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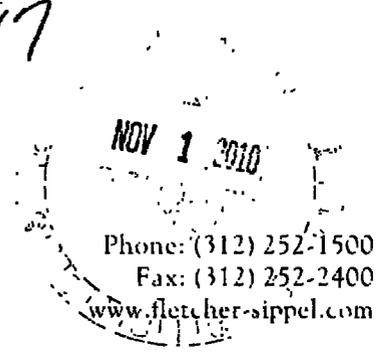
**FLETCHER & SIPPEN LLC**

ATTORNEYS AT LAW

29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832

THOMAS J. LITWILER  
(312) 252-1508  
tlitwiler@fletcher-sippel.com

October 29, 2010



**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

NOV 1 - 2010

Part of  
Public Record

Re: **Finance Docket No. 35441**  
**Blackwell Northern Gateway Railroad Company --**  
**Lease Renewal Exemption -- Oklahoma Department**  
**of Transportation and Blackwell Industrial Authority**

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Blackwell Northern Gateway Railroad Company Pursuant to 49 C.F.R. § 1150.41**, dated October 29, 2010. A check in the amount of \$1,800.00, representing the appropriate fee for this filing, and a computer disk containing the text of the Notice and the *Federal Register* caption summary in MS Word 2003 format are attached.

One extra copy of the Notice and this letter also are enclosed as well. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler  
Attorney for Blackwell Northern Gateway  
Railroad Company

TJL:tl

Enclosures

ORIGINAL

BEFORE THE  
SURFACE TRANSPORTATION BOARD

\_\_\_\_\_  
FINANCE DOCKET NO. 35441

BLACKWELL NORTHERN GATEWAY RAILROAD COMPANY  
-- LEASE RENEWAL EXEMPTION --  
OKLAHOMA DEPARTMENT OF TRANSPORTATION  
AND BLACKWELL INDUSTRIAL AUTHORITY

**FILED**

NOV 1 - 2010

**SURFACE  
TRANSPORTATION BOARD**

\_\_\_\_\_  
**VERIFIED NOTICE OF EXEMPTION  
OF  
BLACKWELL NORTHERN GATEWAY RAILROAD COMPANY  
PURSUANT TO 49 C.F.R. § 1150.41**

**FEE RECEIVED**

NOV 1 - 2010

**SURFACE  
TRANSPORTATION BOARD**

ENTERED  
Office of Proceedings

NOV 1 - 2010

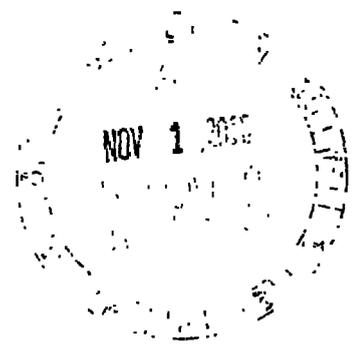
Part of  
Public Record

William C. Sippel  
Thomas J. Litwiler  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832  
(312) 252-1500

**ATTORNEYS FOR BLACKWELL NORTHERN  
GATEWAY RAILROAD COMPANY**

Dated: October 29, 2010

BEFORE THE  
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 35441

BLACKWELL NORTHERN GATEWAY RAILROAD COMPANY  
-- LEASE RENEWAL EXEMPTION --  
OKLAHOMA DEPARTMENT OF TRANSPORTATION  
AND BLACKWELL INDUSTRIAL AUTHORITY

**VERIFIED NOTICE OF EXEMPTION  
OF  
BLACKWELL NORTHERN GATEWAY RAILROAD COMPANY  
PURSUANT TO 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. § 1150.41, et seq., Blackwell Northern Gateway Railroad Company ("BNG"), a Class III rail carrier, hereby files this Verified Notice of Exemption to renew its lease of approximately 37.26 miles of rail line owned by the Oklahoma Department of Transportation ("ODOT") and Blackwell Industrial Authority ("BIA") in Kansas and Oklahoma (the "Blackwell Line"). BNG has operated the Blackwell Line pursuant to its existing lease with ODOT and BIA since 2005. Based on projected revenues on the Blackwell Line, BNG expects to remain a Class III rail carrier after consummation of the transaction proposed herein.

In accordance with the requirements of 49 C.F.R. § 1150.43, BNG submits the following information:

**Name and Address of Applicant: 49 C.F.R. § 1150.43(a)**

The full name and address of the rail carrier applicant herein is as follows:

Blackwell Northern Gateway Railroad Company  
548 Anita Street  
Des Plaines, Illinois 60016  
(847) 824-1264

1910 W. Ferguson  
Blackwell, OK 74631

**Applicant's Representative: 49 C.F.R. § 1150.43(b)**

BNG's representative to whom correspondence regarding this transaction should be sent is as follows:

Thomas J. Litwiler  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, IL 60606-2832  
(312) 252-1500

**Statement Concerning Agreement: 49 C.F.R. § 1150.43(c)**

BNG, ODOT and BIA will shortly execute a First Renewal Track Lease and Operating Agreement providing for BNG's continued lease of and provision of rail service on the Blackwell Line. The term of the lease renewal is five years.<sup>1</sup>

**Operation of the Property: 49 C.F.R. § 1150.43(d)**

BNG will be the operator of the Blackwell Line. BNG has provided all service on the Blackwell Line since 2005, and no changes in operations are expected.

**Summary of the Transaction: 49 C.F.R. § 1150.43(e)**

BNG is a Class III common carrier by rail which has leased and operated the Blackwell Line since 2005. See Blackwell Northern Gateway Railroad Company -- Change in Operators Exemption -- Oklahoma Department of Transportation and Blackwell Industrial Authority, Finance Docket No. 34777 (STB served November 30, 2005). BNG is controlled by

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<sup>1</sup> The Lease Renewal Agreement includes other changes beyond the extension of the lease term. As a result, the class exemption at 49 C.F.R. § 1180.2(d)(4), covering lease renewals where only an extension of time is involved, is not available here.

US Rail Partners, Ltd., which also controls two other Class III rail carriers in the State of Washington and the Commonwealth of Pennsylvania. See US Rail Partners, Ltd. and Blackwell Northern Gateway Railroad Company -- Continuance in Control Exemption -- Eastern Berks Gateway Railroad Company, Finance Docket No. 35384 (STB served July 15, 2010).

The Blackwell Line extends from approximately milepost 0.09 at Wellington, Kansas to approximately milepost 35.35 at Blackwell, Oklahoma, and from approximately milepost 127.0 to approximately milepost 125.0 in Blackwell, a total distance of approximately 37.26 miles.<sup>2</sup> ODOT and BIA acquired the Blackwell Line in 1997. See State of Oklahoma by and through the Oklahoma Department of Transportation and Blackwell Industrial Authority -- Acquisition Exemption -- Central Kansas Railway L.L.C., Finance Docket No. 33492 (STB served October 31, 1997). ODOT owns the portions of the Blackwell Line extending from milepost 18.32, near Hunnewell, Kansas on the Oklahoma/Kansas border to milepost 35.35 at Blackwell, and from milepost 127.0 to milepost 126.45 in Blackwell. BIA owns the portions of the Blackwell Line extending from milepost 0.09 at Wellington to milepost 18.32 at the Kansas/Oklahoma border, and from milepost 126.45 to milepost 125.0 in Blackwell. Several rail carriers operated the Blackwell Line prior to BNG's assumption of operations in 2005.

Pursuant to the agreement to be executed by BNG and ODOT/BIA, BNG will renew its lease of the Blackwell Line for an additional term of five years, through November 30, 2015.

The complete name and address of the owners of the Blackwell Line are as follows:

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<sup>2</sup> These mileposts are slightly corrected from earlier proceedings involving the Blackwell Line.

Oklahoma Department of Transportation  
200 Northeast 21<sup>st</sup> Street  
Oklahoma City, OK 73105

Blackwell Industrial Authority  
P.O. Box 150  
221 North 20<sup>th</sup> Street  
Blackwell, OK 73631

BNG intends to consummate the proposed lease renewal transaction on December 1, 2010.

**Map: 49 C.F.R. § 1150.43(f)**

A map showing the Blackwell Line and the surrounding area is attached as Exhibit A to this Notice.

**Certificate of Compliance: 49 C.F.R. § 1150.43(g)**

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.43(g) is attached as Exhibit B to this Notice.

**Interchange Commitments: 49 C.F.R. § 1150.43(h)**

The lease renewal agreement to be executed by BNG and ODOT/BIA contains no provision that would limit BNG's future interchange of Blackwell Line traffic with a third-party connecting carrier at any location.

**Advance Notice: 49 C.F.R. § 1150.42(e)**

The projected annual revenue of BNG does not exceed \$5 million, and accordingly the advance notice requirements of 49 C.F.R. § 1150.32(e) are not applicable to this transaction. See Exhibit B hereto.

**Environmental and Historic Preservation Data: 49 C.F.R. § 1105**

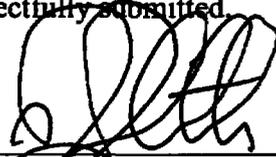
Under 49 C.F.R. § 1105.6(c)(2), the proposed renewal of BNG's lease of the Blackwell Line is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed lease renewal also is exempt from historic preservation reporting requirements. The proposed transaction is for the purpose of continued rail operations. Further Surface Transportation Board approval is required to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

**Caption Summary: 49 C.F.R. § 1150.44**

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

Respectfully submitted,

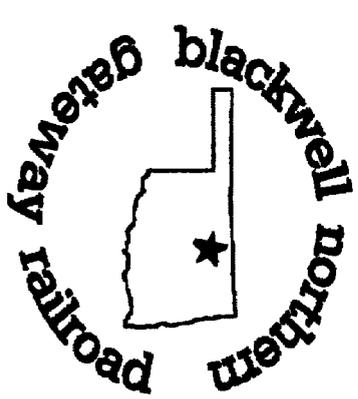
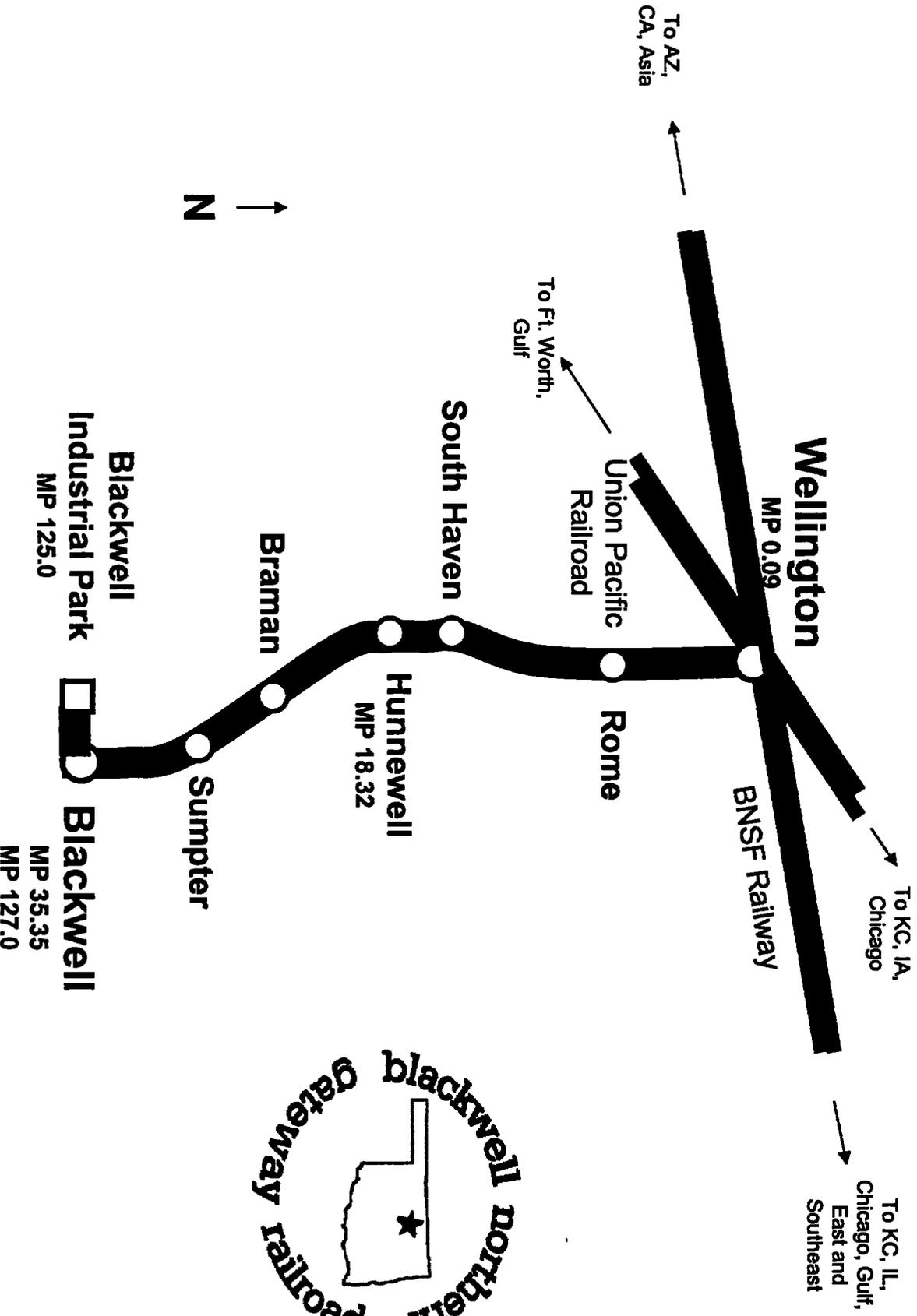
By: 

William C. Sippel  
Thomas J. Litwiler  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832  
(312) 252-1500

**ATTORNEYS FOR BLACKWELL NORTHERN  
GATEWAY RAILROAD COMPANY**

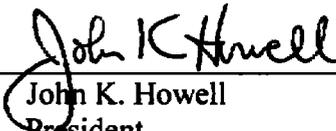
Dated: October 29, 2010

# Blackwell Northern Gateway Railroad



**CERTIFICATION**

John K. Howell, under penalty of perjury, hereby certifies that the projected annual rail revenue of Blackwell Northern Gateway Railroad Company does not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201 (1-1).

  
\_\_\_\_\_  
John K. Howell  
President

Dated: October 25, 2010

**SURFACE TRANSPORTATION BOARD**

**NOTICE OF EXEMPTION**

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**FINANCE DOCKET NO. 35441**

**BLACKWELL NORTHERN GATEWAY RAILROAD COMPANY**  
**-- LEASE RENEWAL EXEMPTION --**  
**OKLAHOMA DEPARTMENT OF TRANSPORTATION**  
**AND BLACKWELL INDUSTRIAL AUTHORITY**

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Blackwell Northern Gateway Railroad Company ("BNG"), a Class III rail carrier, has filed a Verified Notice of Exemption to renew its lease of rail lines owned by the Oklahoma Department of Transportation and Blackwell Industry Authority extending from approximately milepost 0.09 at Wellington, Kansas to approximately milepost 35.35 at Blackwell, Oklahoma, and from approximately milepost 127.0 to approximately milepost 125.0 in Blackwell, a total distance of approximately 37.26 miles (the "Blackwell Line").

BNG expects to consummate the proposed lease renewal for the Blackwell Line on December 1, 2010.

Comments must be filed with the Board and served on:

Thomas J. Litwiler  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832  
(312) 252-1500

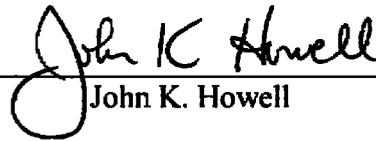
This Notice is filed under 49 C.F.R. § 1150.41. If the Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: November \_\_, 2010

By the Board

**VERIFICATION**

John K. Howell, under penalty of perjury, deposes and says that he is President of Blackwell Northern Gateway Railroad Company, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_  
John K. Howell

Dated: October 21, 2010