

223898

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KARI MORELL



November 3, 2008

BY HAND DELIVERY

The Honorable Anne K Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S W
Washington, DC 20423-0001

FEE RECEIVED
NOV - 3 2008
SURFACE
TRANSPORTATION BOARD

Re STB Docket No 35188, Watco Companies, Inc - Continuance in Control Exemption - Grand Elk Railroad, LLC

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,300 filing fee

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

If you have any questions, please call me

FILED
NOV - 3 2008
SURFACE
TRANSPORTATION BOARD

Sincerely,

Karl Morell

ENTERED
Office of Proceedings
NOV - 3 2008
Part of
Public Record

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35188

WATCO COMPANIES, INC
--CONTINUANCE IN CONTROL EXEMPTION--
GRAND ELK RAILROAD, L L C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R § 1180.2(d)(2)



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

Attorney for
WATCO COMPANIES, INC

Dated November 3, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35188

WATCO COMPANIES, INC.
--CONTINUANCE IN CONTROL EXEMPTION--
GRAND ELK RAILROAD, L.L.C

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Companies, Inc. ("Watco") files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Grand Elk Railroad, L.L.C. ("GER"), a non-carrier, upon GER's becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed

Watco, a non-carrier, is a Kansas corporation which currently controls, indirectly, nineteen (19) Class III railroads operating in 16 States. Watco also owns 100 percent of the issued and outstanding stock of GER, a Delaware limited liability company and a non-carrier that was formed for the purpose of leasing and operating certain rail lines owned by Norfolk Southern Railway Company ("NS"). Concurrently with the filing of this Notice of Exemption, GER is filing a Notice of Exemption in STB Finance Docket No. 35187, *Grand Elk*

Railroad. L I C – Lease and Operation Exemption – Norfolk Southern Railway Company, under 49 C.F.R. § 1150.31, to lease and operate the NS rail lines. Upon consummation of the transaction in STB Finance Docket No. 35187, GER will become a Class III carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Company (“SKO”), Palouse River & Coulee City Railroad, Inc (“PRCC”), the Timber Rock Railroad, Inc. (“TIBR”), the Stillwater Central Railroad, Inc (“SLWC”), the Eastern Idaho Railroad, Inc. (“EIRR”), Kansas & Oklahoma Railroad, Inc (“K&O”), the Pennsylvania Southwestern Railroad, Inc (“PSWR”), the Great Northwest Railroad, Inc (“GNR”), the Kaw River Railroad, Inc. (“KRR”), the Mission Mountain Railroad, Inc (“MMT”), the Mississippi Southern Railroad, Inc. (“MSRR”), the Yellowstone Valley Railroad, Inc. (“YVRR”), the Louisiana Southern Railroad, Inc. (“LSRR”), the Arkansas Southern Railroad, Inc (“ARSR”), the Alabama Southern Railroad, Inc. (“ABS”), the Vicksburg Southern Railroad, Inc (“VSOR”), the Austin Western Railroad, Inc (“AWRR”), the Baton Rouge Southern Railroad, LLC (“BRSR”) and the Pacific Sun Railroad, L L C (“PSRR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR are Class III carriers which operate rail lines in 16 States.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR do not connect with the rail lines that will be operated by GER. The rail lines that will be operated by GER are located in Indiana and Michigan. No Watco rail carrier currently operates in Indiana or Michigan.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by GER with any railroad in the Watco corporate family. Finally, neither GER nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board ("Board")

The name and business address of Applicants are as follows:

Watco Companies, Inc
315 W 3rd Street
Pittsburg, KS 66762

Austin Western Railroad, Inc
10801 North MoPac Expressway
Building 1, Suite 130
Austin, TX 78759

Vicksburg Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, Inc.
315 W 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad Company
123 N Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, Inc
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, Inc.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, Inc
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, Inc
618 Shoshone St West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, Inc
1825 W Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, Inc.
1200 Midland Avenue
Midland, PA 15059

Great Northwest Railroad, Inc
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, Inc
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, LLC
315 W 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C
315 W 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, L.L.C
315 W 3rd Street
Pittsburg, KS 66762

Applicants' representative

Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

(ii) The proposed time schedule for consummation of the proposed transaction.

Watco intends to consummate this transaction after the effective date of the Notice of Exemption in STB Finance Docket No. 35187

(iii) The purpose sought to be accomplished by the proposed transaction

Watco intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the 20 railroads

(5) A list of the State(s) in which any part of the property of each applicant carrier is situated

SKO's lines are located in Missouri, Kansas and Oklahoma

EIRR's lines are located in Idaho

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana

SLWC's lines are located in Oklahoma

K&O's lines are located in Kansas and Colorado

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana

ARSR's lines are located in Arkansas

ABS's lines are located in Mississippi and Alabama.

VSOR's rail lines are located in Mississippi

AWRR's rail lines are located in Texas

BRSR's rail lines are located in Louisiana

PSRR's rail lines are located in California

GER's rail lines will be located in Indiana and Michigan

(6) Map

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O.

PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR and the rail lines to be operated by GER are attached as Exhibit 1.

(7)(ii) Agreement

Watco will not enter into any agreement, or sign any written instrument, to continue in control of GER

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR are Class III carriers and because

GER will become a Class III rail carrier, no labor protection may be imposed on this transaction pursuant to 49 U.S.C. § 11326(c)

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control GER for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1)

Watco's continuance in control of GER will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage, or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent, or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

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

**Attorney for
WATCO COMPANIES, INC**

Dated November 3, 2008

VERIFICATION

STATE OF KANSAS)
) **ss.**
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Companies, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 31 day of October, 2008, in the County of Crawford, State of Kansas.

My Commission Expires 8/16/2012


Notary Public

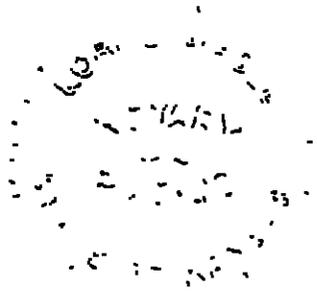
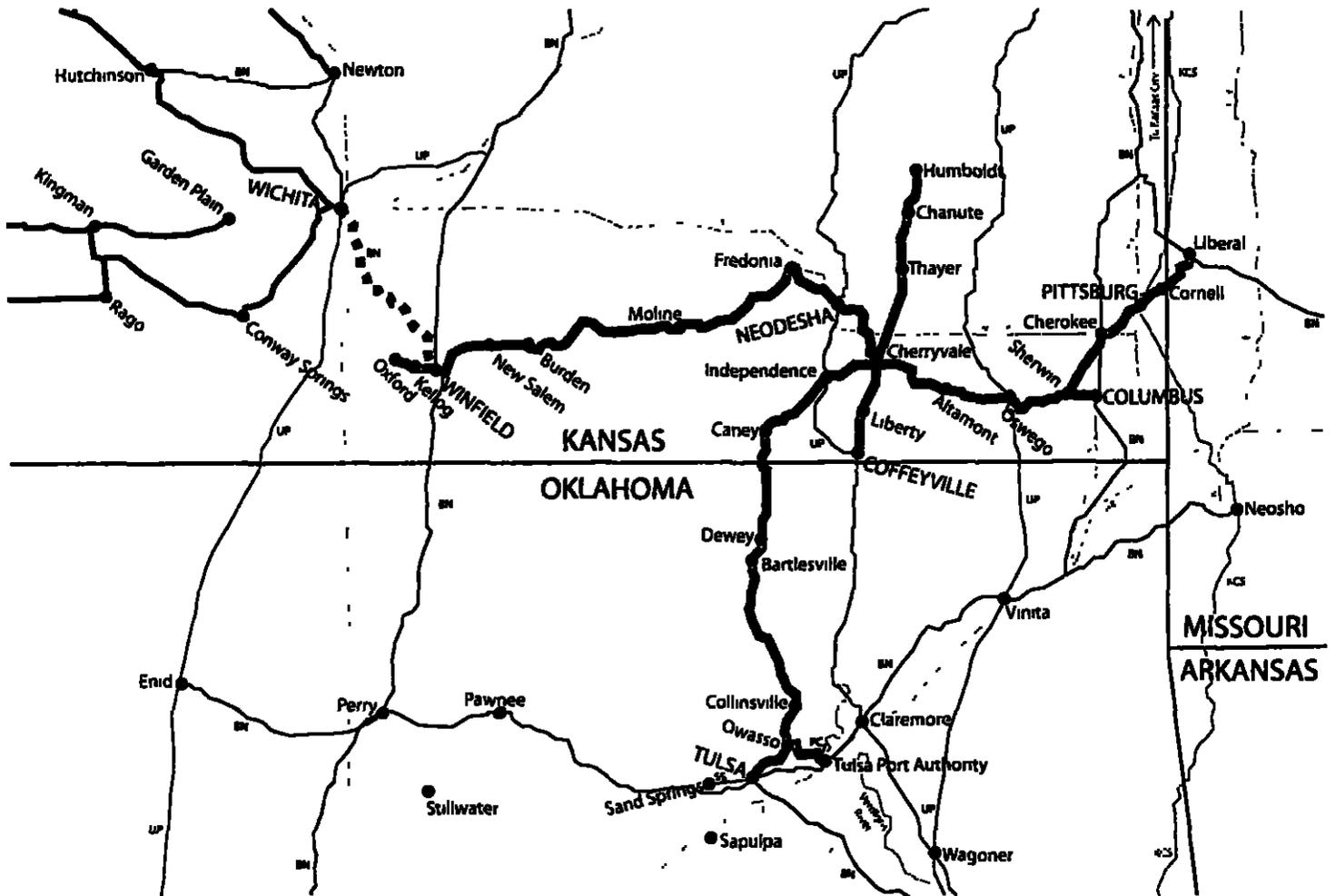
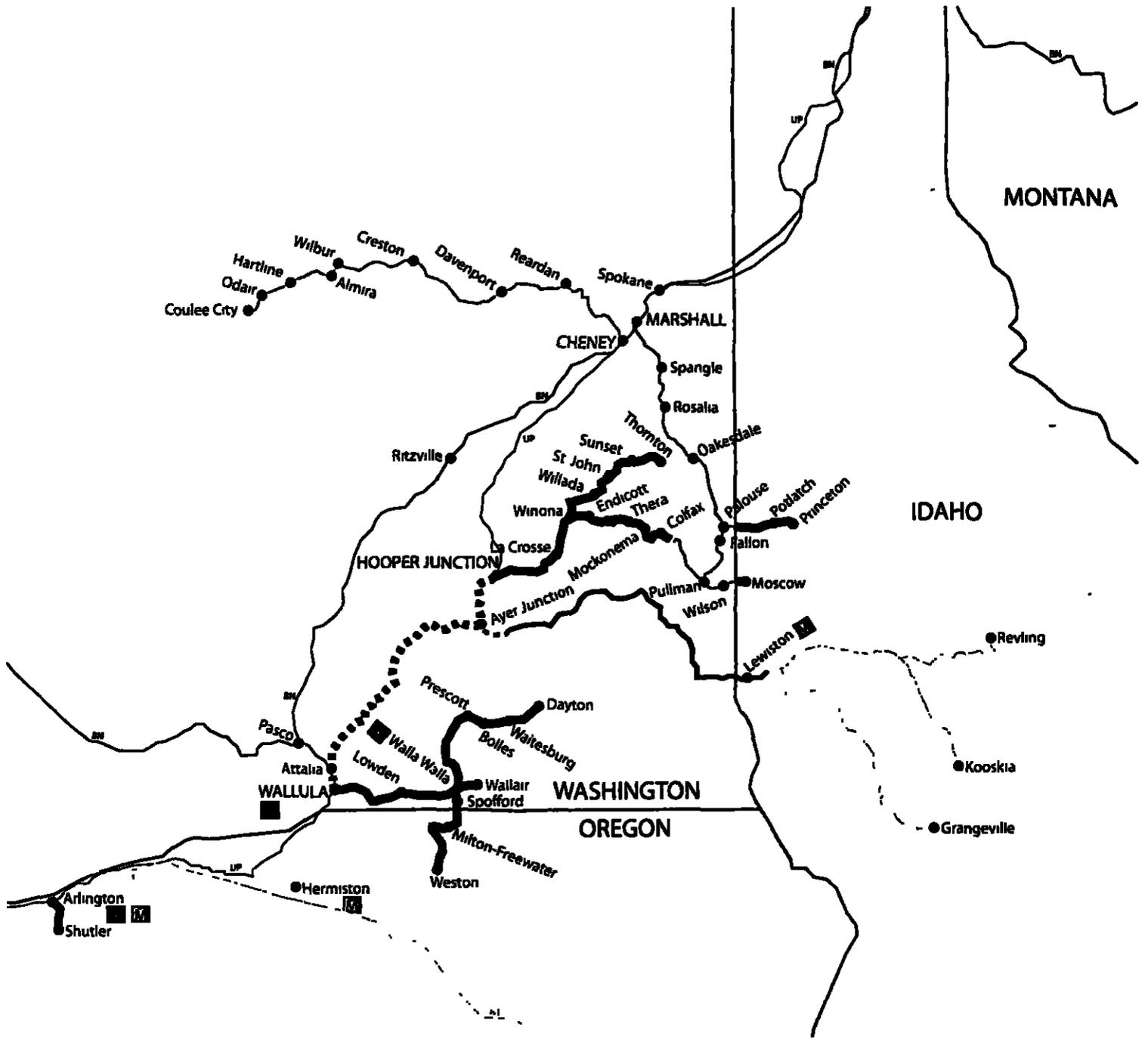


EXHIBIT 1



LEGEND:	
South Kansas & Oklahoma RR (SKO)	
South Kansas & Oklahoma Trackage Rights	
Kansas & Oklahoma RR (KOR)	
Stillwater Central RR (SWC)	
Stillwater Central Trackage Rights	
Sand Springs RR (SS)	
Tulsa's Port of Catoosa (PC)	
Interchanges	
UP - Coffeyville, Winfield, Tulsa, Neodesha	
BNSF - Winfield, Tulsa, Columbus	
KCS - Pittsburg	
KO - Wichita	
SS - Tulsa	



LEGEND:

Palouse River & Coulee City RR (PCC)	
Palouse River & Coulee City Trackage Rights	
Great Northwest RR	
Great Northwest RR Trackage Rights	
Washington and Idaho Railway	
Eastern Washington Gateway RR	
BG & CM Railroad	

Interchanges

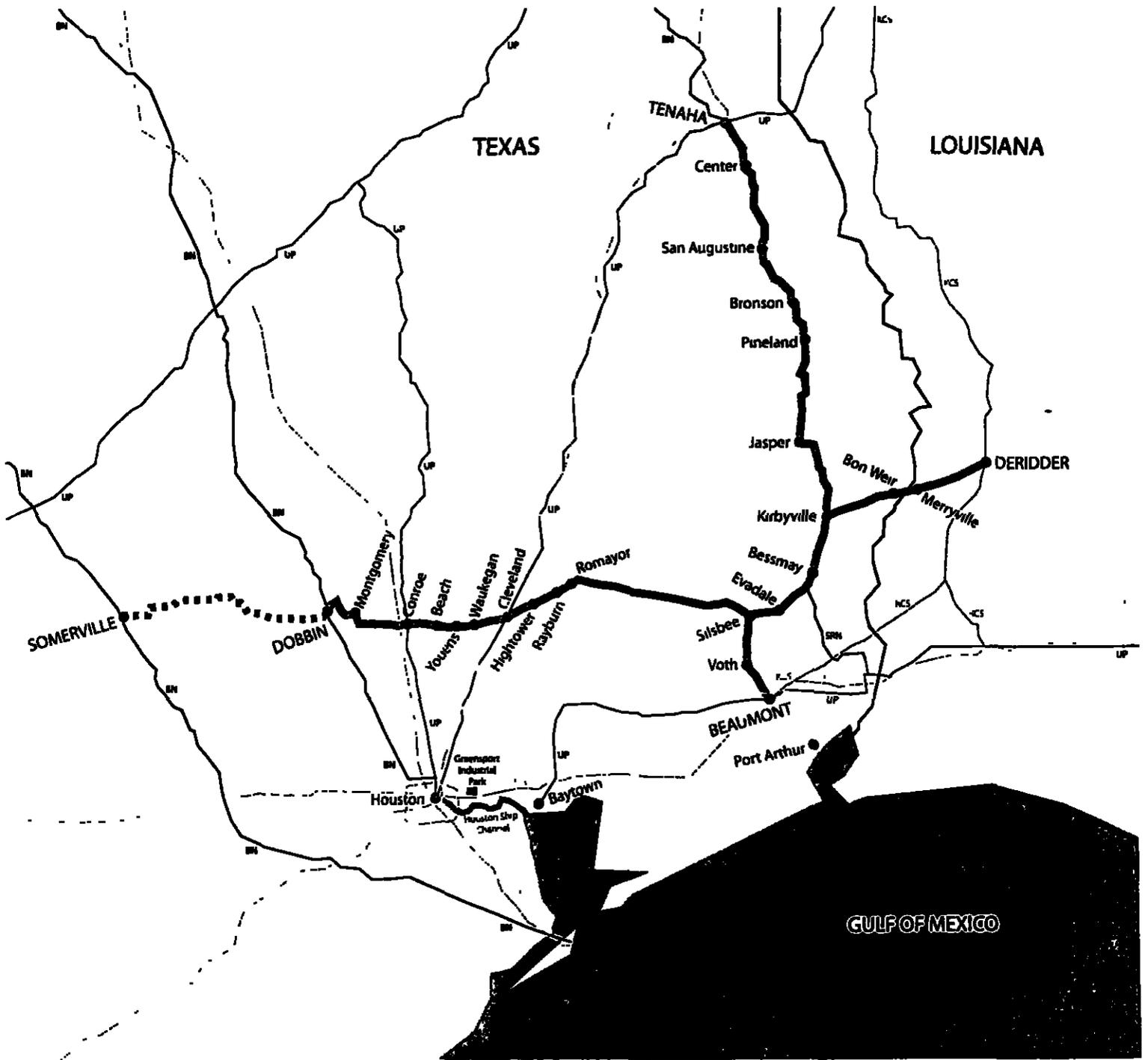
BNSF - Wallula

UP - Hooper Junction

- Wallula

Track Miles -

	Mechanical Shop		Switching Services
	Locomotive Shop		



LEGEND.

Timber Rock RR (1881)



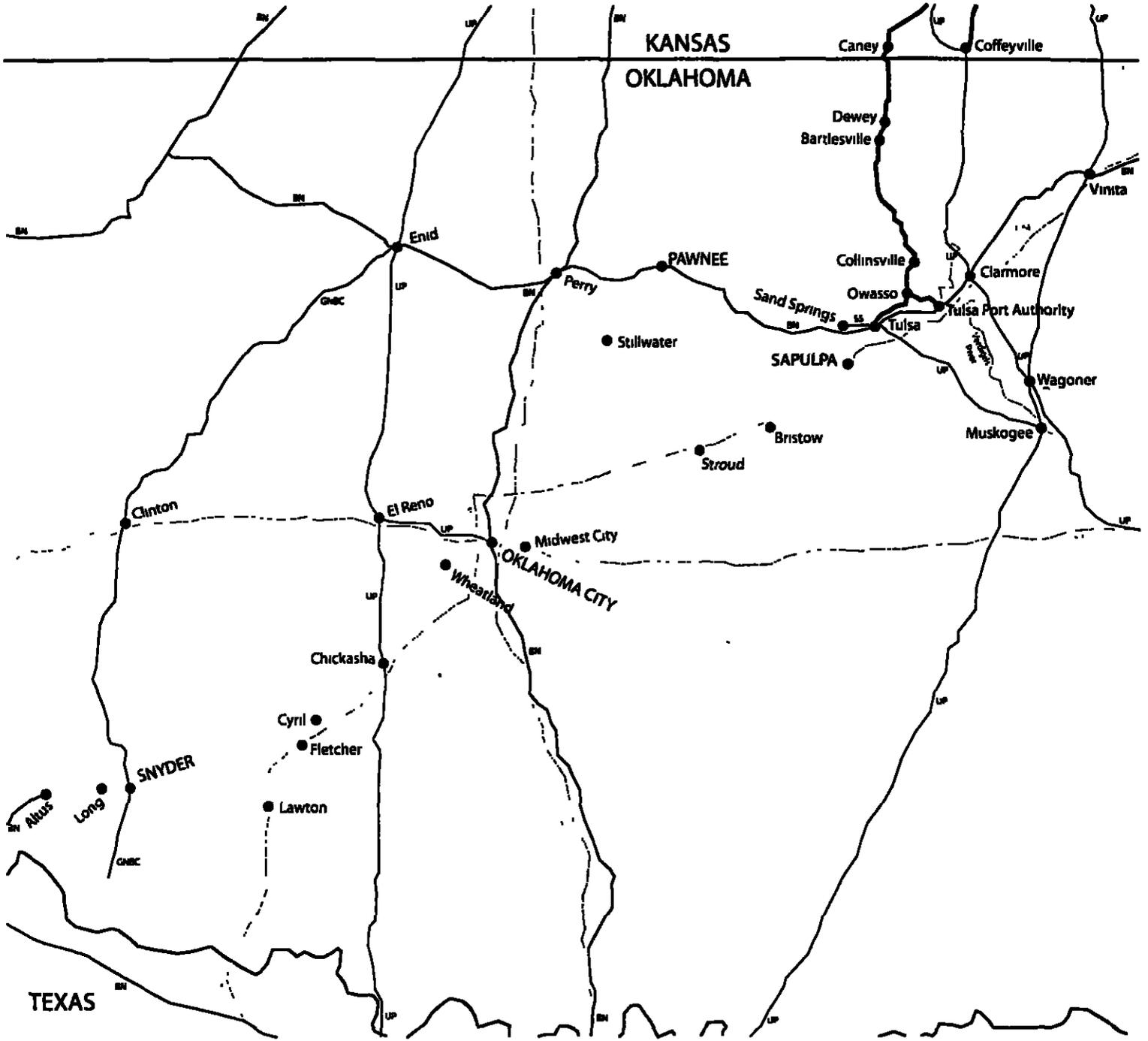
Timber Rock Trackage Rights



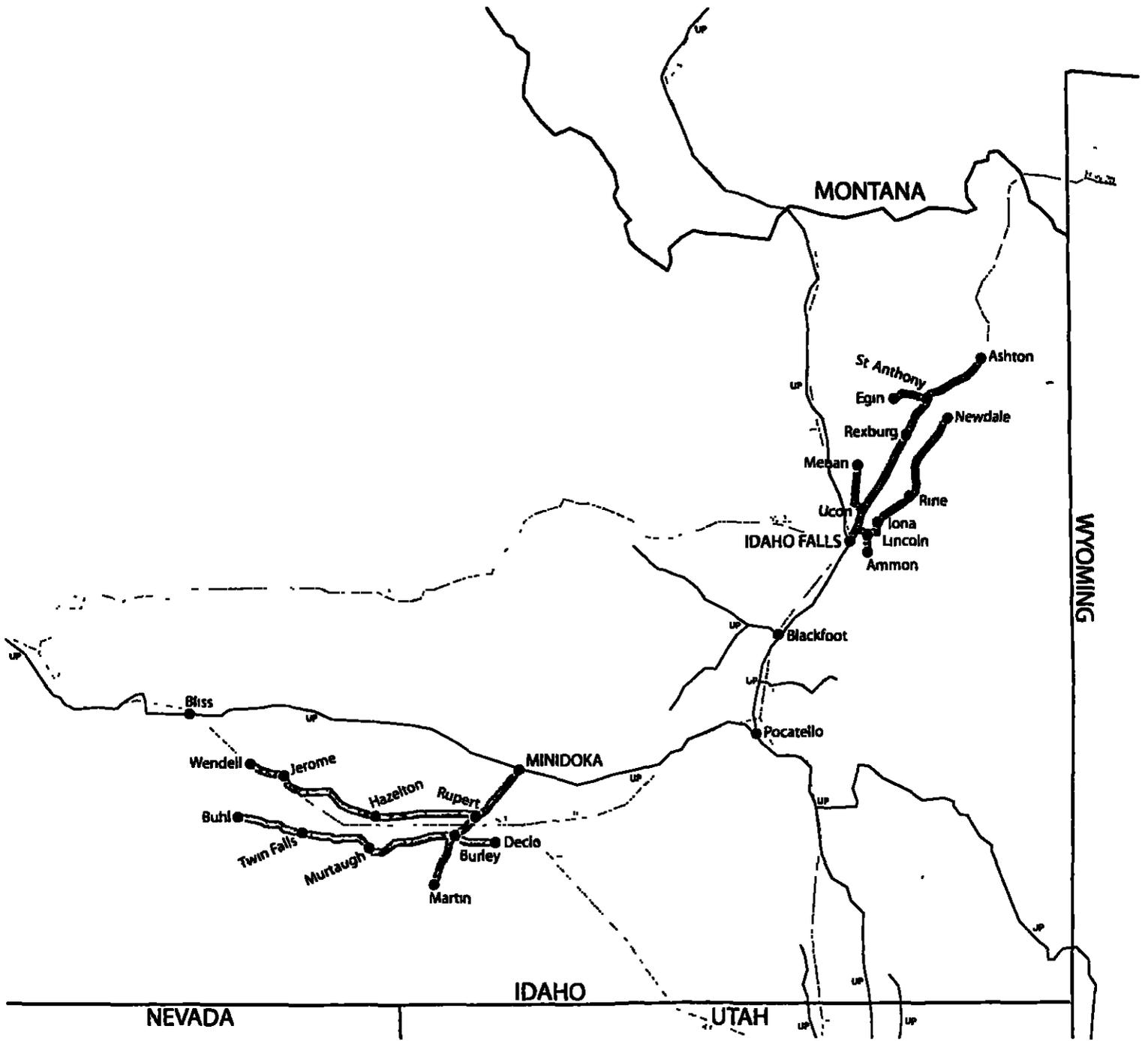
Interchanges

BNSF - Tenaha, Beaumont, Somerville, Dobbin

KCS - DeRidder



LEGEND.	
Stillwater Central Railroad (SWC)	Interchanges
Stillwater Central Trackage Rights	BNSF - Oklahoma City, Sapulpa, Snyder
South Kansas & Oklahoma RR (SKOL)	GNBC - Snyder
Sand Springs RR (SS)	SKOL - Tulsa
Grainbelt Corporation (GNBC)	UP - Oklahoma City
	- 227.8 miles
	BNSF - Pawnee
	- 23.6 miles

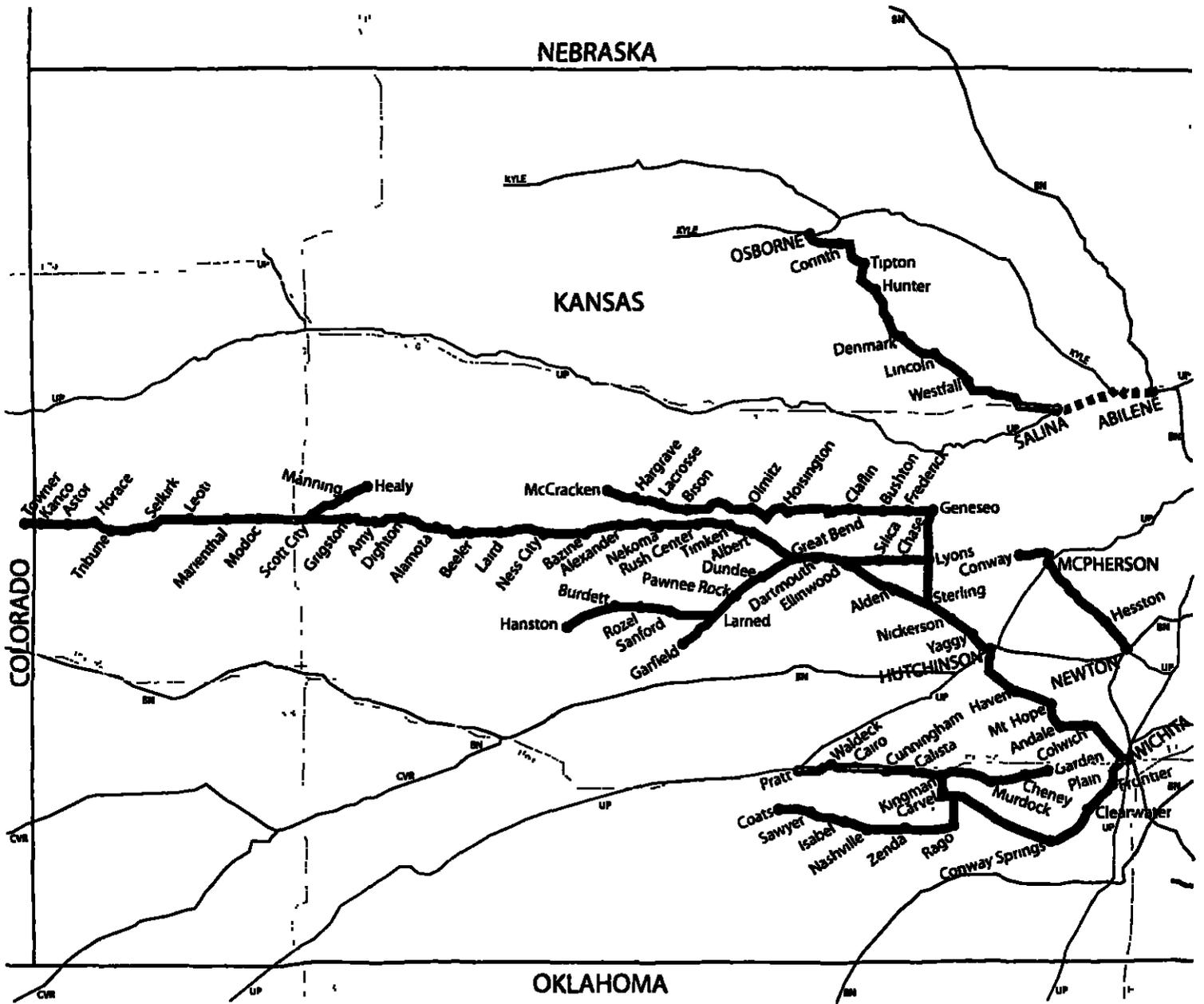


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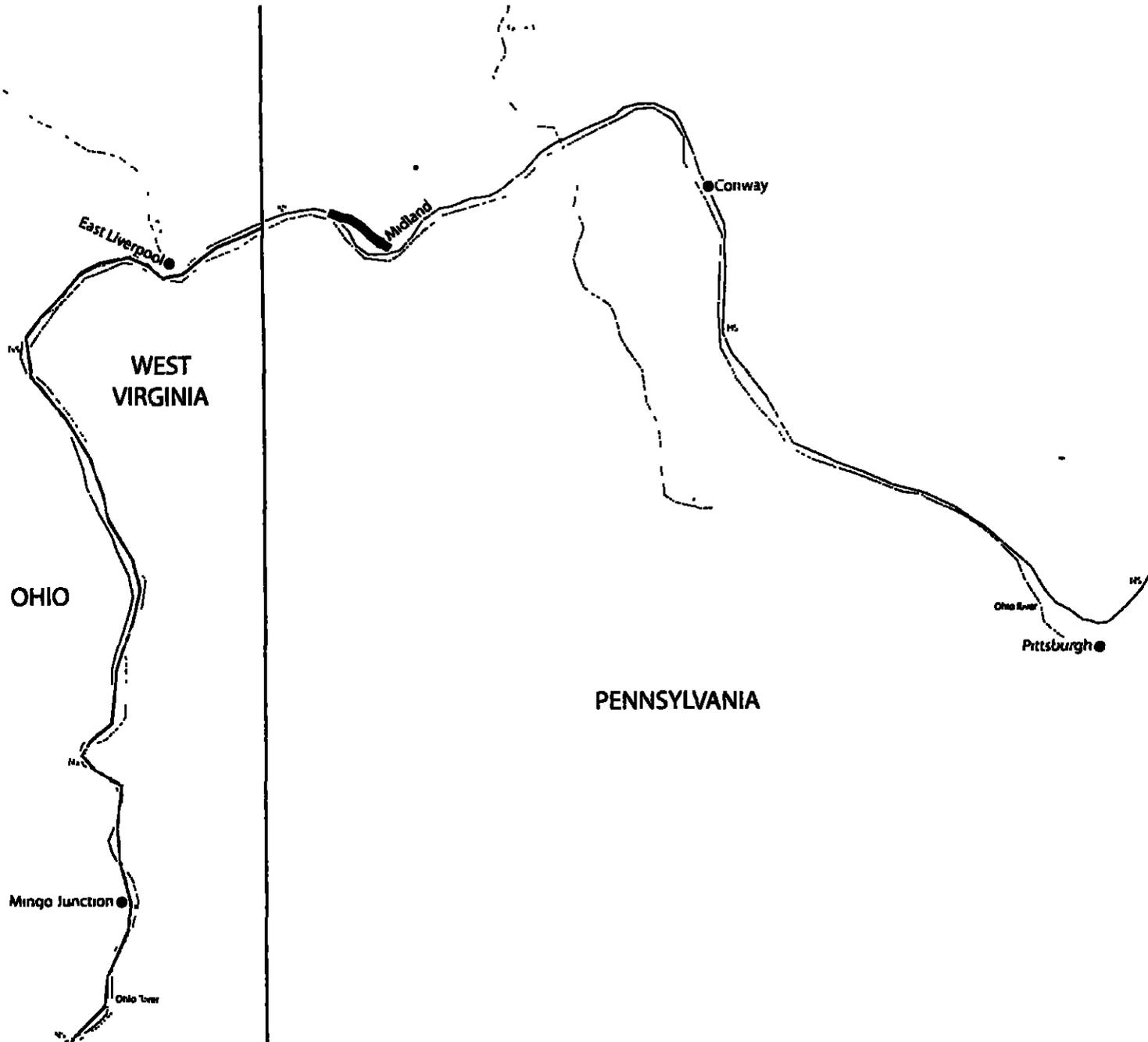
Eastern Idaho RR (EIR) 

Interchanges

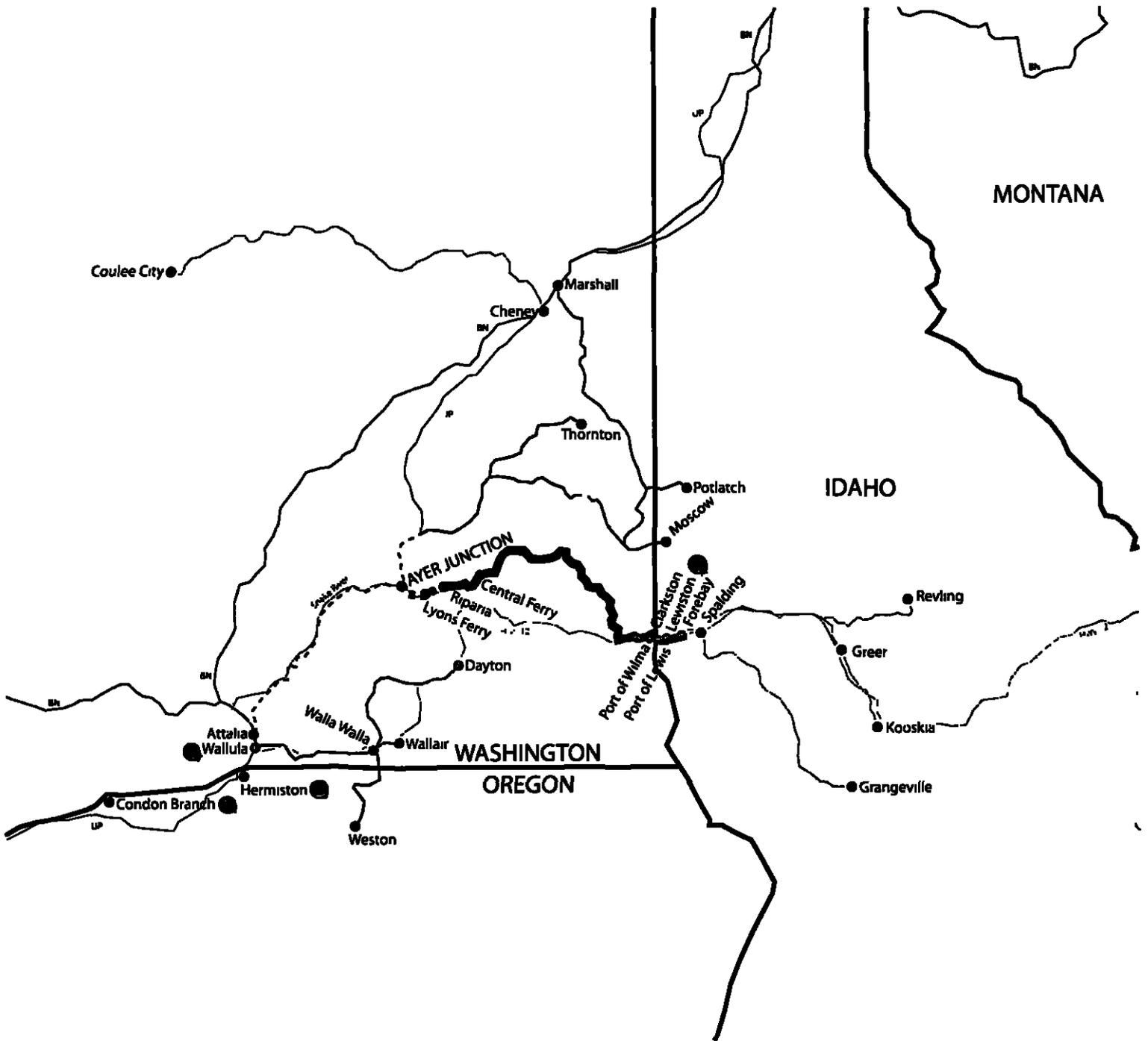
UP - Minidoka, Idaho Falls



LEGEND:		
Kansas & Oklahoma RR (KO)		Interchanges
Kansas & Oklahoma Trackage Rights		UP - Hutchinson, McPherson, Salina, Wichita
South Kansas & Oklahoma RR (SKO)		BNSF - Abilene, Hutchinson, Newton, Wichita
Kyle Railroad (KYLE)		KYLE - Osborne
Cimmaron Valley Railroad (CVR)		SKOL - Wichita



LEGEND
 Pennsylvania Southwestern RR (PSWR) 
Interchanges
 NS - Midland



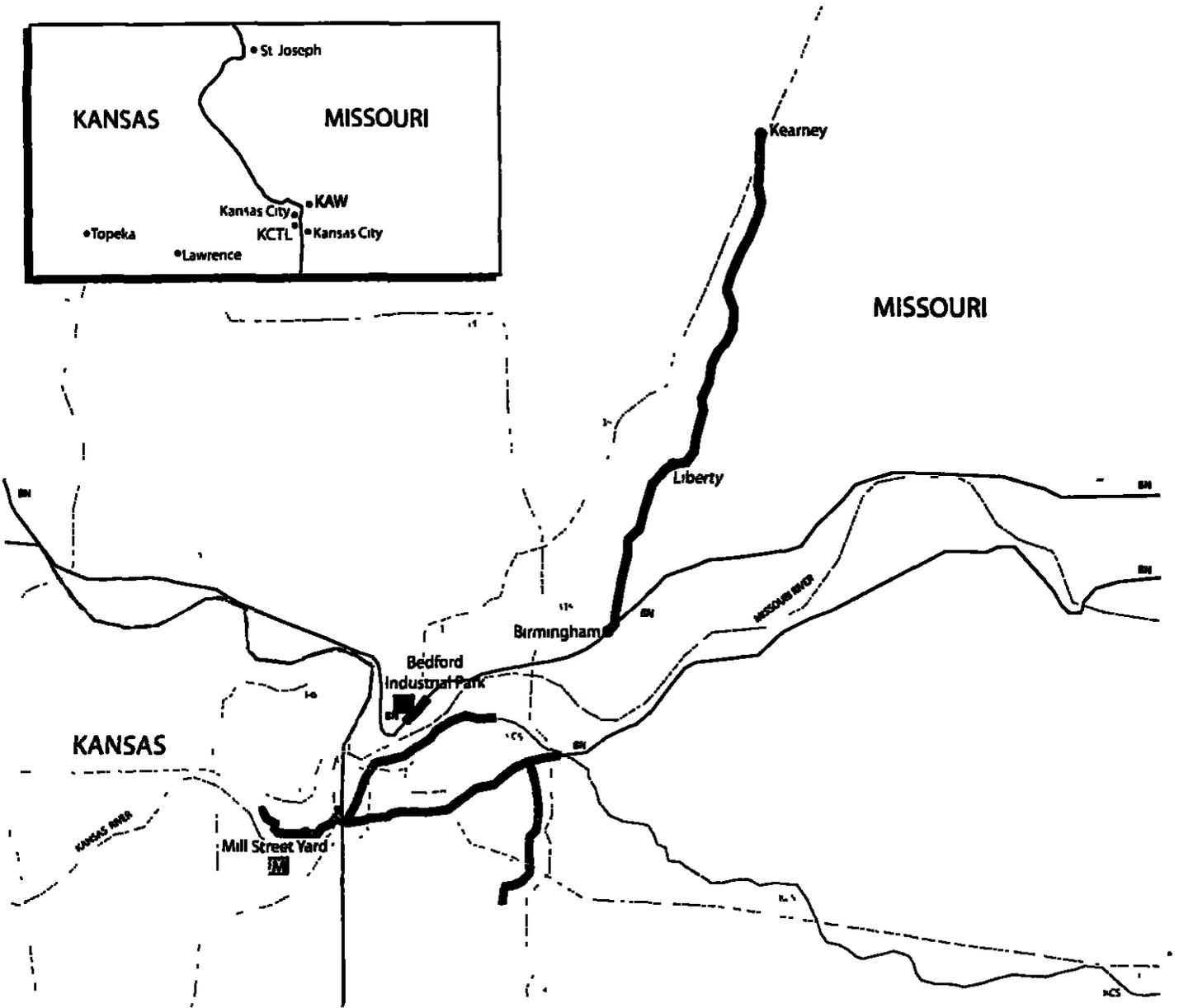
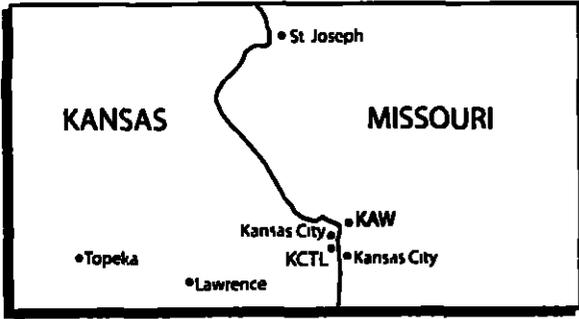
LEGEND:

Great Northwest RR (GNRW)	
Great Northwest Trackage Rights	
Palouse River & Coulee City RR (PCC)	
Palouse River & Coulee City Trackage Rights	
BG & CM Railroad	
Eastern Washington Gateway RR	
Washington and Idaho Railway	

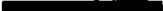
Interchanges - Track miles 77

UP, BNSF - Ayer

- Mechanical Services
- Switching Services



LEGEND:

KAW River Railroad (KAW) 

Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTL) 

Interchanges

BNSF - Kansas City, KS  Mobile Repair Shop

ICE - Kansas City, MO/KS  Switching Service

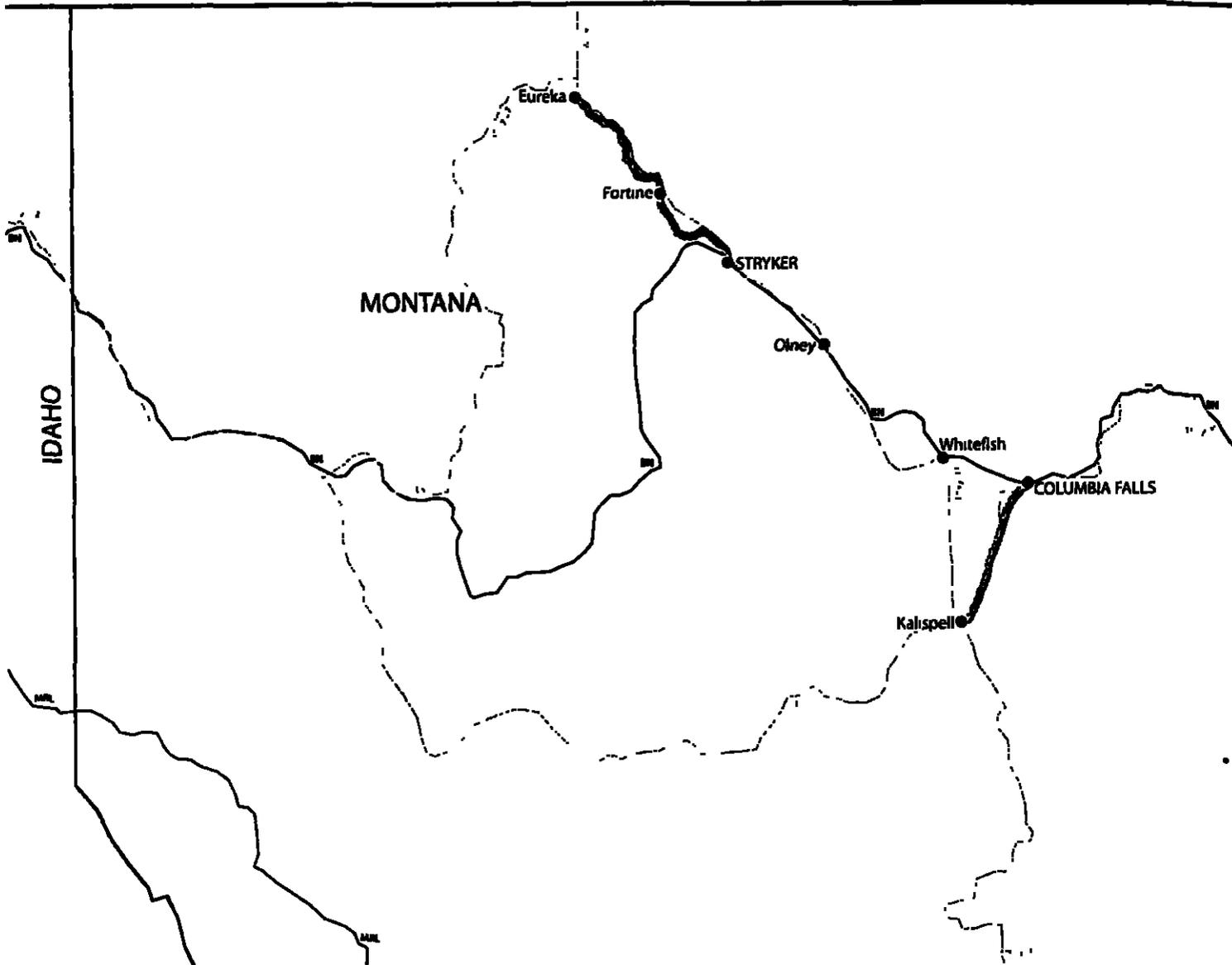
KCS - Kansas City, MO/KS

NS - Kansas City, MO

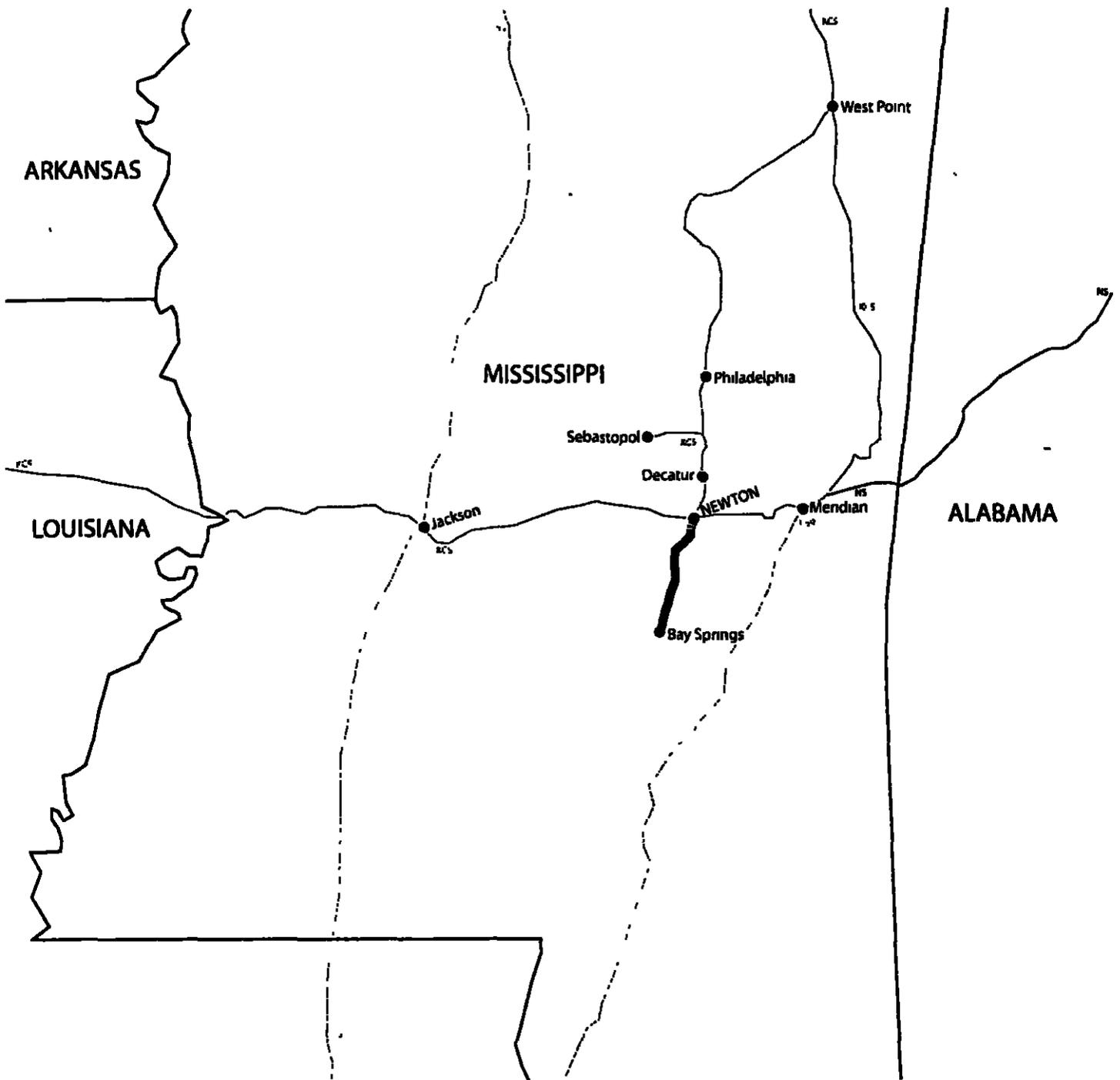
UP - Kansas City, MO/KS

Track miles - 32

CANADA



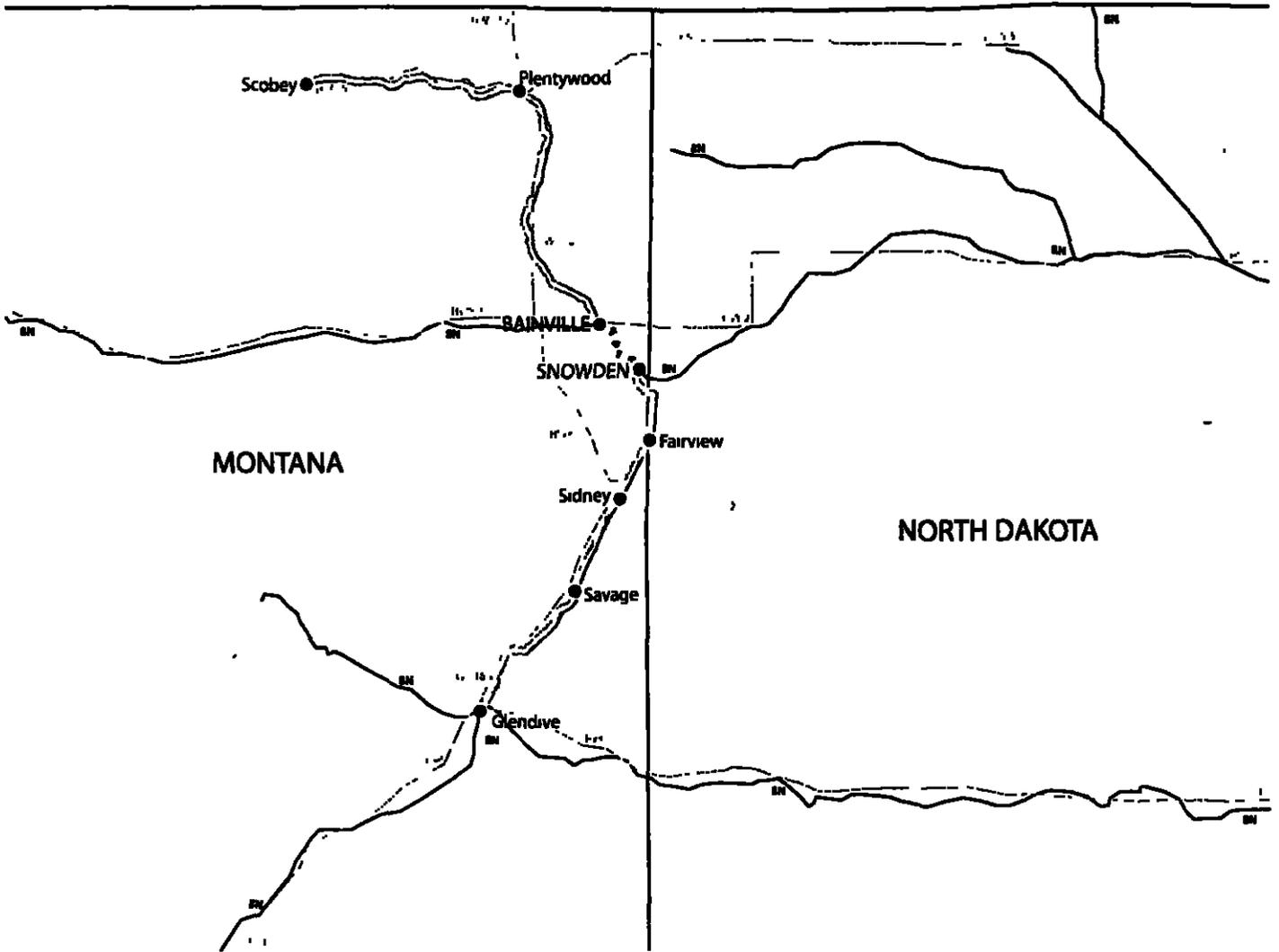
LEGEND
Mission Mountain Railroad (MMR) 
Interchanges
BNSF - Stryker, Columbia Falls



LEGEND:

Mississippi Southern RR (MCS)		Interchanges
Mississippi Southern RR Trackage Rights		MCS - Newton

CANADA



LEGEND:

Yellowstone Valley RR (rsvm)



Yellowstone Valley Trackage Rights

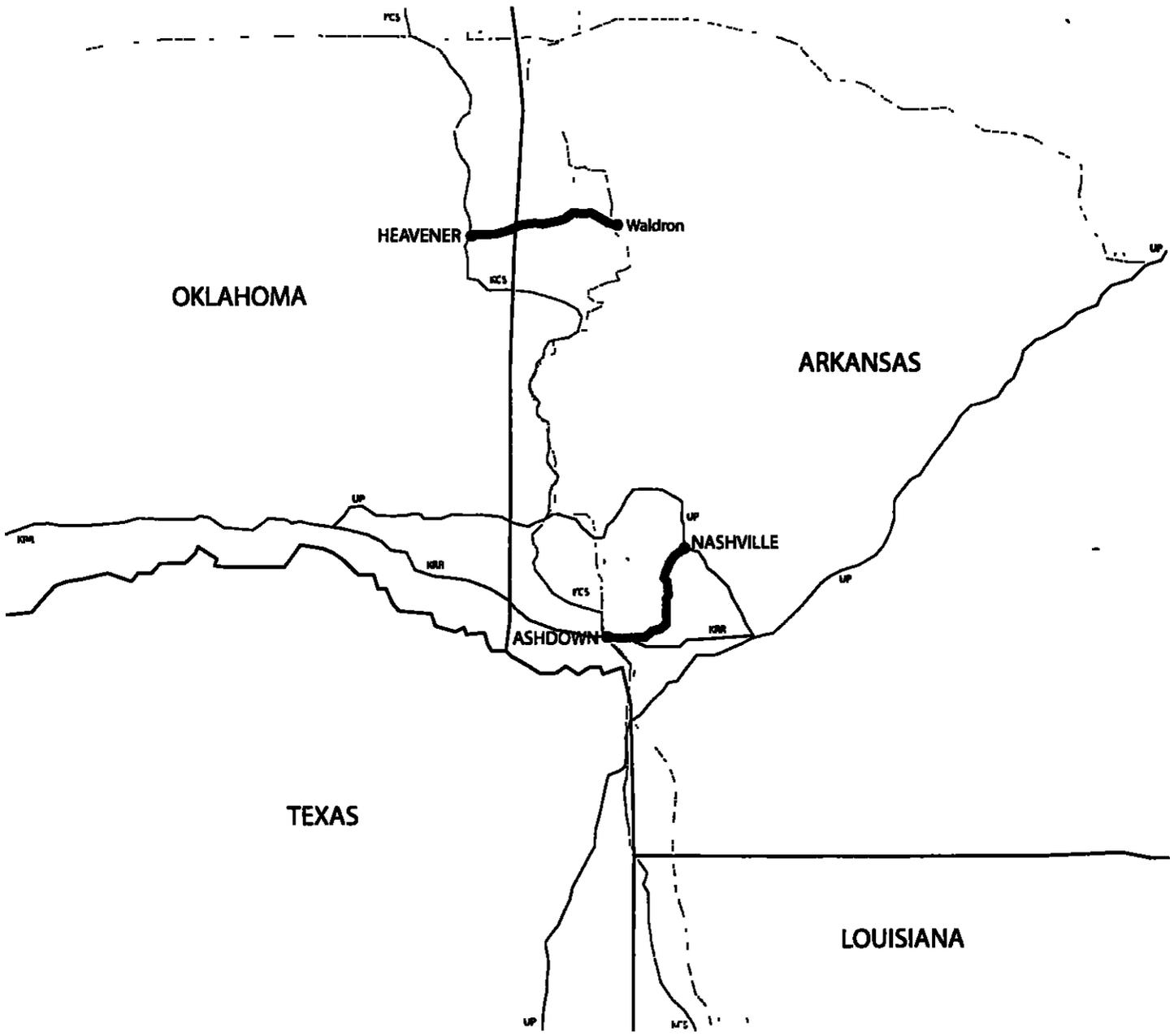


Interchanges

BN - Snowden, Bainville



LEGEND.
 Louisiana Southern RR (L.S.)
Interchanges
 KCS - Gibsland, Sibley, Pineville



LEGEND:

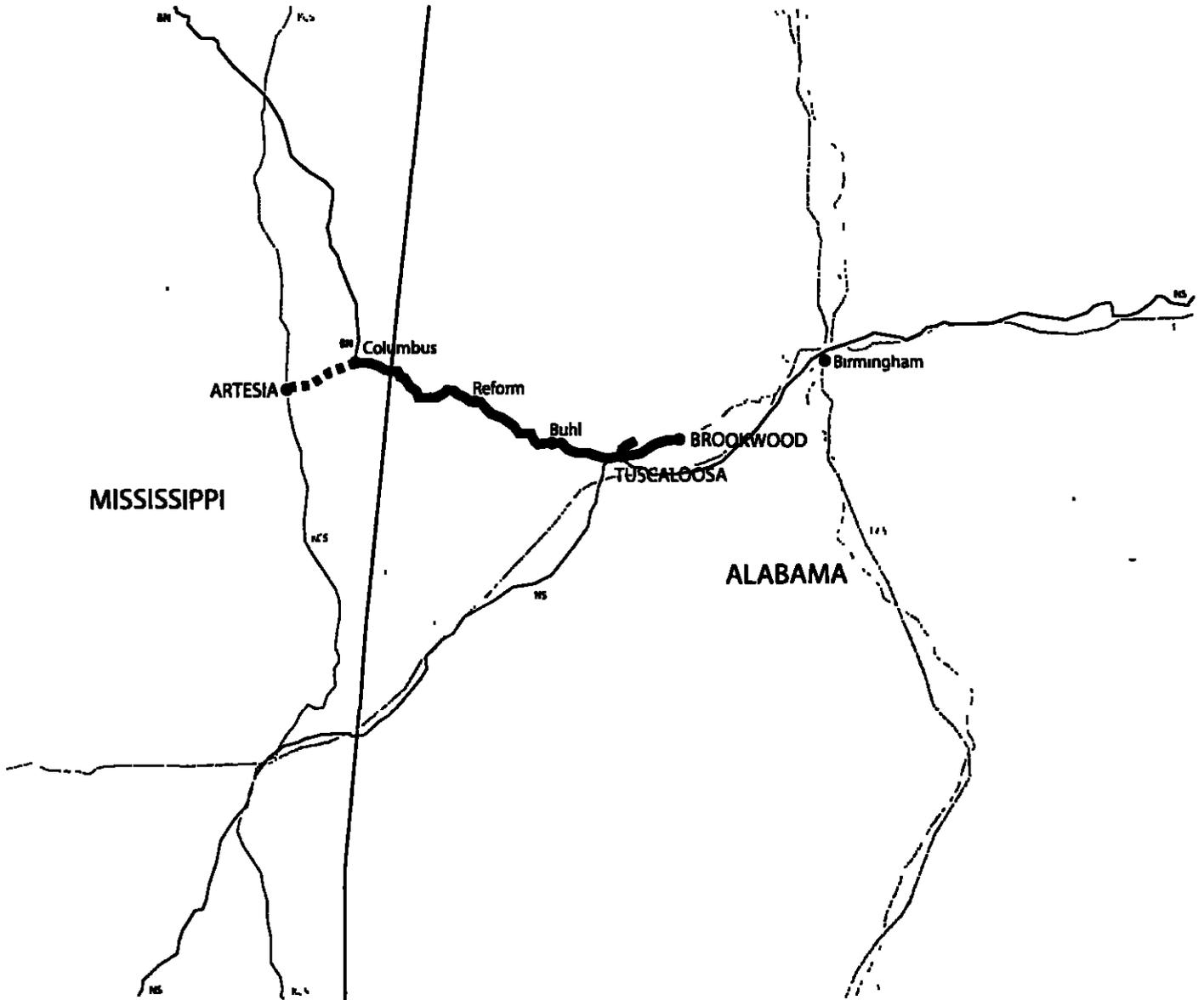
Arkansas Southern RR (ARS)



Interchanges

KCS - Ashdown, Heavener

UP - Nashville



LEGEND:

Alabama Southern RR (ABS) 

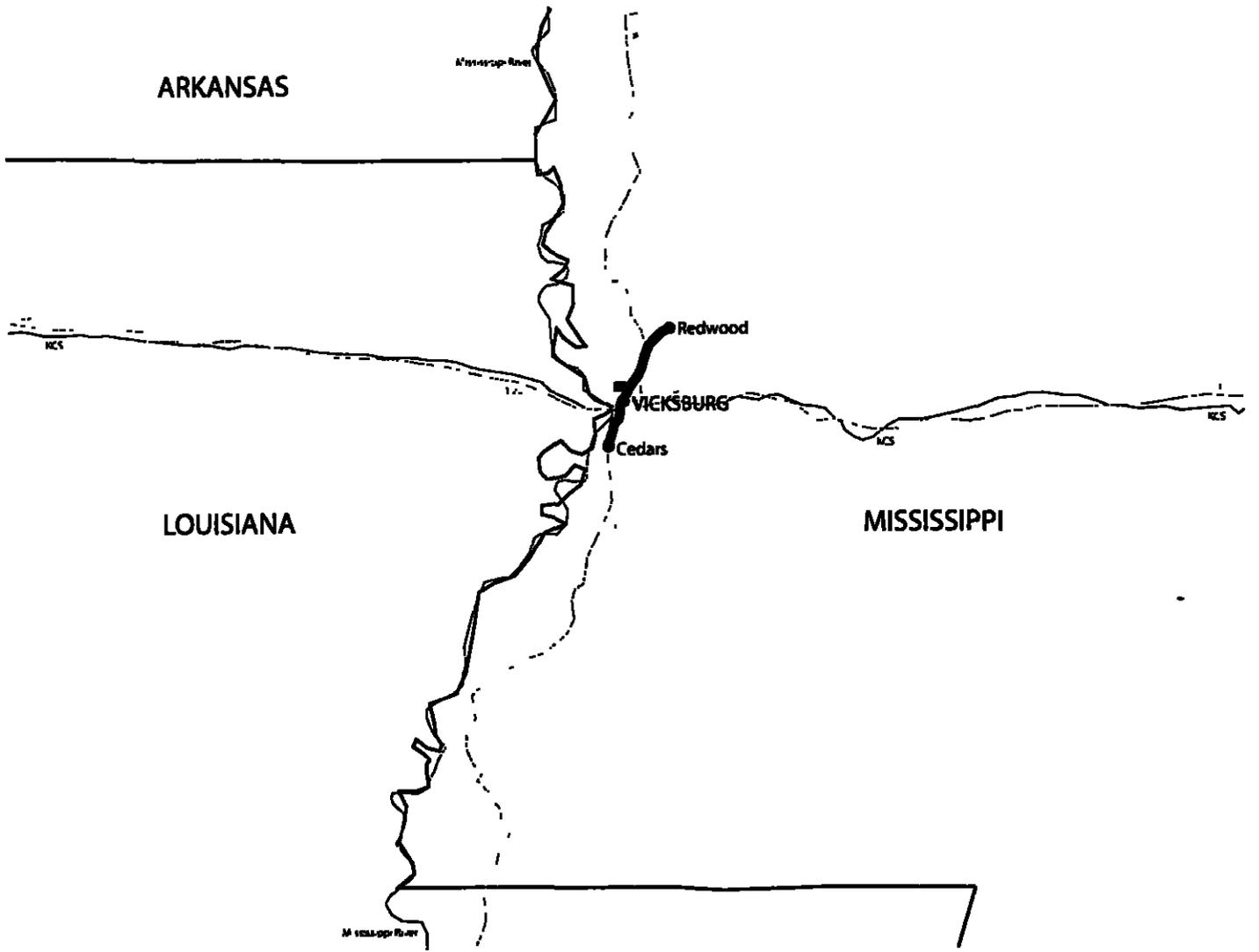
Alabama Southern Trackage Rights 

Interchanges

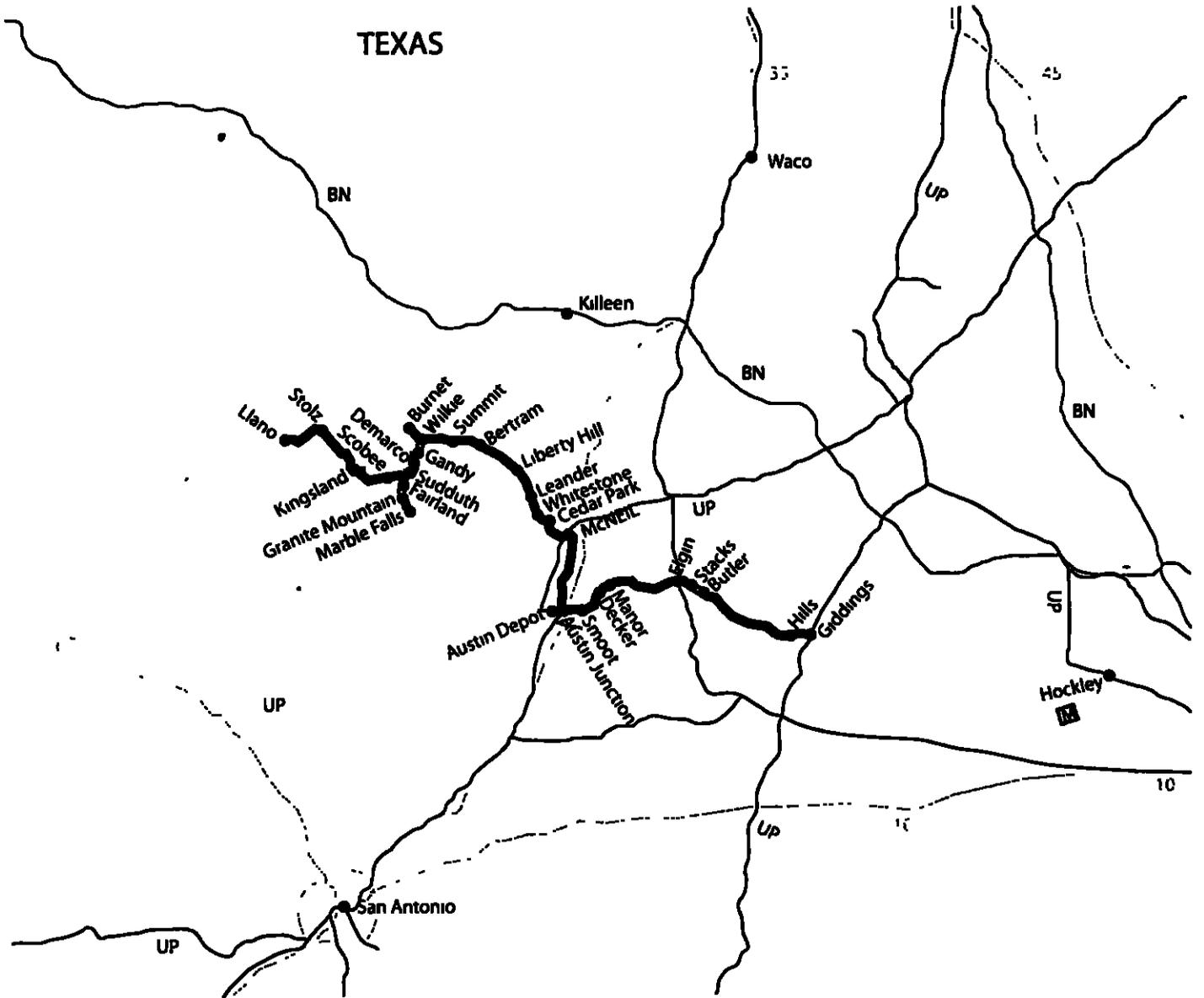
KCS - Artesia

Brookwood

NS - Tuscaloosa



LEGEND:
Vicksburg Southern RR (VSO) 
Interchanges
KCS - Vicksburg



LEGEND.
 Austin Western RR *AWRR*

Interchanges

UP - McNeil	 Mechanical Shop
BNSF - McNeil	 Switching Services
- 154 miles	 Locomotive Shop



Scenic Highway

Route

61

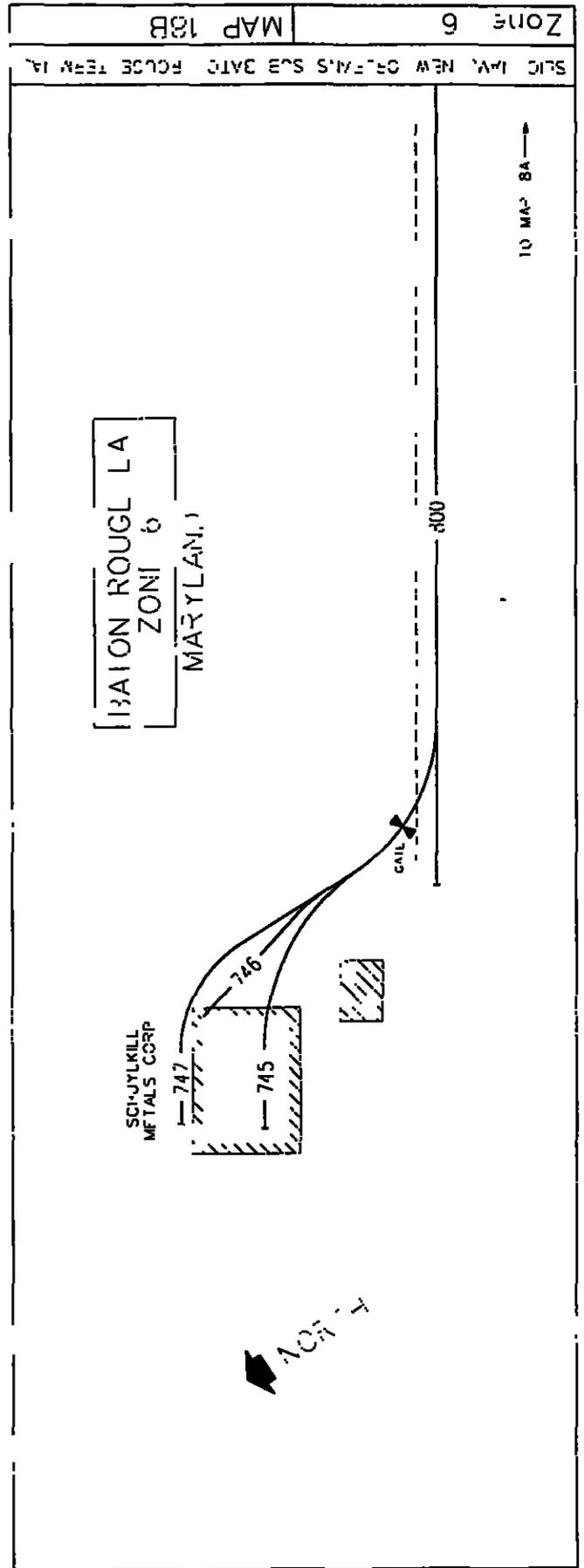
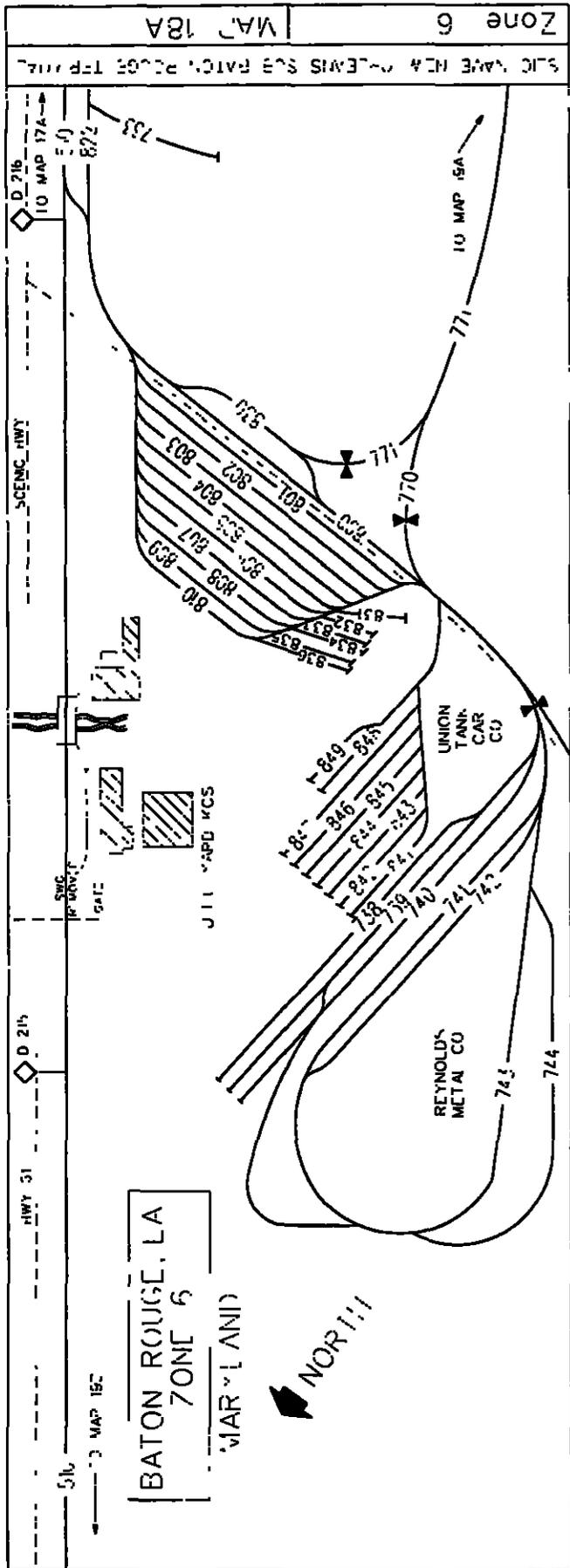
61

Springfield Road

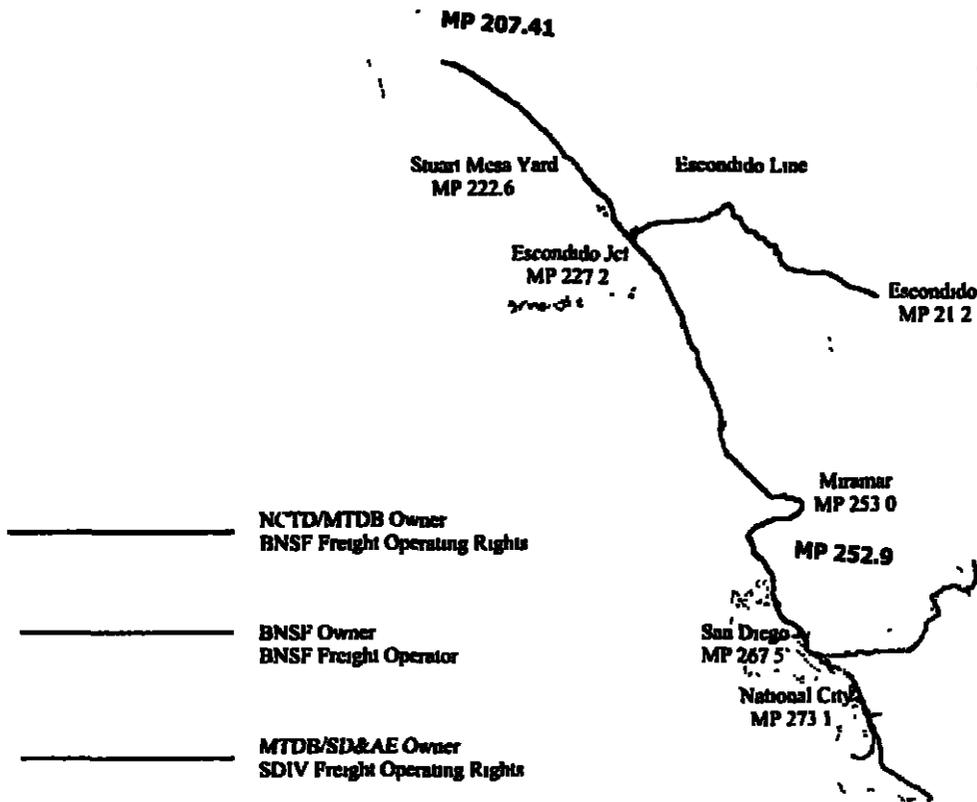
Brooklyn Drive

65

Baton Rouge Southern
Railroad



San Diego County Rail Lines



Grand Elk Railroad

