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November 17, 2009

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D. C. 20423

Dear Ms. Brown:

Attached for filing in STB Finance Docket No. 35306, Lassen Valley Railway LLC—Acquisition and Operation Exemption—Union Pacific Railroad Company, is the verified Notice of Exemption of Lassen Valley Railway LLC.

The \$1,800.00 filing fee is to be charged to my credit card, information about previously was facsimile transmitted to the Board.

If you have any question concerning this filing, please get back to me.

Sincerely yours,


Fritz R. Kahn

SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

STB Finance Docket No. 35306

LASSEN VALLEY RAILWAY LLC
--ACQUISITION AND OPERATION EXEMPTION--
UNION PACIFIC RAILROAD COMPANY

NOTICE OF EXEMPTION

Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036
Tel.: (202) 263-4152

Attorney for

LASSEN VALLEY RAILWAY LLC

Dated: November 17, 2009

SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

STB Finance Docket No. 35306

LASSEN VALLEY RAILWAY LLC
--ACQUISITION AND OPERATION EXEMPTION--
UNION PACIFIC RAILROAD COMPANY

NOTICE OF EXEMPTION

Lassen Valley Railway LLC ("LVR"), a non-carrier, pursuant to 49 C.F.R. 1150.31, respectfully asks for the Board's authorization to acquire and operate lines of railroad of the Union Pacific Railroad Company ("UP"), and in support thereof provides the following information:

(a) Full name and address of the applicant

Lassen Valley Railway LLC
2200 E. Camelback Rd. (Ste. 101)
Phoenix, AZ 85016

(b) Name, address and telephone number of applicant's representative

Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036
Tel.: (202) 263-4152

(c) Agreement

A Line Sale Contract has been negotiated between LVR and UP and is expected to be finalized within the next few days, when a copy will be filed with the Board.

(d) Operator of properties

The operator of the properties will be LVR

The lines were the subject of an abandonment petition in STB Docket No. AB-33 (Sub-No. 230X), Union Pacific Railroad Company--Abandonment Exemption--in Lassen County, CA, and Washoe County, NV, served January 26, 2007. An offer of financial assistance by Robert Alan Kemp d/b/a Nevada Central Railroad to acquire a 220-foot segment of the Flanigan Industrial Lead, beginning at Milepost 338.33, was rejected by Decision of Board, Director of the Office of Proceeding, served September 19, 2008. By its Decision, served January 27, 2009, the Board denied Mr. Kemp's appeal of the Director's Decision. Mr. Kemp has petitioned for judicial review of the Board's Decision in Case No. 09-70576, Robert Alan Kemp, d/b/a Nevada Central Railroad v. Surface Transportation Board, pending before the United States Court of Appeals for the Ninth Circuit, and his petition is pending.

LVR acknowledges that a portion of the Flanigan Industrial Lead remain subject to 49 U.S.C. 10904 and will participate in the financial assistance procedures of 49 C.F.R. 1152.27 if Mr. Kemp ultimately is legally authorized to offer to purchase the 220-foot segment of the western end of the Flanigan Industrial Lead. See, STB Docket No. AB-573X, Trinidad Railway, Inc.—Abandonment Exemption—in Las Animas County, CO, served December 12 and August 13, 2001.

(e) Summary of the proposed transaction.

(1) The name and address of the transferring railroad

Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

(2) Consummation date

The proposed transaction is expected to be consummated on or after 30 days from the date of the filing of this Notice of Exemption.

(3) Milepost designations

The lines which LVR seeks to acquire from UP are the Flanigan Industrial Lead, extending between Milepost 338.33 near Flanigan, NV, and Milepost 360.10 near Wendel, CA, and the Susanville Industrial Lead, extending between Milepost 358.68 and Milepost 359.25 near Wendel, CA.

(4) Total route miles being acquired

The lines being acquired are approximately 22.34 route miles long.

(f) Maps

Maps showing the lines to be acquired, their origins, termini, stations, cities, counties and states are attached as Exhibit A.

(g) Revenue certifications

LVR certifies that as a result of the proposed transaction it will be neither a Class II nor Class I railroad but will be a Class III railroad. LVR further certifies that the projected annual revenue of LVR upon its becoming a Class III railroad under this exemption will not exceed \$5 million.

(h) Environmental and historic impacts

LVR does not anticipate that there will be significant changes in operations on the acquired lines of railroad. No environmental documentation is required, because the thresholds of 49 C.F.R. 1105.7(e) (4) or (5) will not be exceeded. Under 49 C.F.R. 1105.8(b)(1), LVR's proposed acquisition of the lines is exempt from historic preservation reporting requirements.

(i) Employee protection

No labor protection may be imposed on the proposed transaction. See 49 U.S.C. 11326(c).

(j) Related transaction

Contemporaneously with the filing of this Notice of Exemption, there will be filed with the Board the Notice of Exemption in STB Finance Docket No. 35307, Kern W. Schumacher--Continuance in Control Exemption--Lassen Valley Railway LLC.

(k) Federal Register notice

A draft Federal Register notice is attached as Exhibit B.

(l) Miscellaneous

The agreement between LVR and UP neither prohibits nor penalizes LVR for interchanging traffic with a third-party railroad.

No solid waste transfer station is on the lines being acquired by LVR

Respectfully submitted,

LASSEN VALLEY RAILWAY LLC

By its attorney,



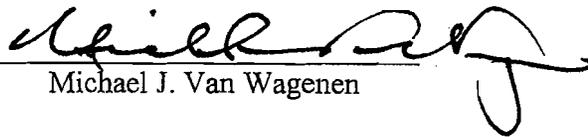
Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036
Tel.: (202) 263-4152

Dated: November 17, 2009

VERIFICATION

I, Michael J. Van Wagenen, Vice President of Lassen Valley Railway LLC, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Notice of Exemption and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Lassen Valley Railway LLC. I know that willful misstatements or omission of material fact constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at Salt Lake City this 19th day of October 2009.


Michael J. Van Wagenen

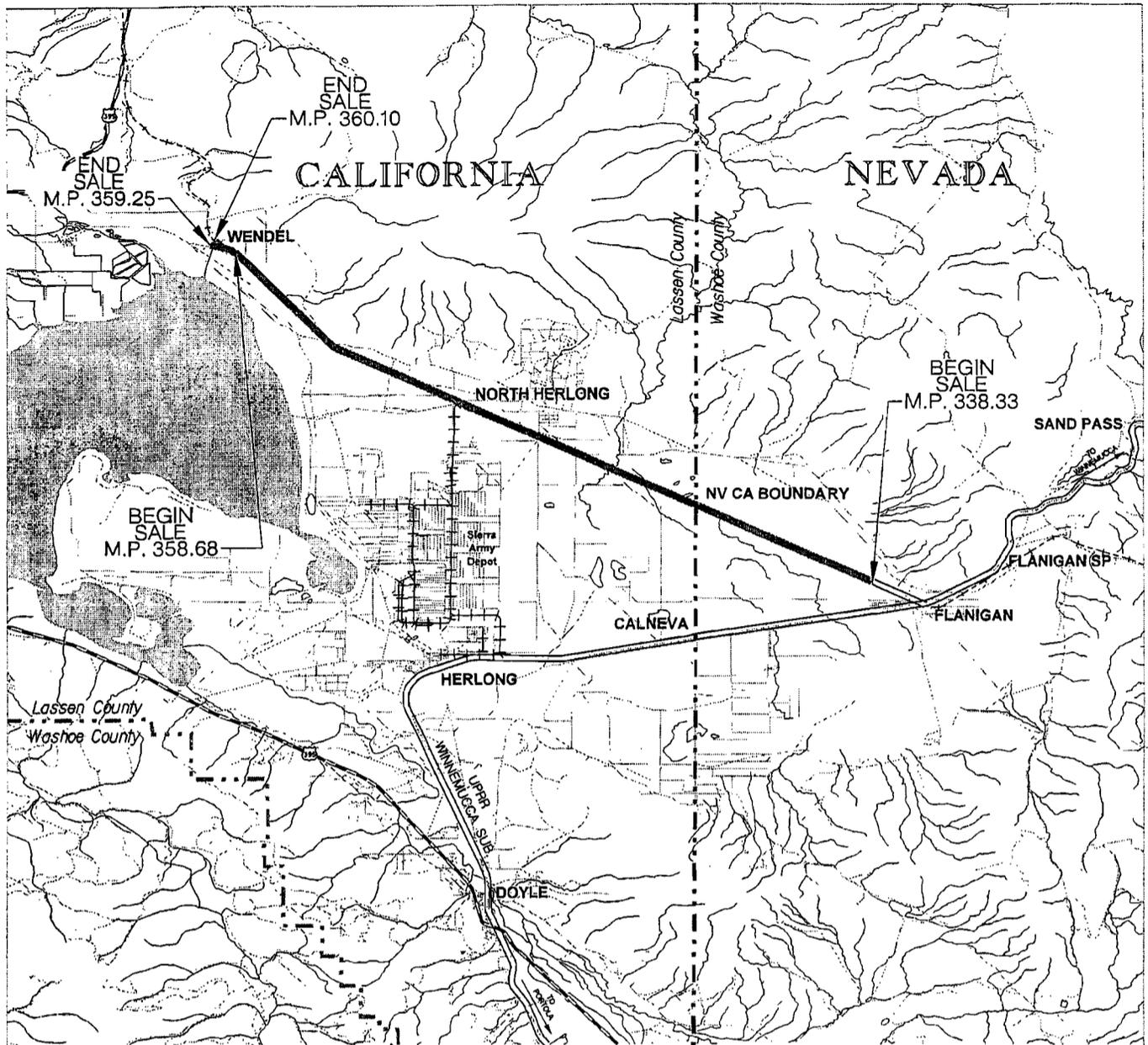


EXHIBIT A

FLANIGAN INDUSTRIAL LEAD

MP 338.33 TO MP 360.10
TOTAL OF 21.77 MILES

IN WASHOE COUNTY, NEVADA = 4.79 MILES
IN LASSEN COUNTY, CALIFORNIA = 16.98 MILES

SUSANVILLE INDUSTRIAL LEAD

MP 358.68 TO MP 359.25
TOTAL OF 0.57 MILES

IN LASSEN COUNTY, CALIFORNIA = 0.57 MILES

UNION PACIFIC RAILROAD CO.

CALIFORNIA - NEVADA

STATION	MILE POST	AGENCY
CA/NV ST LINE	343.12	NO
NORTH HERLONG	349.8	NO
WENDEL	358.7	NO

LEGEND

-  UPRR LINES TO BE SOLD
-  OTHER UPRR LINES
-  OTHER RAILROADS
-  RAILROADS (abandoned)
-  PRINCIPAL HIGHWAYS
-  OTHER ROADS
-  50+ YEAR OLD STRUCTURES

SCALE



MILES

FILE: q:\Exhibit_AV\Flanigan.dgn

DATE: 18-Aug-09 13:34

Draft Federal Register Notice

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB Finance Docket No. 35306

LASSEN RAILWAY LLC
--ACQUISITION AND OPERATION EXEMPTION--
UNION PACIFIC RAILROAD COMPANY

Lassen Valley Railway LLC, a non-carrier, has filed a notice of exemption to acquire from Union Pacific Railroad Company its Flanigan Industrial Lead, extending between Milepost 338.33 near Flanigan, NV, and Milepost 360.10 near Wendel, CA, and the Susanville Industrial Lead, extending between Milepost 358.68 and Milepost 359.25 near Wendel, CA.

Comments must be filed with the Board and served on Fritz R. Kahn, Fritz R. Kahn, P.C., 1920 N Street, NW (8th fl.), Washington, DC 20036 Tel.: (202) 263-4152.

This transaction is related to STB Finance Docket No. 35307, Kern W. Schumacher--Continuance in Control Exemption—Lassen Railway LLC, wherein Mr. Schumacher contemporaneously has filed a notice of exemption to continue in control of Lassen Railway LLC upon its becoming a Class III rail carrier.

This notice is filed pursuant to 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.