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February 14, 2007

Sent Via Federal Express

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

FEE RECEIVED

FEB 15 2007

SURFACE
TRANSPORTATION BOARD

218637



RE: **STB Finance Docket No. 34995**, Modoc Railway and Land Company LLC
- Acquisition and Operation Exemption - Lake County, Oregon

STB Finance Docket No. 34996, Modoc Northern Railroad Company
- Acquisition and Operation Exemption - Lake County, Oregon

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of:

1. Verified Notice of Acquisition and Operation Exemption of Modoc Railway and Land Company pursuant to 49 CFR § 1150.41; and
2. Verified Notice of Acquisition and Operation Exemption of Modoc Northern Railroad Company pursuant to 49 CFR § 1150.41.

Also enclosed are two checks in the amounts of \$1,500 each to cover the filing fees for these proceedings, and a 3.5 inch diskette containing the Notice and Summary for each exemption.

FILED

FEB 15 2007

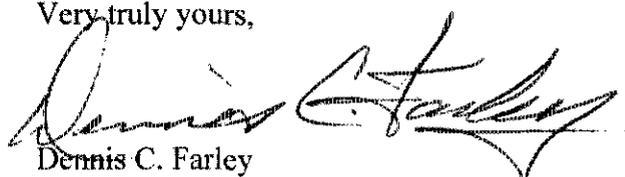
SURFACE
TRANSPORTATION BOARD

February 14, 2007

Page 2

Please acknowledge receipt of the enclosed materials by returning a stamped copy of this letter in the enclosed, self-addressed, stamped envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis C. Farley", with a stylized flourish at the end.

Dennis C. Farley

DCF:k

Enclosures

cc: W. Don Blansett

218637

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34995

**MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.41**



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**SURFACE
TRANSPORTATION BOARD**

**Dennis C. Farley
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Salt Lake City, Utah 84111
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FILED
Office of Proceedings

FEB 15 2007

Part of
Public Record

**Attorneys for
Modoc Railway and Land
Company LLC**

Dated: February 14, 2007

FILED

FEB 15 2007

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 34995

**MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR 1150.41**

Modoc Railway and Land Company, a Utah LLC ("MR&L"), a Class III rail carrier, files this Verified Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E-Exempt Transactions Under 49 U.S.C. 10902, to permit MR&L to acquire by lease and operate a 55.41 mile rail line from Lake County, Oregon ("Lake County").

In support of this Notice of Exemption, MR&L submits the following information as required by 49 C.F.R § 1150.43:

- (a) Full name and address of applicant:

Modoc Railway and Land Company LLC
481 Modoc Avenue
Tulelake, CA 96134

(b) Applicant's Representative:

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main
Suite 2200 Wells Fargo Center
Salt Lake City, Utah 84111
(801) 538-5000

(c) Statement of Agreement:

MR&L has negotiated a lease agreement with Lake County for the acquisition of the rail line.

(d) The operator of the property:

Modoc Northern Railroad Company, a Utah corporation ("MNRR"), a Class III rail carrier, will be the operator of the property.

(e) Summary of proposed transaction:

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

Lake County, Oregon
513 Center Street
Lakeview, Oregon 97630

(2) ML&R's acquisition of the rail line is expected to be consummated on or shortly after March 1, 2007, or upon the effective date of this notice of exemption.

(3) The rail line being acquired from Lake County by ML&R is located between Milepost 456.89 in Alturas, California, and Milepost 512.3 in Lakeview, Oregon (the "Line"). ML&R owns and MNRR operates the adjacent rail line between Milepost 552.0 near Texum, Oregon, and Milepost 445.6 near McArthur, California, and the Lakeview Branch between Milepost 456.89 and Milepost 458.60 at Alturas, California. *See STB Finance Docket No. 34769, Modoc Railway and Land Company LLC – Acquisition and Operation Exemption – Union Pacific Railroad Company, Served October 24, 2005.*

(4) The length of the rail line being acquired is approximately 55.41 miles.

(f) A map of the rail line being acquired is attached as Exhibit A.

(g) ML&R hereby certifies that ML&R's projected revenues as a result of this transaction will not result in ML&R becoming a Class II or Class I rail carrier.

ML&R further certifies that its annual revenues as a result of this transaction will not exceed \$5 million. Accordingly, the notice requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction. ML&R's certification is attached as Exhibit B.

A caption summary, as required by 49 C.F.R. § 1150.44, is attached as Exhibit C.

ENVIRONMENTAL AND HISTORIC IMPACTS

ML&R is acquiring the Line from Lake County for continued rail operations. Further Board approval is required for ML&R 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).

ML&R's acquisition 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 this Line 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 Line; (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. ML&R's acquisition of the Line 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,

Dennis C. Farley
Lear & Lear, L.L.P.
299 South Main, Suite 2200
Wells Fargo Center
Salt Lake City, Utah 84111
Attorneys for Modoc Railway
and Land Company LLC

Dated: _____, 2007

VERIFICATION

State of Utah)
) ss.
County of Weber)

W. Don Blansett, being duly sworn, deposes and states that he is the Managing Director for the Modoc Railway and Land Company LLC, is authorized to make this verification, has read the foregoing Notice of Exemption and has personal knowledge that the facts asserted therein are true and accurate as stated to the best of his knowledge, information, and belief.

W. Don Blansett

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 2007.

Notary Public

My Commission expires: _____

EXHIBIT A
MAP OF LEASED PREMISES

EXHIBIT B

CERTIFICATION

State of Utah)
) ss.
County of Weber)

W. Don Blansett, Managing Director for the Modoc Railway and Land Company LLC, being duly sworn, certifies that the projected revenues of Modoc Railway and Land Company LLC upon consummation of the proposed transaction will not result in creation of a Class I or Class II rail carrier.

W. Don Blansett

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2007.

Notary Public

My Commission expires: _____

EXHIBIT C

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 34995

**MODOC RAILWAY AND LAND COMPANY LLC
—ACQUISITION AND OPERATION EXEMPTION—
LAKE COUNTY, OREGON**

Modoc Land & Railway Company LLC, a Class III rail carrier, has filed a notice of exemption to acquire by lease from Lake County, an Oregon municipal entity, and operate the rail line located between Milepost 456.89 in Alturas, California, and Milepost 512.3 in Lakeview, Oregon.

Comments must be filed with the Board and served on Dennis C. Farley, Of Counsel, Lear & Lear, L.L.P., 299 South Main, Suite 2200, Wells Fargo Center, Salt Lake City, Utah 84111, Telephone: (801) 538-5010.

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.

Vernon A. Williams
Secretary