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November 15, 2010

VIA FEDERAL EXPRESS

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20024

FEE RECEIVED

NOV 16 2010

SURFACE
TRANSPORTATION BOARD

228241

Re: **Finance Docket No. 35442**
R.J. Corman Railroad Company/Central Kentucky Lines, LLC --
Trackage Rights Exemption -- CSX Transportation, Inc.

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a **Verified Notice of Exemption of R.J. Corman Railroad Company/Central Kentucky Lines, LLC Pursuant to 49 C.F.R. § 1180.2(d)(7)**, dated November 15, 2010. A check in the amount of \$1,200.00, representing the appropriate fee for this filing, is attached.

One extra copy of this transmittal letter and of the Notice also are enclosed. I would request that you date-stamp those copies 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. Kind regards.

Respectfully submitted,

Thomas J. Litwiler
Attorney for R.J. Corman Railroad Company/
Central Kentucky Lines, LLC

FILED

NOV 16 2010

TJL:tl

Enclosures

SURFACE
TRANSPORTATION BOARD

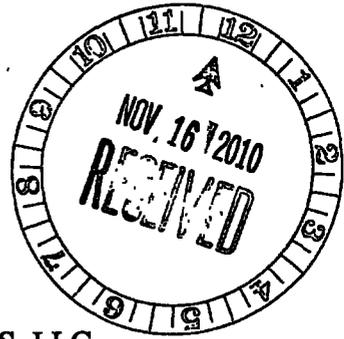
ENTERED
Office of Proceedings

NOV 16 2010

Part of
Public Record

ORIGINAL

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



FINANCE DOCKET NO. 35442

**R.J. CORMAN RAILROAD COMPANY/CENTRAL KENTUCKY LINES, LLC
-- TRACKAGE RIGHTS EXEMPTION --
CSX TRANSPORTATION, INC.**

**ENTERED
Office of Proceedings**

NOV 15 2010

**Part of
Public Record**

**VERIFIED NOTICE OF EXEMPTION
OF**

**R.J. CORMAN RAILROAD COMPANY/CENTRAL KENTUCKY LINES, LLC
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

FEE RECEIVED

NOV 16 2010

**Surface
TRANSPORTATION BOARD**

FILED

NOV 16 2010

**SURFACE
TRANSPORTATION BOARD**

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

**ATTORNEYS FOR R.J. CORMAN RAILROAD
COMPANY/CENTRAL KENTUCKY LINES, LLC**

Dated: November 15, 2010

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35442

R.J. CORMAN RAILROAD COMPANY/CENTRAL KENTUCKY LINES, LLC
-- TRACKAGE RIGHTS EXEMPTION --
CSX TRANSPORTATION, INC.



**VERIFIED NOTICE OF EXEMPTION
OF
R.J. CORMAN RAILROAD COMPANY/CENTRAL KENTUCKY LINES, LLC
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

R.J. Corman Railroad Company/Central Kentucky Lines, LLC ("RJCC"), a common carrier by rail, hereby files this verified notice of exemption under 49 C.F.R. § 1180.2(d)(7) for its prior acquisition of limited overhead trackage rights over a line of railroad of CSX Transportation, Inc. ("CSXT") between Louisville and Anchorage, Kentucky, a distance of approximately 10.7 miles (the "Anchorage Trackage Rights"). The Anchorage Trackage Rights were initially acquired by RJCC in 2005 as an incidental component of two related lease transactions involving RJCC, CSXT and an RJCC affiliate. The notices of exemption for the 2005 lease transactions, however, misdescribed the corporate process by which RJCC obtained the Anchorage Trackage Rights. RJCC is filing this notice of exemption to correct the previous error and assure that RJCC's trackage rights are properly authorized by the Board.

In accordance with the requirements of 49 C.F.R. § 1180.4(g), RJCC submits the following information:

Description of the Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

RJCC is a Class III rail carrier that has leased and operated rail lines in the Commonwealth of Kentucky since 2003. RJCC is controlled by Richard J. Corman, who also

controls several other Class III rail carriers in the eastern United States. See Richard J. Corman -- Continuance in Control Exemption -- R.J. Corman Railroad Company/Central Kentucky Lines, Finance Docket No. 34327 (STB served April 14, 2003). Among those controlled entities is R.J. Corman Railroad Property, LLC ("Railroad Property"), a Class III rail carrier that holds rail lines operated by other R.J. Corman affiliates.

In 2005, RJCC, Railroad Property and CSXT entered into a transaction involving CSXT's so-called "Water Street Lead" in Louisville, Kentucky. Railroad Property leased the Water Street Lead from CSXT, and then sub-leased the line to RJCC, with both transactions exempted from 49 U.S.C. § 10902 pursuant to 49 C.F.R. § 1150.41. See R.J. Corman Railroad Property, LLC -- Lease Exemption -- Line of CSX Transportation, Inc., Finance Docket No. 34625 (STB served March 4, 2005); R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Lease Exemption -- Line of R.J. Corman Railroad Property, LLC, Finance Docket No. 34624 (STB served February 23, 2005).

As part of the lease transaction, Railroad Property also was incidentally to obtain the Anchorage Trackage Rights. Railroad Property would then, in turn, assign the Anchorage Trackage Rights to RJCC. The notices of exemption filed by Railroad Property and RJCC in Finance Docket Nos. 34625 and 34624 and the notices published by the Board in those dockets reflected this two-step method of conveying the Anchorage Trackage Rights from CSXT to RJCC.

Subsequently, however, CSXT and RJCC entered into an agreement that directly conveyed the Anchorage Trackage Rights from CSXT to RJCC, bypassing Railroad Property. That agreement thus collapsed a two-step process for effectuating the transfer of the Anchorage

Trackage Rights to RJCC into a single step.¹ Railroad Properties and RJCC at the time did not recognize the discrepancy between how the transaction was described in the notices of exemption and how the transaction actually occurred.

Since 2005, CSXT and RJCC have twice amended the Anchorage Trackage Rights to expand the commodities that RJCC may handle pursuant to the trackage rights. R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Trackage Rights Exemption -- CSX Transportation Inc., Finance Docket No. 35124 (STB served April 10, 2008); R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Trackage Rights Exemption -- CSX Transportation, Inc., Finance Docket No. 35386 (STB served August 27, 2010).² During the most recent transaction, the parties noticed the discrepancy between the 2005 trackage rights agreement as executed and the description of the trackage rights transaction in the 2005 notices of exemption in Finance Docket Nos. 34625 and 34624. RJCC is filing this notice of exemption to correct the record regarding the Anchorage Trackage Rights.³

RJCC thus states that, pursuant to a written trackage rights agreement between CSXT and RJCC and dated as of February 5, 2005, RJCC obtained limited overhead traffic rights over CSXT's line of railroad between the end of the Water Street Lead at CSXT milepost

¹ The underlying lease of the Water Street Lead was handled in the two-step manner described in the notices of exemption (i.e., a lease from CSXT to Railroad Property and then a sub-lease from Railroad Property to RJCC).

² A third amendment, not filed with the Board, adjusted the maximum weight of certain sand cars that could be handled by RJCC over the Anchorage Trackage Rights. That amendment is included with the agreements submitted with this notice of exemption.

³ On August 6, 2010, RJCC and Railroad Property filed a petition to reopen in Finance Dockets Nos. 34625 and 34624, seeking to clarify the process by which RJCC obtained the Anchorage Trackage Rights. After consultation with Board staff, RJCC and Railroad Property are withdrawing their petition to reopen, and RJCC is instead filing this notice of exemption.

00T 1.8 in Louisville and CSXT milepost 00T 12.5 at HK Tower in Anchorage,⁴ a distance of about 10.7 miles. The trackage rights originally permitted RJCC to handle sand in unit trains. Subsequent amendments, previously filed at the Board, also allow RJCC to handle certain carload merchandise traffic and ties, ballast and other track material (OTM).⁵

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

R.J. Corman Railroad Company/Central Kentucky Lines, LLC
P.O. Box 788
Nicholasville, KY 40356
(859) 881-7521

Any questions concerning this Notice should be sent to RJCC's representative at the following address:

Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1508

Proposed Time Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

RJCC previously consummated the subject trackage rights transaction in 2005, with amendments that became effective in 2008 and 2010. RJCC's exemption in this proceeding will become effective on December 16, 2010.

⁴ Prior dockets have alternatively referred to HK Tower as being located at milepost 12.49 and milepost 12.5. The agreements between RJCC and CSXT use the latter milepost designation.

⁵ As reflected in the notice of exemption filed in Finance Docket No. 35386, RJCC's rights to handle ties, ballast and OTM extend over an additional CSXT line beyond the Anchorage Trackage Rights.

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The Anchorage Trackage Rights allow RJCC to move certain commodities between RJCC's main line across Kentucky and the Water Street Lead in Louisville which RJCC leases from CSXT.

States in Which Applicant's Property is Located: 49 C.F.R. § 1180.6(a)(5)

RJCC owns or operates over rail property in the Commonwealth of Kentucky.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map of the rail line over which RJCC possesses the Anchorage Trackage Rights is attached hereto as Exhibit 1.

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

Attached hereto as Exhibit 2 are the Trackage Rights Agreement dated as of February 5, 2005 between CSXT and RJCC, as well as amendments to that agreement dated May 4, 2008, June 21, 2008 and July 28, 2010.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

As a condition to this exemption, RJCC agrees to the employee protective conditions established in Norfolk and Western Ry. Co. -- Trackage Rights -- BN, 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. -- Lease and Operate, 360 I.C.C. 653 (1980).

Caption Summary: 49 C.F.R. § 1180.4(g)(2)(i)

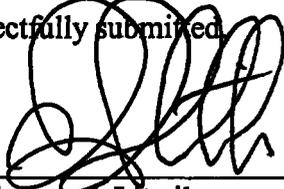
A caption summary of this transaction suitable for publication in the *Federal Register* is attached hereto as Exhibit 3.

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(4), the acquisition of trackage rights by RJCC is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the acquisition of trackage rights by RJCC also is exempt from historic preservation reporting requirements.

Respectfully submitted,

By: _____


Thomas J. Litwiler

Michael J. Barron, Jr.

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 920

Chicago, Illinois 60606-2832

(312) 252-1500

**ATTORNEYS FOR R.J.CORMAN RAILROAD
COMPANY/CENTRAL KENTUCKLY LINES, LLC**

Dated: November 15, 2010

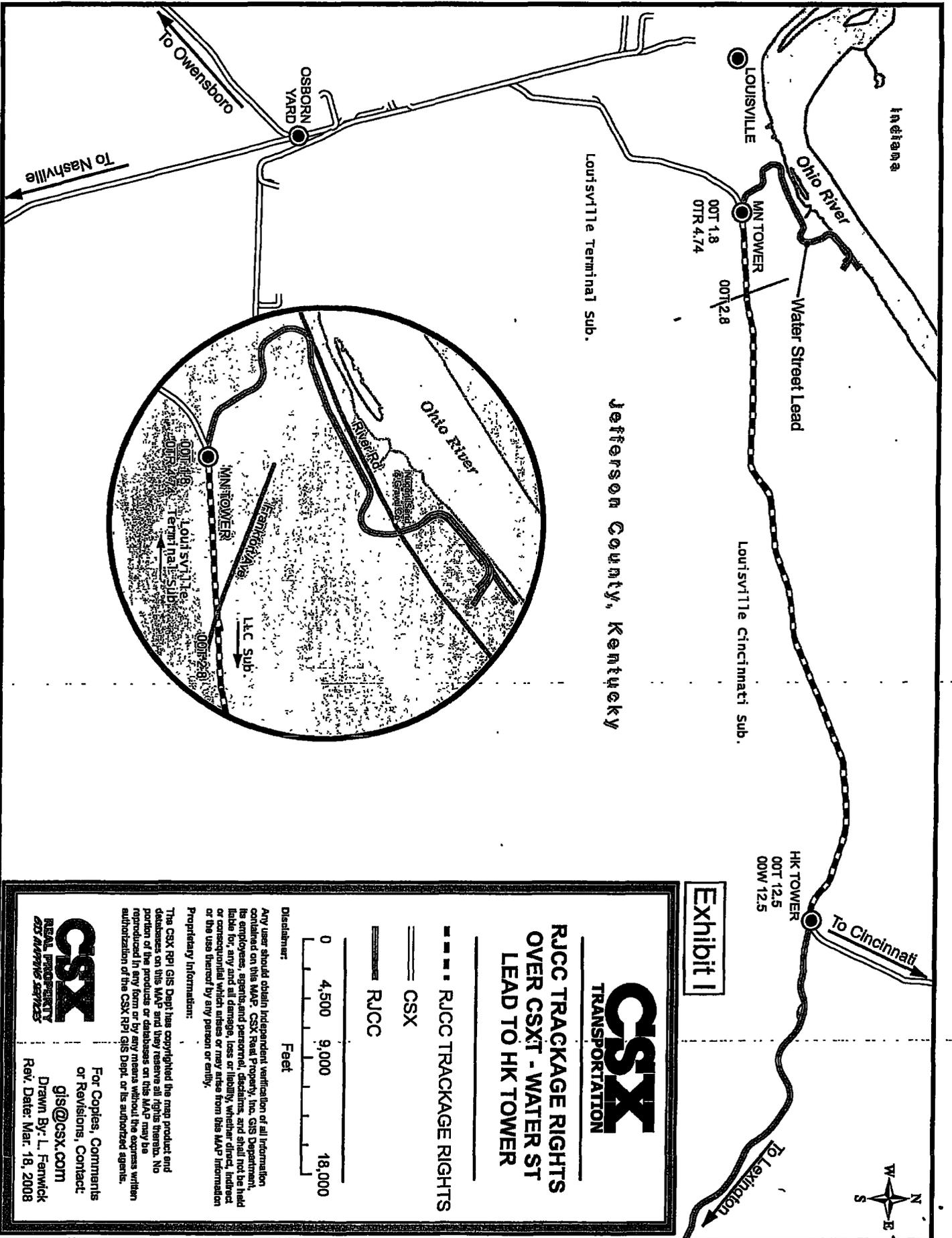


Exhibit 1

CSX TRANSPORTATION
RJCC TRACKAGE RIGHTS OVER CSXT - WATER ST LEAD TO HK TOWER

- RJCC TRACKAGE RIGHTS
 - ==== CSX
 - ==== RJCC
- 0 4,500 9,000 18,000
 Feet

Disclaimer:
 Any user should obtain independent verification of all information contained on this MAP. CSX Real Property, Inc. (CSX Department), its employees, agents, and personnel, designers, and shall not be held liable for, any and all damage, loss or liability, whether direct, indirect or consequential which arises or may arise from this MAP information or the use thereof by any person or entity.

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CSX
 REAL PROPERTY GIS SUPPORT SERVICES

For Copies, Comments or Revisions, Contact:
 gis@csx.com
 Drawn By: L. Fenwick
 Rev. Date: Mar. 18, 2008

TRACKAGE RIGHTS AGREEMENT

Between

CSX TRANSPORTATION, INC.

And

R. J. CORMAN RAILROAD/CENTRAL KENTUCKY LINES, LLC.

THIS AGREEMENT, entered into as of this 5th day of February 2005, by and between CSX TRANSPORTATION, INC., a Virginia corporation, (hereinafter referred to as "CSXT" or "Owner") and R.J. CORMAN RAILROAD/CENTRAL KENTUCKY LINES, LLC., a Kentucky limited liability company, (hereinafter referred to as "RJCC" or "User");

WITNESSETH:

WHEREAS, RJCC will lease CSXT's Water Street Lead located in Louisville, KY effective as of the date of this agreement, hereinafter called the "Lease Agreement", and

WHEREAS, RJCC desires to handle certain new freight business, specifically Unit Trains of Sand originating at Nugent Sand & Gravel Company (hereinafter referred to as "Nugent Sand") and terminates on RJCC in the vicinity of Lexington, KY; and

WHEREAS, CSXT is willing to permit RJCC to operate over CSXT's LCL Subdivision and Louisville Terminal Subdivision from the connection of the parties at Milepost T12.9 and the Louisville Terminal Subdivision to the Water Street Lead at Milepost T1.8/OTR4.74, in order to facilitate the movement of unit trains; and

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1. GRANT OF TRACKAGE RIGHTS

Subject to the terms and conditions herein provided, Owner hereby grants to User the right to operate its trains (locomotives or cars) with its own crews (hereinafter referred to as the "Trackage Rights") over the following segments of Owner's railroad shown on the plan attached hereto, made a part hereof and marked Exhibit "I" (hereinafter referred to as the "Subject Trackage"):

On CSXT's LCL Subdivision, from RJCC/ CSXT ownership point at HK Tower, Milepost OOW-12.5/T12.5, to Frankfort Avenue, Milepost T2.8 then on CSXT's Louisville Terminal Subdivision, from Frankfort Avenue, Milepost T2.8 to RJCC/CSXT ownership connection at the Water Street Lead Milepost T1.8/OTR4.74 a total distance of approximately 10 miles.

ARTICLE 2. USE OF SUBJECT TRACKAGE

A. User's use of the Subject Trackage shall be in common with Owner and any other user of the Subject Trackage, and Owner's right to use the Subject Trackage shall not be

diminished by this Agreement. Owner shall retain the exclusive right to grant to other persons rights of any nature in the Subject Trackage.

- B. Except as may otherwise be provided by this Agreement, User shall not use any part of the Subject Trackage for the purpose of switching, storage or servicing cars or the making or breaking up of trains, except that nothing contained herein shall, upon prior approval of Owner, preclude the emergency use by User of such auxiliary tracks as may be designated by Owner for such purposes.
- C. Owner shall have exclusive control of the management and operation of the Subject Trackage. User shall not have any claim against Owner for liability account of loss or damage of any kind in the event the use of the Subject Trackage by User is interrupted or delayed at any time from any cause.

ARTICLE 3. RESTRICTION ON USE

- (a) The Trackage Rights herein granted are granted for the sole purpose of RJCC using same for bridge traffic only (as is more specifically defined below) between the terminals of Subject Trackage and RJCC shall not perform any local freight service whatsoever at any point located on Subject Trackage.
- (b) Said bridge traffic to be handled by RJCC shall be restricted to loaded and empty cars, diesel locomotives and cabooses in RJCC's account. Bridge traffic handled by RJCC shall be solely limited and restricted to Sand (Standard Transportation Commodity Code 14-411) which originates on RJCC's Water Street Lead at Nugent Sand & Gravel Company and terminates on RJCC in the vicinity of Lexington, KY, together with return movements of empty cars.
- (c) Such bridge traffic is limited to the movement of not more than Three Hundred and fifty (350) loaded unit trains (cars, locomotives and cabooses together) per year, unless specific alternative arrangements are negotiated and agreed to between the parties.

ARTICLE 4. MISCELLANEOUS SPECIAL PROVISIONS

- A. When operating over the Subject Trackage, User's locomotives and crews shall be equipped to communicate with Owner on radio frequencies normally used by Owner in directing train movements on the Subject Trackage.
- B. Procedures for qualification and occupancy of the Subject Trackage shall be arranged by the local supervision of each carrier. All control and usage shall be subject to the approval of Owner's representative or his designee.

ARTICLE 5. COMPENSATION

- A. For the use it makes of the Subject Trackage, User shall pay to Owner annually in advance, the sum of : _____ dollars, hereinafter referred to as the "Current Charge", said Current Charge reflecting the movement of approximately two thousand five hundred loaded or empty cars including locomotive units and end of train devices (hereinafter referred to as "EOT") a distance of approximately 10 miles, at a per car mile charge of _____.
- B. User shall furnish to Owner, in care of Director-Joint Facility Budgets & Administration, CSX Transportation, 500 Water Street, J801, Jacksonville, FL 32202, at the end of each month, a statement of the number of locomotive units, EOT's, and loaded and empty cars operated over the Subject Trackage during the month. Based on this statement, Owner shall once annually on the anniversary date of this Agreement, restate the Current Charge for the succeeding one year term, to reflect the average daily number of cars moved by User in the year immediately preceding.
- C. The Current Charge may be subsequently further revised each year to reflect any revisions in the aforesaid Per Car Mile Charge in accordance with Article 6.
- D. User shall furnish Owner information concerning all loaded and empty cars in Electronic Data Interchange (EDI) transmission between the carriers. This procedure shall be required at the time the Association of American Railroads (AAR) defines the standard reporting procedures for trackage rights carriers. The carriers shall determine the minimal data requirements.
- E. In no event, shall User pay to Owner less than _____ dollars annually, said amount to be known as the "Minimum Charge", and to also be revised each year in accordance with Article 6.

ARTICLE 6. REVISION OF CURRENT CHARGE

- A. The Current Charge and Minimum Charge shall be subject to change to reflect any increases or decreases in labor, material and other costs as hereinafter provided.
- B. The Current Charge and Minimum Charge shall be revised upward or downward each year, beginning with the bill rendered for the month of February 2006 to compensate for the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the Annual Indexes of Charge-Out Prices and Wage Rates (1977=100), included in "AAR Railroad Cost Indexes" and supplements thereto, issued by the Association of American Railroads (hereinafter referred to as "AAR"). In making such determination, the final "Material prices, wage rates and supplements combined (excluding fuel)" indexes for the East District shall be used. The Current Charge and Minimum Charge shall be revised by calculating the percent of increase or decrease in the index of the latest calendar year (2003 Index for the first annual adjustment) as related to the index for the previous calendar year (2004 Index for the first annual adjustment) and applying that percent to the

Current Charge and Minimum Charge.

- C. By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2003; "B" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2004; "C" to be the Current Charge or Minimum Charge; and "D" to be the percent of increase or decrease; the revised Current Charge or Minimum Charge stated herein would be revised by the following formula:

$$(1) \frac{B - A}{A} = D$$

$$(2) (D \times C) + C = \text{revised Current Charge or Minimum Charge, effective July 1 of the year being revised.}$$

- D. In the event the base for the Annual Indexes of Charge-Out Prices and Wage Rates issued by the AAR shall be changed from the year 1977, appropriate revision shall be made. If the AAR or any successor organization discontinues publication of the Annual Indexes of Charge-Out Prices and Wage Rates, an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to binding arbitration as provided hereinafter.
- E. At the option of either party hereto, the compensation provided for in this Agreement shall be open for renegotiation every five (5) years from the Commencement Date, as hereinafter defined. In the event the parties fail to reach agreement upon such renegotiation, such failure shall not constitute a breach of this Agreement, and the parties shall continue to be bound by the terms of compensation provided in this Agreement until the matter is settled or submitted to binding arbitration.

ARTICLE 7. PAYMENT OF BILLS

- A. All payments called for under this Agreement shall be made by User within thirty (30) days after receipt of bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled between the parties hereto shall be adjusted in the accounts of a subsequent month. The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party for a period of three (3) years from the date of billing.
- B. Bills rendered pursuant to the provisions of this Agreement, other than those set forth in Article 5, shall include direct labor and material costs, together with the surcharges, overhead percentages and equipment rentals as specified by Owner at the time any work is performed by Owner for User.

ARTICLE 8. MAINTENANCE OF SUBJECT TRACKAGE

- A. Owner shall maintain, repair and renew the Subject Trackage with its own supervision and labor. Owner shall keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated, but Owner does not guarantee the condition of the Subject Trackage or that operations thereover shall not be interrupted. Owner shall take all reasonable steps to ensure that any interruptions shall be kept to a minimum. Furthermore, except as may be otherwise provided in Article 14, User shall not by reason of failure or neglect on the part of Owner to maintain, repair or renew the Subject Trackage, have or make any claim or demand against Owner or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whomsoever, or for any damage to or loss or destruction of any property whatsoever, or for any damages of any nature suffered by User resulting from any such failure or neglect.
- B. Owner shall perform, at the expense of User, such additional maintenance as User may reasonably require or request.

ARTICLE 9. CONSTRUCTION AND MAINTENANCE OF NEW CONNECTIONS

- A. Existing connections or facilities that are jointly used by the parties hereto shall continue to be maintained, repaired and renewed by and at the expense of the party or parties responsible for such maintenance, repair and renewal under such agreements.
- B. Any additional connections to the Subject Trackage which may be required shall be subject to the Owner's approval (including design) and shall be constructed, maintained, repaired and renewed as follows:
- (i). User or others shall furnish all labor and material and shall construct, maintain, repair and renew at its sole cost and expense such portions of the tracks located on the right-of-way of User or others which connect the respective lines of the parties hereto.
 - (ii). Owner shall furnish all labor and material and shall construct, maintain, repair and renew at the sole cost and expense of User such portions of the additional tracks located on the right-of-way of Owner which connect the respective lines of the parties hereto. Upon termination of this Agreement, Owner may at its option remove the portion of such trackage and appurtenances as may be located on property of Owner, at the sole cost and expense of User. The salvage material removed shall be released to User or, as otherwise agreed upon, Owner shall credit User the current fair market value for said salvage.

ARTICLE 10. ADDITIONS, RETIREMENTS AND ALTERATIONS

- A. Owner, from time to time and at its sole cost and expense, may make changes in, additions and betterments to or retirements from the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage.
- B. If the parties agree that changes in or additions and betterments to the Subject Trackage, including changes in communication or signal facilities, are required to accommodate User's operations beyond that required by Owner to accommodate its operations, Owner shall construct the additional or altered facilities and User shall pay to Owner the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

ARTICLE 11. MANAGEMENT AND OPERATIONS

- A. User shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and equipment while such trains, locomotives, cars, and equipment are being operated over the Access Trackage and Interchange Trackage. User shall indemnify, protect, defend, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon Owner or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents and employees under such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of User to comply with its obligations in this regard.
- B. User in its use of the Access Trackage and Interchange Trackage shall comply in all respects with the safety rules, operating rules and other regulations of Owner, and the movement of User's trains, locomotives, cars, and equipment over the Access Trackage and Interchange Trackage shall at all times be subject to the orders of the transportation officers of Owner. User's trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Access Trackage and Interchange Trackage as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the maximum authorized freight train speeds as provided by Owner's operating rules and regulations without the prior consent of Owner.
- C. User shall make such arrangements with Owner as may be required to have all of its employees who shall operate its trains, locomotives, cars and equipment over or otherwise occupy, the Access Trackage and Interchange Trackage qualified for operation

or occupancy thereover, and User shall pay to Owner, upon receipt of bills therefor, any cost incurred by Owner in connection with the qualification of such employees of User, as well as the cost of pilots furnished by Owner, until such time as such employees are deemed by the appropriate examining officer of Owner to be properly qualified for operation as herein contemplated.

- D. Owner may at its option, request User to conduct an investigation of User's employee(s) working on Owner's property, and alleged to have violated Owner's safety rules, regulations, orders, practices or instructions, or if an incident occurs which requires an investigation under applicable agreement rules. Upon receipt of such notification, User's local Transportation Officer shall arrange to issue proper notice to the User's employee(s) of the investigation. Owner's request to schedule the investigation must comply with the time limits provided in the applicable agreement on User's railroad. Owner shall provide its regulations, supplements, safety rules and any necessary witnesses to User at no cost.
- E. If Owner timely requested User to conduct an investigation, Owner shall have the right to suggest appropriate discipline including the right to exclude from the Access Trackage and Interchange Trackage any employee of User, except officers, determined as the result of User's investigation or hearing described below, to be in violation of Owner's rules, regulations, orders, practices or instructions.
- F. In a major offense, such as violation of Rule "G," dishonesty, insubordination, or a serious violation of operating rules, wherein Owner desires to bar User's employee from service on Owner's territory pending an investigation by User, immediate verbal notification will be given to the appropriate Transportation Officer of User so that proper written notice can be issued to the employee.
- G. If User conducts an investigation, its officer shall conduct the investigation, but an officer of Owner shall be present. After the investigation is concluded, User shall make a recommendation as to the discipline to be assessed, and furnish a copy of that recommendation to Owner. If the Owner or User shall disagree on the discipline to be imposed, User shall have the right to determine the discipline, if any, that is imposed. User's Transportation Officer shall arrange to assess discipline within the applicable time limits.
- H. In the event a claim is progressed to arbitration challenging the discipline assessed, Owner shall be given an opportunity to review User's submission. If the discipline assessed is "overturned" by the arbitration, and the discipline assessed was being banned from Owner's property, Owner shall permit User's employee to return to Owner's property.
- I. The trains, locomotives, cars and equipment of User, Owner, and any other present or future user of the Subject Trackage or any portion thereof, shall be operated without prejudice or partiality to either party and in such manner as shall afford the most economical and efficient manner of movement of all traffic.
- J. In the event that a train of User shall be forced to stop on Subject Trackage, and such

stoppage is due to insufficient hours of service remaining among User's crew, or due to mechanical failure of User's equipment, or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of User fails to maintain the speed required by Owner on the Subject Trackage, or if in emergencies, crippled or otherwise defective cars are set out of User's trains on the Subject Trackage, Owner shall have the option to furnish motive power or such other assistance (including but not limited to the right to recrew User's train) as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Trackage, and User shall reimburse Owner for the cost of rendering any such assistance.

- K. If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Trackage, such work shall be done by Owner, and User shall reimburse Owner for the cost thereof.
- L. In the event Owner and User agree that Owner should retain employees or provide additional employees for the sole benefit of User, the parties hereto shall enter into a separate agreement under which User shall bear all cost and expense for any such retained or additional employees provided, including without limitation all cost and expense associated with labor protective payments which are made by Owner and which would not have been incurred had the retained or additional employees not been provided.

ARTICLE 12. MILEAGE AND CAR HIRE

All mileage and car hire charges accruing on cars in User's trains on the Subject Trackage shall be assumed by User and reported and paid by it directly to the owner of such cars.

ARTICLE 13. CLEARING OF WRECKS

Whenever User's use of the Subject Trackage requires rerailling, wrecking service or wrecking train service, Owner shall perform or provide such service, including the repair and restoration of roadbed, track and structures. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom, shall be apportioned in accordance with the provisions of Article 13 hereof. All locomotives, cars, and equipment and salvage from the same so picked up and removed which are owned by or under the management and control of or used by User at the time of such wreck, shall be promptly delivered to it.

ARTICLE 14. LIABILITY

The responsibility and liability between the parties for: (i) any personal injury or death of any person (including employees of the parties and third persons), (ii) any real or personal property damage of any person (including property of the parties and third persons), (iii) any

damage or destruction to the environment (including land, air, water, wildlife and vegetation), and (iv) all cleanup and remedial expenses, court costs, settlements, claims, judgements, litigation expenses and attorney's fees resulting from the use of the Subject Trackage by either party as described herein, all of which are collectively referred to as a "Loss", shall be divided as follows:

- A. If a Loss occurs involving the trains, locomotives, engines and/or employees of only one of the parties, then the involved party should be solely responsible for the Loss, even if caused partially or completely by the other party.
- B. If a Loss occurs on the Subject Trackage involving the trains and locomotives of both Owner and User, then: (i) each is solely responsible for any Loss to its own employees, locomotives and equipment in its own account including lading and (ii) the parties are equally responsible for any Loss to the Subject Trackage and Loss sustained by third parties, regardless of the proportionate responsibility between them as to the cause of the Loss.
- C. For purposes of assigning responsibility of a Loss under this Article as between the parties hereto, a Loss involving one of the parties to this Agreement and a third party or parties shall be construed as being the sole responsibility of that one party to this Agreement.
- D. Whenever any liability, cost, or expense is assumed by or apportioned to a party hereto under the foregoing provisions, that party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents, and employees from and against that liability, cost and expense assumed by that party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance, or misfeasance of the indemnitee or its directors, officers agents, or employees.
- E. In every case of death or injury suffered by an employee of either User or Owner, when compensation to such employees or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employers' liability or other law, and either of said parties, under the provisions of this Agreement, is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.
- F. For purposes of determining liability, pilots furnished by Owner to User pursuant to this Agreement shall be considered as the employees of User while such employees are on duty as pilots.
- G. For the purpose of determining liability associated with construction, maintenance, repair and renewal of connections as provided in Article 9 B (ii), all work performed by Owner shall be deemed performed for the sole benefit of User and, User shall be fully liable for

all cost and expense of any and all loss, damage, destruction, injury and death resulting from, arising out of, incidental to or occurring in connection with said construction, maintenance repair and renewal except when such cost and expense of loss, damage, destruction, injury or death is caused by the sole negligence of Owner. User shall protect, indemnify, and save harmless Owner and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all expense and liability for which User is responsible.

- H. If any suit or action shall be brought against either party for damages which under the provisions of this Agreement are in whole or in part the responsibility of the other party, said other party shall be notified in writing by the party sued, and the party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay a proportionate part of the judgment and costs, expense and attorneys' fees incurred in such suit according to its liability assumed hereunder.
- I. In the event of a Loss as set out herein, the parties to this Agreement shall be bound by the Freight Claim Rules, Principles, and Practices of the Association of American Railroads (AAR) as to the handling of any claims for the loss or damage to lading.
- J. Notwithstanding any and all of the forgoing provisions of this article, in the event a Loss occurs while the Subject Trackage is being used by Owner and/or User, and such Loss is attributable solely to the willful or wanton negligence of only one of the parties to this Agreement, then the party hereto which was so willfully or wantonly negligent shall be solely responsible for such Loss.

ARTICLE 15. CLAIMS

- A. Except as provided in Subarticle B below, all claims, injuries, death, property damages and losses arising out of or connected with this Agreement shall be investigated, adjusted and defended by the party bearing the liability, cost, and expense therefor under the provisions of this Agreement.
- B. Each party shall investigate, adjust and defend all freight loss and damage claims filed with it in accordance with 49 U.S.C. Section 11706.
- C. In the event a claim or suit is asserted against Owner or User which is the other's duty hereunder to investigate, adjust or defend, then, unless otherwise agreed, such other party shall, upon request, take over the investigation, adjustment and defense of such claim or suit.
- D. All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement, except that salaries or wages of full-time agents, full-time attorneys and other full-time employees of either party engaged directly or indirectly in such work shall be borne by such party.

- E. Excluding freight loss and damage claims filed in accordance with 49 U.S.C. Section 11706, neither party shall settle or compromise any claim, demand, suit or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party if the consideration for such settlement or compromise exceeds THIRTY-FIVE THOUSAND DOLLARS (\$35,000).
- F. Each party agrees to indemnify and hold harmless the other party and its parent corporation, subsidiaries and affiliates, and all their respective directors, officers, agents and employees from and against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to a collective bargaining agreement or employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement. It is the intention of the parties that each party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employee arising under its collective bargaining agreements with its employees.
- G. It is understood that nothing in this Article 14 shall modify or waive the conditions, obligations, assumptions or apportionments provided in Article 13.

ARTICLE 16. INSURANCE

- A. During the term, and any continued term, of this Agreement, RJCC, at its own expense, shall procure and maintain in effect a policy of public liability insurance, with limits of not less than Five (5) million single limit, bodily injury and/or property damage, for damages arising out of bodily injuries to or death of all persons in any one occurrence and for damage to, or destruction of property, including the loss of use thereof, in any one occurrence, subject to a self-insured retention limit not to exceed Two Hundred and Fifty Thousand Dollars (\$250,000), including contractual liability insurance, which names CSXT as an additional insured and provides for a minimum of thirty (30) days advance written notice to CSXT prior to any changes or cancellation. Failure to procure and maintain such insurance in force shall constitute a breach of contract hereunder.
- B. This Insurance coverage shall be effected under standard form policies issued by insurers of financial responsibility, which are rated "A" or better by either Best's Insurance Reports, Standard & Poor's Insurance Rating Service or Moody's Investors Service. CSXT reserves the right to reject as inadequate coverage by an insurance company rated less than "A" by the aforementioned rating services.
- C. The insurance shall be evidenced by a current certificate furnished by RJCC to CSXT as an additional insured with its return of executed Agreement. Subsequently, annual renewal certificates of insurance shall be furnished to:

Law Department – Insurance
CSX Transportation, Inc.

500 Water Street – J150
Jacksonville, FL 32202

Such certificate shall be subject to the prior approval of CSXT's Law Department. All of the required endorsements and notice provisions shall be stated on the certificate of insurance that is provided to CSXT. In addition, RJCC shall provide CSXT's Law Department notice of any claim and any other correspondence dealing with insurance and insurance matters.

ARTICLE 17. DEFAULT AND TERMINATION

In the event of any substantial failure on the part of User to perform its obligations under this Agreement and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from Owner, Owner shall have the right at its option, after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by Owner of any prior breach thereof, to terminate the Trackage Rights and User's use of the Subject Trackage, subject to any regulatory approval or exemption that may be required under governing law. The exercise of such right by Owner shall not impair its rights under this Agreement or any cause or causes of action it may have against User for the recovery of damages.

ARTICLE 18. REGULATORY APPROVAL

- A. Should this Agreement require the prior approval of the Surface Transportation Board (STB), User at its own cost and expense shall initiate and thereafter diligently pursue an appropriate application or petition to secure such approval. Owner shall assist and support efforts of User to secure any necessary STB approval of this Agreement.
- B. Should the STB at any time during the term of this Agreement impose any labor protective conditions upon the exemption of this Agreement from regulation, User, solely, shall be responsible for any and all payments in satisfaction of such conditions.

ARTICLE 19. ABANDONMENT OF SUBJECT TRACKAGE

Notwithstanding the provisions of Article 20, Owner may abandon the Subject Trackage during the term of this Agreement or any renewals thereof, upon giving User not less than ninety (90) days' notice of Owner's intent to abandon. In the event regulatory authority is required to effect such abandonment, User shall not interfere with Owner's actions to seek and to exercise such authority. In the event regulatory authority is required for User to discontinue its own operations over the Subject Trackage, User shall seek and exercise such regulatory authority at the same time that Owner seeks regulatory authority to abandon the Subject Trackage. Owner and User shall exercise the abandonment and discontinuance authority within thirty (30) days from the date Owner and User obtain the aforementioned regulatory authority. Upon the date established by Owner for abandonment of the Subject Trackage by its aforesaid notice to User or upon the above specified date of exercise of the regulatory authority to abandon and discontinue operations, whichever is later, this Agreement shall terminate and be of no further force and

effect, except that termination of this Agreement shall not relieve or release either party hereto from any obligations assumed or from any liability which may have arisen or been incurred prior to said termination. The foregoing provisions shall govern the parties hereto notwithstanding the provisions of 49 U.S.C. Section 10904 or any other provisions of law, and User hereby expressly waives any rights it may possess to subsidize operations on the Subject Trackage or to acquire the Subject Trackage pursuant to said provisions of law. As used herein, Subject Trackage means the entire Subject Trackage or any portion or portions thereof.

ARTICLE 20. TERM

- A. This Agreement shall be effective the day and year first above written and shall remain in effect for twenty (20) years and concurrent with the Lease Agreement.
- B. Termination of this Agreement shall not relieve or release either party hereto from any obligation assumed or from any liability which may have arisen or been incurred by either party under the terms of this Agreement prior to the termination hereof.

ARTICLE 21. FORCE MAJEURE

Owner shall not be responsible to User for delays or failure to perform under this Agreement if such delays or failure to perform are covered by circumstances beyond its control, including, but not limited to, Acts of God, floods, storms, earthquakes, hurricanes, tornadoes, or other severe weather or climatic conditions, acts of public enemy, war, blockade, terrorism, insurrection, vandalism or sabotage, fire, accident, wreck, derailment, washout or explosion, strike, lockout or labor disputes experienced by the parties hereto, embargoes or AAR service orders; Federal Railroad Administration (FRA) orders, or governmental laws, orders or regulations.

ARTICLE 22. ARBITRATION

Any irreconcilable dispute arising between the parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator shall be final and conclusive upon the parties hereto. Each party to the arbitration shall pay the compensations, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, costs and expense of the arbitrator, if any, shall be borne equally by the parties hereto. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws.

ARTICLE 23. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns, by merger or otherwise, of the parties hereto. Neither party hereto shall transfer or

assign this Agreement, or any of its rights, interests or obligations hereunder, to any person, firm, or corporation without obtaining the prior written consent of the other party to this Agreement.

ARTICLE 24. NOTICE

Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the parties may agree, and shall be addressed as follows:

If to CSXT: AVP Passenger & Joint Facilities Contracts
CSX Transportation, Inc.
500 Water Street, J325
Jacksonville, FL 32202

If to RJCC: R. J. Corman Railroad – Central Kentucky Lines, LLC
One Jay Station
Post Office Box 788
Nicholasville, KY 40340-0788
Attention: Contracts/Property Management

Either party may provide changes in the above addresses to the other party by personal service or U.S. mail.

ARTICLE 25. GENERAL PROVISIONS

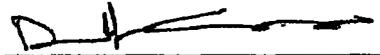
- A. This Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against either of the parties hereto.
- B. This Agreement contains the entire understanding of the parties hereto and supersedes any and all oral understandings between the parties.
- C. No term or provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing and signed by both parties to this Agreement.
- D. All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.
- E. All Article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.
- F. As used in this Agreement, whenever reference is made to the trains, locomotives, cars or

equipment of, or in the account of, one of the parties hereto, such expression means the trains, locomotives, cars and equipment in the possession of or operated by one of the parties and includes such trains, locomotives, cars and equipment which are owned by, leased to, or in the account of such party. Whenever such locomotives, cars or equipment are owned or leased by one party to this Agreement and are in the possession or account of the other party to this Agreement, such locomotives, cars and equipment shall be considered those of the other party under this Agreement.

- G. This Agreement is the result of mutual negotiations of the parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.
- H. Neither party hereto may disclose the provisions of this Agreement to a third party, excluding a parent, subsidiary or affiliate company, without the written consent of the other party, except as otherwise required by law, regulation or ruling.
- I. There are no intended or unintended third party beneficiaries to this agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

Witness for CSXT:

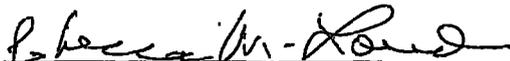


CSX TRANSPORTATION, INC.

By: 

John M. Gibson Jr.
VP Operations Research and Planning

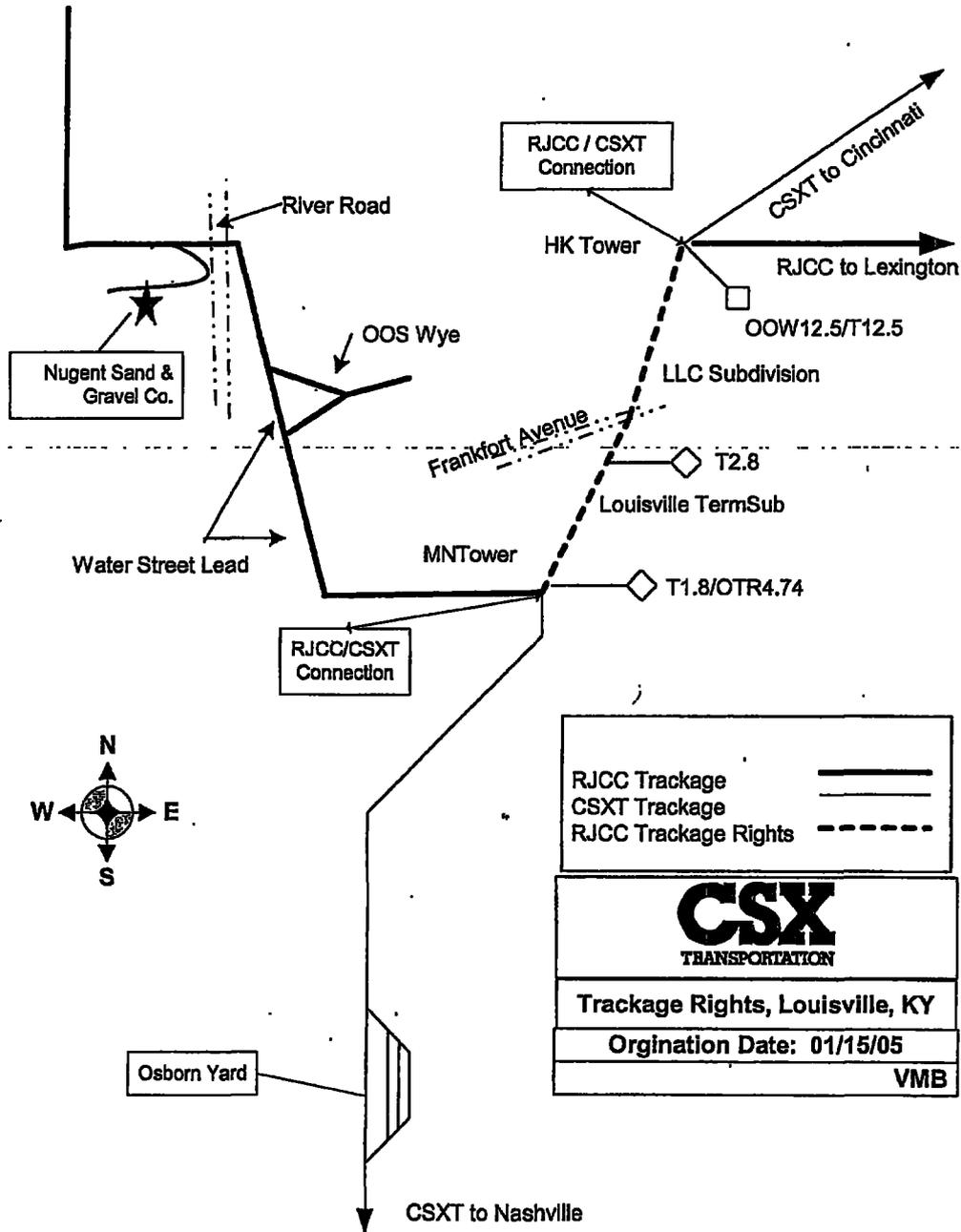
Witness for RJCC :



By: 

S.W. Petree
President

Exhibit I
Trackage Rights at Louisville, KY
CSXT/RJCC
(Not to Scale)



FIRST SUPPLEMENTAL AGREEMENT

THIS FIRST SUPPLEMENTAL AGREEMENT made this 4th day of May, 2008 ("Supplemental Agreement"), between **CSX TRANSPORTATION, INC.** (hereinafter referred to as "**CSXT**" or "**Owner**") and **R. J. CORMAN RAILROAD – CENTRAL KENTUCKY LINES, LLC**, a Kentucky limited liability company, (hereinafter referred to as "**RJCC**" or "**User**");

WITNESSETH:

WHEREAS, under the terms and provisions of a Trackage Rights Agreement ("Agreement") dated February 5, 2005, User enjoys trackage rights on CSXT's LCL Subdivision from the RJCC/CSXT ownership point at HK Tower, Milepost OOW-12.5/T-12.5, to Frankfort Avenue, Milepost T-2.8 then on CSXT's Louisville Terminal Subdivision, from Frankfort Avenue, Milepost T-2.8 to the RJCC/CSXT ownership connection at the Water Street Lead Milepost T-1.8/OTR-4.74 ("Subject Trackage"), to facilitate the movement of unit trains of sand ("Sand Trains") to and from Lexington, KY; and

WHEREAS, User desires to move additional commodities in individual shipments ("Merchandise Cars"), interchanging to User at Louisville, KY and terminating at Lexington, KY; and

WHEREAS, Owner is agreeable to granting rights to User for the movement of Merchandise Cars in Sand Trains, subject to the following terms and conditions; and

WHEREAS, Owner and User desire to formalize these understandings by supplementing the Trackage Rights Agreement through this Supplemental Agreement.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein set forth, the parties agree to supplement the Addendum as follows:

Article 1 ADJUSTMENT TO TRACKAGE RIGHTS

- 1.1 The Subject Trackage is shown on the plan attached hereto and marked as Exhibit "T".
- 1.2 Article 3(b) of the Agreement is amended to include Merchandise Cars interchanging to User at Louisville, KY, appended to Sand Trains at Water Street, and terminating at Lexington, KY. User will utilize the reverse move for the transportation of empty Merchandise Cars.
- 1.3 While on the Subject Trackage, Merchandise Cars will move in Sand Trains only. Under no circumstances will User move Merchandise Cars in a separate train.

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April 29, 2008
Page 1 of 5

Article 2 COMPENSATION

- 2.1 Article 5 of the Agreement shall be amended to provide additional compensation for the movement of Merchandise Cars. For the movement of Merchandise Cars over the Subject Trackage, User shall pay to Owner annually in advance, the sum of _____ dollars, hereinafter referred to as the "Additional Current Charge", said Additional Current Charge reflecting the movement of approximately _____ loaded or empty Merchandise Cars a distance of approximately 10.7 miles, at a per car mile charge of _____, hereinafter referred to as the "Per Mile Charge". On July 1, 2008, User shall pay the Additional Current Charge as defined in herein.
- 2.2 Upon execution of this Supplemental Agreement, User shall pay an initial Additional Current Charge of _____ dollars, to compensate for the movement of Merchandise Cars from May 4, 2008 through June 30, 2008.
- 2.3 At the end of each month, User shall furnish to Owner, in care of Director-Joint Facility Budgets & Administration, CSX Transportation, 500 Water Street, J180, Jacksonville, FL 32202, or via email to jointfacilities@csx.com, a statement of the number loaded and empty Merchandise Cars operated over the Subject Trackage during the month. Based on this statement, beginning on July 1, 2009 and on July 1 of each year thereafter, Owner shall restate the Additional Current Charge for the succeeding one year term, to reflect the annual of cars moved by User in the year immediately preceding. This restatement shall also apply to the compensation from the Agreement in accordance with Article 3 herein and shall replace the restatement that has occurred as of the anniversary date of the Agreement. Accordingly, the July 1, 2009 restatement shall be based on traffic from February 2008 through June 2009.
- 2.4 The Additional Current Charge and the Per Mile Charge shall be subsequently further revised each year in accordance with Article 3.
- 2.5 User shall furnish Owner information concerning all loaded and empty cars in Electronic Data Interchange (EDI) transmission between the carriers. This procedure shall be required at the time the Association of American Railroads (AAR) defines the standard reporting procedures for trackage rights carriers. The carriers shall determine the minimal data requirements.
- 2.6 In no event, shall the Additional Current Charge be less than _____ dollars annually, said amount to be known as the "Additional Minimum Charge", and to also be revised each year in accordance with Article 3 of this Supplemental Agreement.

Article 3 REVISION OF CURRENT CHARGE

- 3.1 This Article 3 replaces Article 6 of the Agreement in its entirety as of the date of this Supplemental Agreement. For purposes of the revision calculation herein, the Current Charge from the Agreement and the Additional Current Charge shall collectively be referred to as the "Current Charge", and the Minimum Charge from the Agreement and the Additional Minimum Charge shall collectively be referred to as the "Minimum Charge". The Per Mile Charge herein and the Per Mile Charge from the Agreement are the same charge.
- 3.2 The Current Charge, the Minimum Charge, and the Per Mile Charge shall be subject to change to reflect any increases or decreases in labor, material and other costs as hereinafter provided.
- 3.3 The Current Charge, the Minimum Charge, and the Per Mile Charge shall be revised upward or downward each year, beginning with the bill rendered for the month of July 2009 to compensate for the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the Annual Indexes of Charge-Out Prices and Wage Rates (1977=100), included in "AAR Railroad Cost Indexes" and supplements thereto, issued by the Association of American Railroads (hereinafter referred to as "AAR"). In making such determination, the final "Material prices, wage rates and supplements combined (excluding fuel)" indexes for the East District shall be used. The Current Charge, the Minimum Charge, and the Per Mile Charge shall be revised by calculating the percent of increase or decrease in the index of the latest calendar year (2008 Index for the first annual adjustment) as related to the index for the previous calendar year (2007 Index for the first annual adjustment) and applying that percent to the Current Charge, the Minimum Charge, and the Per Mile Charge.
- 3.4 By way of example, assuming "A" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2007; "B" to be the "Material prices, wage rates and supplements combined (excluding fuel)" final index figure for 2008; "C" to be the Current Charge, the Minimum Charge, or the Per Mile Charge; and "D" to be the percent of increase or decrease; the revised Current Charge, the Minimum Charge, or the Per Mile Charge stated herein would be revised by the following formula:

$$(1) \frac{B - A}{A} = D \text{ (rounded to the third decimal place)}$$

$$(2) (D \times C) + C = \text{revised Current Charge, Minimum Charge, or Per Mile Charge (each rounded to the}$$

third decimal place), effective July 1 of the year being revised.

- 3.5 In the event the base for the Annual Indexes of Charge-Out Prices and Wage Rates issued by the AAR shall be changed from the year 1977, appropriate revision shall be made. If the AAR or any successor organization discontinues publication of the Annual Indexes of Charge-Out Prices and Wage Rates, an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to binding arbitration as provided hereinafter.
- 3.6 At the option of either party hereto, the compensation provided for in this Agreement shall be open for renegotiation every five (5) years from the Commencement Date, as hereinafter defined. In the event the parties fail to reach agreement upon such renegotiation, such failure shall not constitute a breach of this Agreement, and the parties shall continue to be bound by the terms of compensation provided in this Agreement until the matter is settled or submitted to binding arbitration.

Article 4 REGULATORY APPROVAL

- 4.1 Should this Supplemental Agreement require the prior approval of the Surface Transportation Board (STB), User at its own cost and expense shall initiate and thereafter diligently pursue an appropriate application or petition to secure such approval. Owner shall assist and support efforts of User to secure any necessary STB approval of this Supplemental Agreement.
- 4.2 Should the STB at any time during the term of this Supplemental Agreement impose and labor protective conditions upon the exemption of this Supplemental Agreement from regulation, User, solely, shall be responsible for any and all payments in satisfaction of such conditions.

Article 5 OTHER PROVISIONS

- 5.1 All non-conflicting provisions of the Agreement will remain in full force and effect, and shall apply to Merchandise Cars.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be executed in duplicate, each part being an original, as of the day and year first above written.

WITNESS:

CSX TRANSPORTATION, INC.

Joanna Griffith
Name: Joanna Griffith

By: Cressie Brown
Name: Cressie Brown
Title: Director – Passenger & JF Contracts

WITNESS:

R. J. CORMAN RAILROAD –
CENTRAL KENTUCKY LINES, LLC

Deborah J. Hawley
Name: Deborah J. Hawley

By: Stephen W. [Signature]
Name: Stephen W. [Signature]
Title: President

SECOND SUPPLEMENTAL AGREEMENT

THIS SECOND SUPPLEMENTAL AGREEMENT made this 21st day of June, 2008 ("Supplemental Agreement"), between **CSX TRANSPORTATION, INC.** (hereinafter referred to as "**CSXT**" or "**Owner**") and **R. J. CORMAN RAILROAD COMPANY— CENTRAL KENTUCKY LINES, LLC**, a Kentucky limited liability company, (hereinafter referred to as "**RJCC**" or "**User**");

WITNESSETH:

WHEREAS, under the terms and provisions of a Trackage Rights Agreement ("Agreement") dated February 5, 2005, User enjoys trackage rights on CSXT's LCL Subdivision from the RJCC/CSXT ownership point at HK Tower, Milepost OOW-12.5/T-12.5, to Frankfort Avenue, Milepost T-2.8 then on CSXT's Louisville Terminal Subdivision, from Frankfort Avenue, Milepost T-2.8 to the RJCC/CSXT ownership connection at the Water Street Lead Milepost T-1.8/OTR-4.74 ("Subject Trackage"), to facilitate the movement of unit trains of sand ("Sand Trains") to and from Lexington, KY; and

WHEREAS, User has purchased 62 new gondolas and desires to move loads of sand with a total weight on rail of sand and gondola of 305,000 tons ("Heavy Sand Cars"); and

WHEREAS, Owner is agreeable to granting rights to User for the movement of Heavy Sand Cars in Sand Trains, subject to the following terms and conditions; and

WHEREAS, Owner and User desire to formalize these understandings by supplementing the Trackage Rights Agreement through this Supplemental Agreement.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein set forth, the parties agree to supplement the Addendum as follows:

Article 1 ADJUSTMENT TO TRACKAGE RIGHTS

- 1.1 The Subject Trackage is shown on the plan attached hereto and marked as Exhibit "T".
- 1.2 The commodity restriction in Article 3(b) of the Agreement shall include Heavy Sand Cars originating on RJCC's Water Street Lead and terminating on RJCC at Lexington, KY, together with return movements of empty cars.
- 1.3 While on the Subject Trackage, Heavy Sand Cars will move in Sand Trains only. Under no circumstances will User move Heavy Sand Cars in a separate train.

**ORIGINAL
IN VAULT**

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June 21, 2008
Page 1 of 3

L

Article 2 MANAGEMENT AND OPERATIONS

- 2.1 Article 11(B) of the Agreement shall be amended to allow the movement of Heavy Sand Cars over the Subject Trackage.

Article 3 LIABILITY

- 3.1 Article 14 of the Agreement is amended to define the responsibility and liability assumed by User specific to the movement of Heavy Sand Cars for: (i) any personal injury or death of any person (including the employees of the parties and third persons), (ii) any real or personal property damage of any person (including property of the parties and third persons), (iii) any damage or destruction to the environment (including land, air, water, wildlife, and vegetation), and (iv) all cleanup and remedial expenses, court costs, settlements, claims, judgments, litigation expenses and attorney's fee resulting from the use of the Subject Trackage by either party as described herein, all of which are collectively referred to as a "Loss."
- 3.2 If a Loss occurs on the Subject Trackage involving trains that include Heavy Sand Cars, User is solely responsible for any Loss sustained by User, Owner or any third parties, regardless of the cause of the Loss, excluding a Loss caused solely by the gross negligence or willful misconduct of Owner.

Article 4 OTHER PROVISIONS

- 4.1 All non-conflicting provisions of the Agreement will remain in full force and effect, and shall apply to Heavy Sand Cars.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be executed in duplicate, each part being an original, as of the day and year first above written.

WITNESS:

CSX TRANSPORTATION, INC.

Joanna Criffield

By: Cressie Brown

Name: Cressie Brown

Title: Director – Passenger & JF Contracts

WITNESS:

R. J. CORMAN RAILROAD COMPANY –
CENTRAL KENTUCKY LINES, LLC

Deborah J. Hawley

By: Sherman W. Petree

Name: Sherman W. Petree

Title: President

THIRD SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made this 28th day of July, 2010 ("Supplemental Agreement"), between **CSX TRANSPORTATION, INC.**, a Virginia corporation, (hereinafter referred to as "CSXT" or "Owner") and **R. J. CORMAN RAILROAD COMPANY/ CENTRAL KENTUCKY LINES, LLC**, a Kentucky limited liability company, (hereinafter referred to as "RJCC" or "User");

WHEREAS, Under the terms and provisions of a Trackage Rights Agreement dated February 5, 2005 and supplemented May 4, 2008 and June 21, 2008 (the "Agreement"), User enjoys trackage rights over Owner's LCL Subdivision between the RJCC/CSXT ownership point at HK Tower at MP T 12.5 and Frankfort Avenue at MP T 2.8, and over Owner's Louisville Terminal Subdivision between Frankfort Avenue and connection with User's Water Street Lead at MP TR 4.74, all in the vicinity of Louisville, KY, to facilitate the movement of unit trains of sand from Nugent Sand to Lexington, KY, to include in said unit trains handling sand, Merchandise Cars interchanging between RJCC and CSXT at Louisville, and to allow User to move sand in Heavy Sand Cars; and

WHEREAS, User has additional opportunity for the movement of ties (STCC 24 912 10 and 24 112 10) and other track material (OTM) from points on User's R. J. Corman Railroad/Memphis Line, LLC affiliate (RJCM) west of Memphis Jct., KY to RJCC points east of Louisville, and for the movement of ballast (STCC 14 219) and OTM from RJCC points to RJCM points; and

WHEREAS, User desires to handle said ties, ballast and OTM and reverse routed empties in existing Alcan unit trains of User which currently handle aluminum over Owner's trackage between lines of RJCC east of HK Tower and Owner's Osborne Yard in Louisville; and

WHEREAS, Owner is agreeable to the aforesaid expansion of User's right to handle ties, ballast and OTM over lines of Owner, and the Parties desire that the Agreement be extended to accommodate such handling between the aforesaid connection with User's Water Street Lead and Osborne Yard to allow for movement of ties, ballast and OTM in User's existing Alcan unit trains handling aluminum; and

WHEREAS, By separate Haulage Agreement of even date herewith ("Haulage Agreement"), Owner will haul the aforesaid ties and OTM destined RJCC points and ballast and OTM destined RJCM points, and reverse routed empties of both, in User's accounts, in existing Alcan unit trains of Owner currently handling aluminum between Osborne Yard and Memphis Jct.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1. GRANT OF TRACKAGE RIGHTS

1.1 The limits of the Subject Trackage are revised as follows:

1.1.a For the movement of ties, ballast and OTM and related reverse routed empties only, on CSXT's LCL Subdivision, between RJCC/CSXT ownership point at HK Tower, Milepost (MP) 00T 12.5, and Frankfort Avenue, MP 00T 2.6, and on CSXT's Louisville Terminal Subdivision between Frankfort Avenue, MP 00T 2.6, and Osborne Yard in the vicinity of Big Ditch, MP 000 6.4, a total distance of approximately 17 miles,

1.1.b "On CSXT's LCL Subdivision, between RJCC/CSXT ownership point at HK Tower, Milepost (MP) 00T 12.5, and Frankfort Avenue, MP 00T 2.6, and on CSXT's Louisville Terminal Subdivision between Frankfort Avenue, MP 00T 2.6, and Owner's connection to User's Water Street Lead at Louisville Terminal Subdivision MP 00T 1.8, a total distance of approximately 10 miles.

1.2 The Subject Trackage is shown on the plan attached hereto, marked as Exhibit "T" and dated May 28, 2010.

ARTICLE 2. RESTRICTION ON USE

2.1 A new Agreement Sub-Article 3 (d) is added as follows:

"Ties and OTM shall be moved only in User's empty Alcan aluminum trains interchanging from Owner to User at Osborne Yard. Ballast and OTM shall be moved only in User's loaded Alcan aluminum trains interchanging from User to Owner at Osborne Yard. Reverse routed tie and OTM empties shall move only in User's loaded Alcan aluminum trains and reverse routed ballast and OTM empties shall move only in User's empty Alcan aluminum trains. Tie, ballast and OTM traffic handled by User shall be solely limited and restricted to ties (STCC 24 912 10 and 24 112 10) and OTM originating at RJCM points west of Memphis Jct., KY and moving to RJCC points east of Louisville, KY and ballast (STCC 14 219) and OTM originating at RJCC points east of Louisville and moving to RJCM points west of Memphis Jct., together with return movements of empty cars.

2.2 A new Agreement Sub-Article 3(e) is added as follows:

"Tie, ballast and OTM traffic as described immediately above is limited to the movement of not more than two hundred (200) loaded cars each of ties and ballast, including OTM, exclusive of locomotives and cabooses. Carloads of ties, ballast and OTM shall be handled only on the head end of existing Alcan aluminum unit trains, and shall not exceed five (5) in any single train. The aforesaid limits may be modified only upon mutual written consent of the Parties". The aforesaid notwithstanding, at no time shall the total number of cars moved in any single Alcan train exceed thirty-four (34) cars, loaded or empty.

ARTICLE 3. COMPENSATION

3.1 Agreement Article 5 shall be amended to provide additional compensation for the movement of tie, ballast and OTM cars between RJCC and RJCM points. For this movement, User shall pay to Owner annually in advance, the sum of _____ hereinafter referred to as the "Tie, Ballast and OTM Current Charge", said Tie, Ballast and OTM Current Charge reflecting the movement of approximately eight hundred (800) loaded and empty cars, excluding locomotive units and end of train devices (hereinafter referred to as "EOT") between HK Tower and Osborne Yard, a one-way-trip distance of approximately 17 miles, at a per car charge of _____) per mile. On July 28, 2010, User shall pay the Tie, Ballast and OTM Current Charge as defined herein, prorated for the period July 28 through December 31, 2010

3.2 The Tie, Ballast and OTM Current Charge shall be subject to all provisions of Agreements Articles 5 and 6 applicable to the Current Charge.

ARTICLE 4. REGULATORY APPROVAL

4.1 Should this Third Supplemental agreement require the prior approval of the Surface Transportation Board (STB), User at its own cost and expense shall initiate and thereafter diligently pursue an appropriate application or petition to secure such approval. Owner shall assist and support efforts of User to secure any necessary STB approval of this Third Supplemental Agreement.

4.2 Should the STB at any time during the term of this Third Supplemental Agreement, impose any labor protective conditions upon the exemption of this Third Supplemental Agreement from regulation, User, solely, shall be responsible for any and all payments in satisfaction of such conditions.

ARTICLE 5. TERM

This Third Supplemental Agreement shall be effective July 28, 2010, and shall remain in force concurrently and terminate concurrently with Unit Train Transportation Contract CSXT C 82768 dated January 10, 2004 between the Parties and Alcan Aluminum Company and any renewals or extensions thereof ("Rail Transportation Contract"). As of the date of this Third Supplemental Agreement, Rail Transportation Contract is valid through January 10, 2011. In the event Rail Transportation Contract is renewed or terminated at any time, this Third Supplemental Agreement shall be renewed or terminated to coincide as to term with Rail Transportation Contract. Upon termination of this Third Supplemental Agreement, the Agreement shall remain effective and in full force and effect.

ARTICLE 6. OTHER PROVISIONS

All non-conflicting provisions of the Agreement and its prior supplements will remain in full force and effect, and shall apply with equal measure to the cars of ties and ballast and reverse routed empties subject hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the date first above written.

WITNESS

John W. Banta

WITNESS

Deborah J. Hawley

CSX TRANSPORTATION, INC.

By:

Virginia M. Beck

Virginia M. Beck

Dir. Passenger & Joint Facility Agreements

R. J. CORMAN RAILROAD/
CENTRAL KENTUCKY LINES, LLC.

By:

Michael L. Wester

Name Michael L. Wester

Title Vice President

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35442

**R.J. CORMAN RAILROAD COMPANY/CENTRAL KENTUCKY LINES, LLC
-- TRACKAGE RIGHTS EXEMPTION --
CSX TRANSPORTATION, INC.**

CSX Transportation, Inc. ("CSXT") has granted limited overhead trackage rights to R.J. Corman Railroad Company/Central Kentucky Lines, LLC over CSXT's line of railroad between the end of the Water Street Lead at CSXT milepost 00T 1.8 in Louisville and CSXT milepost 00T 12.5 at HK Tower in Anchorage, a distance of about 10.7 miles. The trackage rights were granted in 2005, and amended in 2008 and 2010. The 2008 and 2010 amendments were the subject of prior notices of exemption in R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Trackage Rights Exemption -- CSX Transportation Inc., Finance Docket No. 35124 (STB served April 10, 2008); R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Trackage Rights Exemption -- CSX Transportation, Inc., Finance Docket No. 35386 (STB served August 27, 2010). The initial 2005 trackage rights were incidental to transactions in R.J. Corman Railroad Property, LLC -- Lease Exemption -- Line of CSX Transportation, Inc., Finance Docket No. 34625 (STB served March 4, 2005) and R.J. Corman Railroad Company/Central Kentucky Lines, LLC -- Lease Exemption -- Line of R.J. Corman Railroad Property, LLC, Finance Docket No. 34624 (STB served February 23, 2005), but were not described accurately in those proceedings. The current notice of exemption has been filed to correct the previous error.

RJCC's exemption will be effective on December 16, 2010.

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). 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

