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**SURFACE  
TRANSPORTATION BOARD**

KARL MORELL

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kmorell@dc.bjllp.com

March 27, 2007

BY HAND DELIVERY

The Honorable Vernon Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W., Suite 700  
Washington, DC 20423-0001

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MAR 27 2006

**SURFACE  
TRANSPORTATION BOARD**

Re: STB Finance Docket No. 35009, CG Railway, Inc. – Lease and  
Operation Exemption – Terminal Railway Alabama State Docks

Dear Secretary Williams:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.41 and a check covering the \$1,500 filing fee. Also enclosed is a 3.5-inch diskette containing the Notice and Summary.

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

If you have any questions, please contact me.

Sincerely yours,

*Karl Morell*  
Karl Morell

Enclosures

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Office of Proceedings

MAR 27 2007

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Public Record

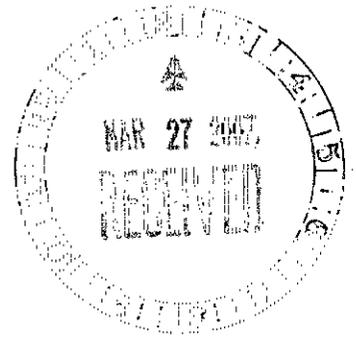
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BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35009



CG RAILWAY, INC.  
--LEASE AND OPERATION EXEMPTION--  
TERMINAL RAILWAY ALABAMA STATE DOCKS

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

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KARL MORELL  
Of Counsel  
BALL JANIK LLP  
Suite 225  
1455 F Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
CG RAILWAY, INC.

Dated: March 27, 2007

**FILED**  
MAR 27 2006  
**SURFACE  
TRANSPORTATION BOARD**

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35009

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CG RAILWAY, INC.  
--LEASE AND OPERATION EXEMPTION--  
TERMINAL RAILWAY ALABAMA STATE DOCKS

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

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CG Railway, Inc. ("CGR"), 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 CGR to lease two rail lines from the Terminal Railway Alabama State Docks ("TASD"), an agency of the State of Alabama.

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

- (a) Full name and address of applicant:

CG Railway, Inc.  
650 Poydras Street, Suite 1700  
New Orleans, LA 70130

(b) Applicant's Representative:

Karl Morell  
Of Counsel  
BALL JANIK LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005  
(202) 638-3307

(c) Statement of Agreement:

CGR will shortly enter into an agreement with T ASD for the lease of the rail lines.

(d) The operator of the property:

Operations on the leased lines will be performed by CGR either directly or through the use of a contract agent.

(e) Summary of proposed transaction:

CGR is proposing to lease from T ASD and operate the involved rail lines in order to facilitate CGR's intermodal operations at the Port of Mobile.

(1) The name and address of the entity leasing the subject property is:

Terminal Railway Alabama State Docks  
P.O. Box 1588  
Mobile, AL 36633

(2) CGR's lease of the rail lines is expected to be consummated on or shortly after April 26, 2007.

(3) CGR is proposing to lease track numbers North 14 and North 15 in T ASD's North Yard in Mobile, Alabama. There are no mileposts associated with the two rail lines.

(4) The length of the rail lines being leased is approximately 0.583 miles.

(f) A map of the rail lines being leased is attached as Exhibit A.

(g) CGR hereby certifies that CGR's projected revenues as a result of this transaction will not result in CGR becoming a Class II or Class I rail carrier. CGR further certifies that its projected annual rail freight revenues from operation of the leased lines, when combined with CGR's projected revenues from current rail freight operations, will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

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

### **ENVIRONMENTAL AND HISTORIC IMPACTS**

CGR is leasing the lines from the T ASD for continued rail operations. Further Surface Transportation Board ("Board") approval is required for CGR to discontinue 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).

CGR's lease 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. CGR's lease of the rail lines 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,



KARL MORELL  
Of Counsel  
BALL JANIK LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005  
(202) 638-3307

Attorney for:  
CG RAILWAY, INC.

Dated: March 27, 2007

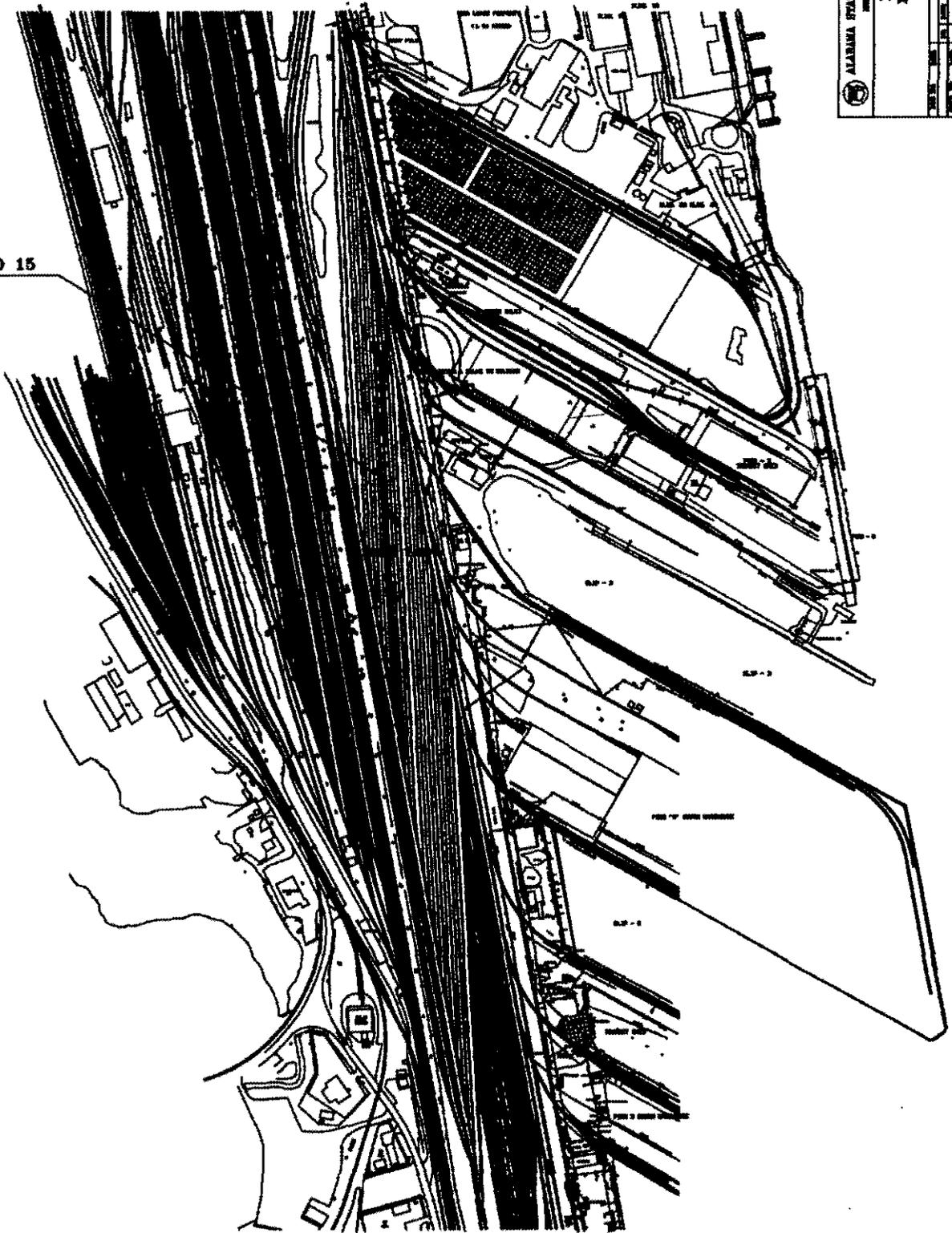
# EXHIBIT A

ALABAMA STATE PORT AUTHORITY  
MOBILE, ALABAMA

XXXXXX  
XXXXXX  
XXXXXX

|          |             |
|----------|-------------|
| DATE     | NOV 19 1961 |
| BY       | ...         |
| CHECKED  | ...         |
| APPROVED | ...         |

NORTH  
14 AND 15



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35009

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CG RAILWAY, INC.  
--LEASE AND OPERATION EXEMPTION--  
TERMINAL RAILWAY ALABAMA STATE DOCKS

CG Railway, Inc. ("CGR"), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease from the Terminal Railway Alabama State Docks ("TASD"), an agency of the State of Alabama, rail lines located in Mobile, AL. CGR will be leasing TASD's Track No. 14 North and Track No. 15 North.

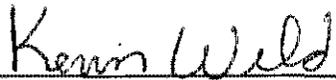
Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

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

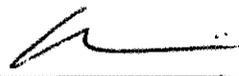
STATE OF LOUISIANA                    )  
  )     ss.  
PARISH OF ORLEANS                    )

I, Kevin M. Wild, being duly sworn depose and state that I am Vice President of the C  
G Railway, 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.

  
\_\_\_\_\_  
Kevin M. Wild

SUBSCRIBED AND SWORN TO before me this 26<sup>th</sup> day of March, 2007, in the  
Parish of Orleans, State of Louisiana.

My Commission Expires: At Death

  
\_\_\_\_\_  
Notary Public

H. HUGHES GREHAN  
NOTARY PUBLIC  
State of Louisiana  
My Commission Is Issued For Life  
La. Bar Roll No. 20839