Exhibit B to this notice.

Labor Protection

Under 49 U.S.C. 10901 the imposition of labor protective conditions is discretionary. BCR requests that no conditions be imposed as there are no employees who will be adversely affected.

Caption Summary                      49 CFR 1150.34

A caption summary in the prescribed form is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Data 49 CFR  
1105

Pursuant to 49 CFR 1105.6(c)(2), the proposed transaction is exempt from environmental review under 49 CFR 1105(c)(2)(i), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 1105.7(e)(4) or (5).

In addition, this transaction is exempt from historic review under 1105.8(b)(1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is

required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Respectfully submitted,



John D. Heffner  
John D. Heffner, PLLC  
1920 N Street, N.W.  
Suite 800  
Washington, D.C. 20036  
(202) 263-4180

Counsel for Petitioner

Dated: January 11, 2006

**EXHIBIT A**

Norfolk Southern Railway  
Lease of  
North Beach Route to  
Eastern Shore Railroad

Diamond Springs Line

Currently Leased  
to ESHR

ES MP 97.6 (Begin Lease) CAMDEN HEIGHTS

**Key:**

- NS owns and maintains
- - - ESHR leases and maintains
- ESHR owns and maintains

NS - Norfolk Southern Railway  
ESHR - Eastern Shore Railroad  
Not to Scale

Norfolk, Virginia

North Beach Route  
- Currently Leased  
to ESHR

SNOWS - January 12, 1994

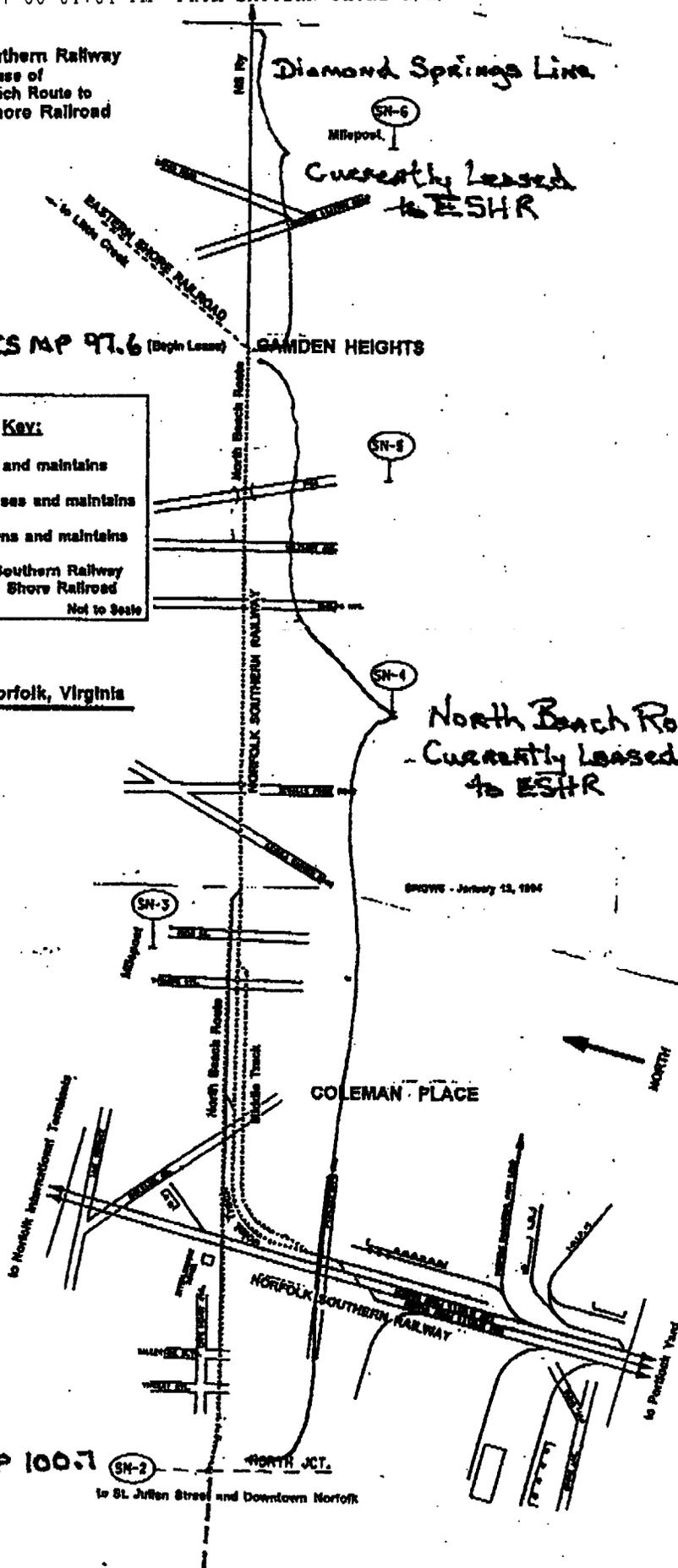
COLEMAN PLACE

ESHR Interchanges with  
Norfolk Portsmouth Beltline  
at Coleman Place

ESHR has Trackage Rights  
on Norfolk Southern  
Portlock Yard to  
Interchange (Approx. 4 miles)

ES MP 100.7 NORTH JCT.  
to St. Julian Street and Downtown Norfolk

ES MP 102.0 St. Julian



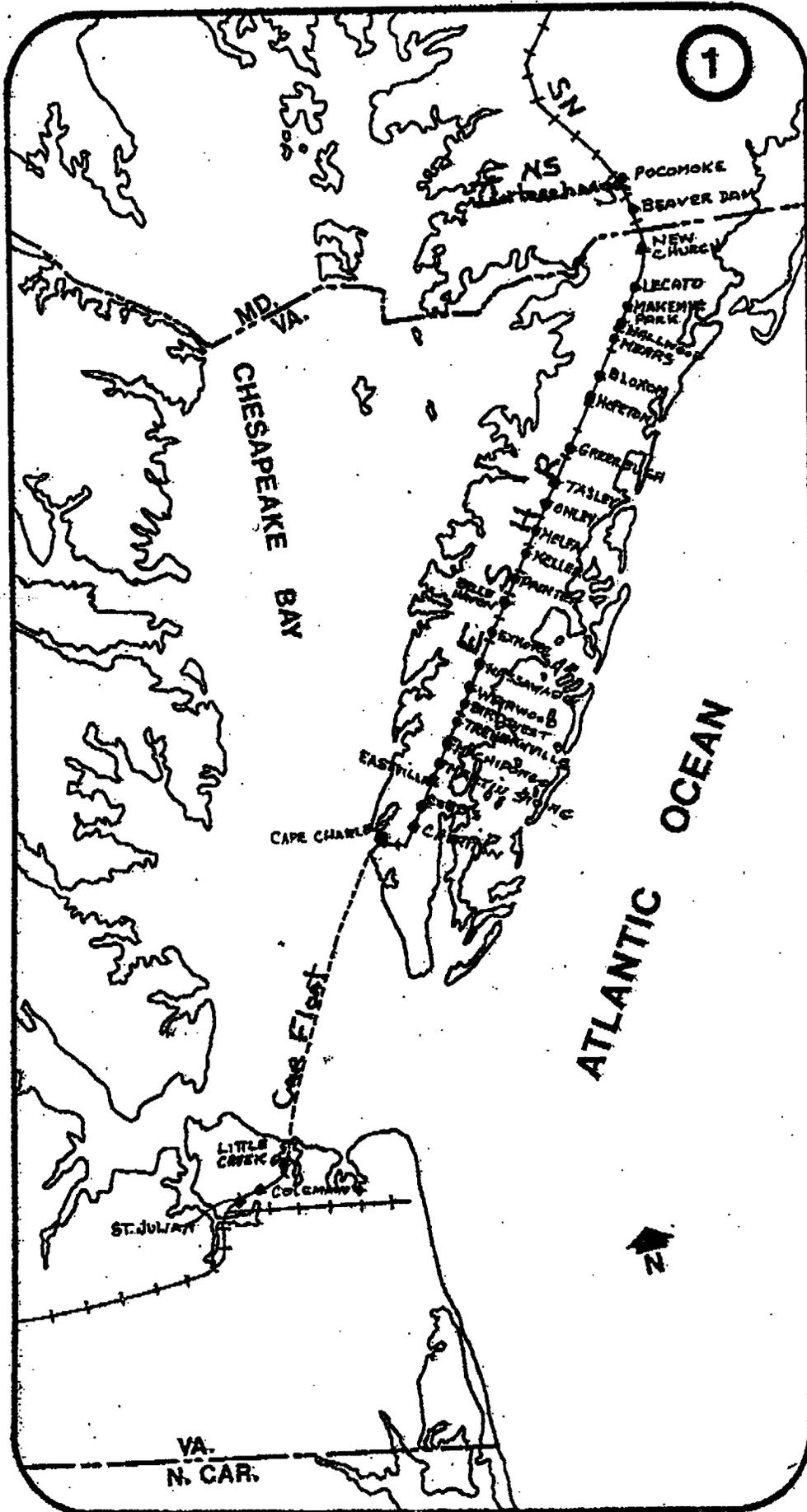
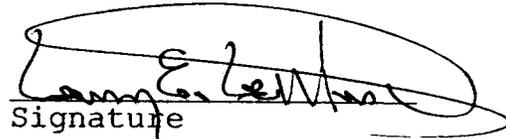


EXHIBIT B

CERTIFICATION

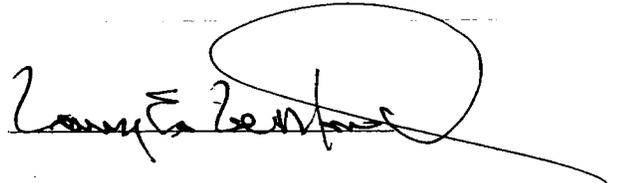
I, Larry E. LeMond, an officer of Cassatt Management, LLC, hereby certify under penalty of perjury that the projected annual revenues of Cassatt Management, LLC, in the aggregate, will not exceed \$5,000,000, and that Cassatt Management, LLC, will be a Class III rail carrier as set forth at 49 CFR 1201 (1-1) (a). Further, I certify that I am qualified and authorized to make this certification on behalf of Cassatt Management, LLC.

  
Signature

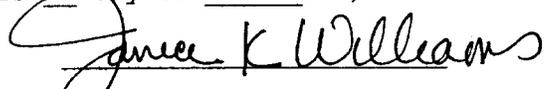
VERIFICATION

STATE OF Virginia )  
County )       SS  
CITY OF )  
          Northampton

Larry E. LeMond, being duly sworn according to law, hereby deposes and states that (s)he is authorized to make the Verification, has read the foregoing document, and knows the facts asserted therein are true and accurate as stated, to the best of (her)his knowledge, information and belief.



Subscribed and sworn to before me, a Notary Public, in and for the County of  
Northampton in the State of Virginia, this 28 day of December, 2005

  
Notary Public

My Commission expires: April 30, 2007

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EXHIBIT C

BEFORE THE  
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34814

CASSATT MANAGEMENT, LLC  
D/B/A Bay Coast Railroad  
-- LEASE AND OPERATION EXEMPTION --  
CANONIE ATLANTIC COMPANY ON BEHALF OF  
ACCOMACK-NORTHAMPTON  
TRANSPORTATION DISTRICT COMMISSION

-----

VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 U.S.C. 10901 and 49 CFR 1150.31

NOTICE OF OPERATION OF RAIL LINE  
INFORMATION REQUIRED BY 49 CFR 1150.31

Cassatt Management, LLC ("Cassatt") d/b/a Bay Coast Railroad, a newly established noncarrier, has filed a Verified Notice of Exemption under 49 CFR 1150.31 to acquire by lease and by assignment the following railroad lines and trackage rights currently owned and held by Canonie Atlantic Company on behalf of the Accomack-Northampton Transportation District Commission and operated as the Eastern Shore Railroad, Inc.

The subject rail lines consist of 68.3 ownership miles, 4.6 leased miles, and trackage rights of approximately 4.0 miles. They include the following:

- (a) between ESHR MP 30.5 at Pocomoke City, MD (NS interchange), and ESHR MP 94.8 at Cape Charles, VA (float bridge) (Eastern Shore owned);
- (b) between ESHR MP 95.0 at Little Creek (Virginia Beach), VA, and ESHR MP 97.6 at Camden Heights, VA (Eastern Shore owned);
- (c) between ESHR MP 97.6 at Camden Heights and ESHR MP 100.7 at North Junction (leased from NS);
- (d) The Diamond Springs Line between NS MP SN 5.2 and NS MP SN 6.7 (leased from NS);
- (e) Between ESHR MP 100.7 at North Junction and ESHR MP 102.1 at St. Julian (Eastern Shore owned);
- (f) Trackage rights over NS between Coleman Place and NS' Portlock Yard for interchange purposes.

BCR plans to consummate this transaction on or after January 18, 2006.

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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34814, must be filed with the Surface

Transportation Board, Office of the Secretary, Case Control  
Branch, 1925 K Street, N.W., Washington, D.C. 20423-0001. In  
addition, a copy of each pleading must be served on:

John D. Heffner, Esq.  
John D. Heffner, PLLC  
1920 N Street, N.W.,  
Suite 800  
Washington, D.C., 20036  
Telephone: (202) 263-4180

(seal)

Vernon A. Williams  
Secretary