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300783
ENTERED
Office of Proceedings
June 23, 2020
Part of
Public Record

June 23, 2020

By e-filing

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

Re: Docket No. AB-1296X, *R.J. Corman Railroad Property, LLC -- Abandonment
Exemption -- in Scott, Campbell and Anderson Counties, TN*

Dear Ms. Brown:

Hereby forwarded for filing with the Board is a Public (Redacted) Version of an Offer of Financial Assistance (Purchase) to be filed in the above referenced matter. The filing fee of \$1900 is being paid with the Confidential Version of the Offer of Financial Assistance (Purchase).

Very truly yours,

/s/ Thomas F. McFarland

Thomas F. McFarland
Attorney for Offeror

TMcF:mg:1886\efSTB2

cc: (by e-mail)
All parties of record

FEE RECEIVED
June 23, 2020
SURFACE
TRANSPORTATION BOARD

FILED
June 23, 2020
SURFACE
TRANSPORTATION BOARD

PUBLIC VERSION - REDACTED

BEFORE THE
SURFACE TRANSPORTATION BOARD

R.J. CORMAN RAILROAD PROPERTY,)
LLC -- ABANDONMENT EXEMPTION -) DOCKET NO. AB-1296X
- IN SCOTT, CAMPBELL AND)
ANDERSON COUNTIES, TN)

OFFER OF FINANCIAL ASSISTANCE (PURCHASE)

ARKANSAS-OKLAHOMA RAILROAD CO.
116 West Main Street
Wilburton, OK 74578

Offeror

THOMAS F. McFARLAND, P.C.
THOMAS F. McFARLAND
208 South LaSalle Street, Suite 1666
Chicago, IL 60604-1228
(312) 236-0204 (office)
mcfarland@aol.com

Attorney for Offeror^{1/}

DATE FILED: June 23, 2020

^{1/} Thomas F. McFarland is replacing Daniel A. LaKemper as attorney for the Offeror. Mr. LaKemper is undergoing surgery which will preclude his representation of the Offeror.

BEFORE THE
SURFACE TRANSPORTATION BOARD

R.J. CORMAN RAILROAD PROPERTY,)
LLC -- ABANDONMENT EXEMPTION -) DOCKET NO. AB-1296X
- IN SCOTT, CAMPBELL AND)
ANDERSON COUNTIES, TN)

OFFER OF FINANCIAL ASSISTANCE (PURCHASE)^{2/}

Pursuant to the Board's decision served June 9, 2020, ARKANSAS-OKLAHOMA RAILROAD CO. (AOK) hereby respectfully offers to purchase the entire 41.05-mile rail line between the point of connection to NORFOLK SOUTHERN RAILWAY COMPANY (NS) at Milepost 0.95 at or near Oneida, TN and the end of track at Milepost 42.0 at or near Devonia, TN (the Oneida Line).

AOK offers to pay \$424,958 to purchase the entire Oneida Line.

A. Identify the Line in Question

AOK seeks to purchase the entire Oneida Line for continued rail operation pursuant to an OFA. The Oneida Line extends between Milepost 0.95 at or near Oneida and Milepost 42.00 at or near Devonia, a distance of 41.05 miles in Scott, Campbell, and Anderson Counties, TN.

^{2/} In a decision served April 7, 2020, the Board granted a Protective Order to maintain the confidentiality of financial statements and information. A public version and a confidential version are being filed.

B. Financial Responsibility of Offeror

Attached to this Offer as Appendix 1 is a copy of financial statements that demonstrates that AOK is financially responsible, namely that AOK has, or within a reasonable time will have, the financial resources to fulfill proposed contractual obligations. Those financial statements are not filed with the public version of this OFA.

C. Explanation of Disparity between Offer and Applicant's Estimate

There is an extensive disparity between the purchase price of \$424,958 offered by AOK and the apparent asking price of \$4,233,587 sought by Corman. AOK's offer is composed of \$279,683 for track materials and \$145,275 for land. AOK's estimate of the value of track materials is based on a contemporaneous detailed personal inspection of the Rail Line by Mr. Michael Brown of the Diamond Rail Group, LLC. Corman's estimate of track materials value is unexplained as to how and when it was determined. Corman's asking price does not include a value for land in the right-of-way. AOK's estimate is based on depressed land values in the affected area.

D. Demonstrate that the Offeror has Placed in Escrow with a Reputable Financial Institution Funds Equaling 10% of the Preliminary Financial Responsibility Amount Calculated Pursuant to Paragraph (c)(1)(ii) of this Section

Attached to this Offer as Appendix 2 is a copy of a bank statement that shows that [REDACTED] has been placed in escrow at [REDACTED]. That amount exceeds 10 percent of the preliminary financial responsibility amount previously calculated by AOK and accepted by the Board. That financial statement is not filed with the public version of this OFA.

E. Demonstrate Continued Need for Rail Service on the Line in Question

AOK understands that the North East Tennessee Railroad Authority will submit statements in support of this Offer and other information and documents that support a finding that there is a strong public need for the Oneida Line.

In addition, attached as Appendix 3 is a copy of a letter to the Board from Anderson County, Tennessee in support of this Offer and Appendix 4 is a copy of a letter to the Board dated May 21, 2020 from the Tennessee Mining Association in support of this Offer.

F. Identify of the Offeror

The Offeror is AOK whose mailing address is 116 West Main Street, Wilburton, OK 74578, and whose telephone number is (918) 465-0299. AOK's legal representative is Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1666, Chicago, IL 60604-1228, (312) 236-0204, mcfarland@aol.com. (*See note 1, supra*).

G. Offeror's Legal Entity, State of Incorporation, and Description of the Ownership of the Entity

Offeror's full name is Arkansas-Oklahoma Railroad Co. Offeror is incorporated in Oklahoma. Ownership of Offeror is closely held in the Donoley family.

H. Multiple Parties Identification of Common Carrier Obligations and Allocation of Responsibility for Financing the Purchase of the Line

Not applicable.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, for the reasons stated, the Board should find that AOK is a financially responsible person who has offered financial assistance for continuation of rail service over the entire Oneida Line. Based on that finding, the Board should provide that negotiations go forward for purchase of the entire Line.

Respectfully submitted,

ARKANSAS-OKLAHOMA RAILROAD CO.
116 West Main Street
Wilburton, OK 74578

Offeror

/s/ Thomas F. McFarland

THOMAS F. McFARLAND, P.C.
THOMAS F. McFARLAND
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mcfarland@aol.com

Attorney for Offeror

DATE FILED: June 23, 2020

(REDACTED)

(REDACTED)

DOCKET NO. AB 1296X
APPENDIX 3



300702

ENTERED
Office of Proceedings
June 4, 2020
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Public Record

ANDERSON COUNTY GOVERNMENT

TERRY FRANK
COUNTY MAYOR

June 4, 2020

Surface Transportation Board
ATTN: Office of Proceedings
395 E St SW
Washington, DC 20024

RE: Docket No. AB-1296X, *R.J. Corman Railroad Property, LLC – Abandonment Exemption – in Scott, Campbell, and Anderson Counties, Tenn.*

Dear Honorable Members of the Board,

I am writing in support of Arkansas-Oklahoma Railroad, Co. request for extension to file an OFA. We are working directly with their agents to help provide all the information needed in this matter so they can provide an up to date and current OFA offer. Unfortunately, this takes some time.

We have a scheduled meeting of the North East Railroad Authority for the morning of June 16, 2020. I have requested for our agenda that our Rail Authority authorize expenditure of our funds to assist in the process to provide the STB the most accurate information for the OFA.

The North East Tennessee Railroad Authority was created and authorized by the Tennessee Legislature for the express purpose of "secur[ing] economic benefits to the counties of Anderson, Campbell and Scott, by providing for the continuation of railroad service in Anderson, Campbell, and Scott counties."

I appreciate the generosity of the Surface Transportation Board in allowing additional time as we work as quickly as possible to preserve this asset for our county and region.

With kindest regards,

A handwritten signature in blue ink, appearing to read "T. Frank", is written over a faint, larger signature.

Terry Frank

100 NORTH MAIN STREET, SUITE 208 • CLINTON, TENNESSEE • 37716
PHONE: (865) 457-6200 • EMAIL: TFRANK@ANDERSONTN.ORG

DOCKET NO. AB 1296X

APPENDIX 4

300700



ENTERED
Office of Proceedings
June 4, 2020
Part of
Public Record

May 21, 2020

Surface Transportation Board
ATTN: Office of Proceedings
395 E Street SW
Washington, DC 20423

RE: Docket No. AB-1296X, R.J. Corman Railroad Property, LLC-Abandonment Exemption—in Scott, Campbell, and Anderson Counties, Tenn.

To whom it may concern:

I am writing on behalf of the Tennessee Mining Association to voice our grave concerns regarding the potential abandonment of the Oneida rail line in Scott, Campbell, and Anderson Counties, Tennessee, proposed by R.J. Corman Railroad Property, LLC. Abandonment of this line would jeopardize any future utilization of coal reserves in this area by Tennessee miners. As an organization that supports the critical operation of the mining industry in the state of Tennessee, TMA adamantly opposes this action. This letter serves as support of offeror Arkansas-Oklahoma Railroad Co.'s (Offeror's) Motion to Extend Time to File Offer of Financial Assistance.

Preservation of this rail line will protect future, affordable access by Tennessee mining companies to undeveloped coal reserves in Anderson County, in addition to supporting imminent freight needs. Active mining operations serve to provide critical reserves for electricity and numerous well-paying jobs in this rural area of the state.

These locations were previously mined prior to the enactment of SMCRA regulations in 1977, which left open seams that continue to pollute our streams with iron, manganese and acidic discharges. However, modern mining methods require coal companies re-mining this area to implement various conservation activities as a result of SMCRA regulations, including reclamation to approximate original contour, planting trees, and de-polluting local streams. In addition, reclaimed coal mine lands in Anderson County generate significant tourist revenue, as thousands of people visit Windrock Park every year to participate in outdoor activities, such as off-roading, hunting, and camping.

As demonstrated above, removing this rail line would have a significant impact for years to come. We look forward to working with the Surface Transportation Board to eliminate this unnecessary threat to the vitality of the mining and outdoor recreation industries in the State of Tennessee.

Should you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely,

/s/ Chuck Laine w/c/p G. Brown
Chuck Laine
President, Tennessee Mining Association

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2020, I served the foregoing document, Public (Redacted)

Version of Offer of Financial Assistance (Purchase), by email, on the following:

Christopher J. Schroek
National Coal, LLC
302 S. Jefferson St.
Roanoke, VA 24011
chris.schroek@bluestone-coal.com

Robert Weber
Cumberland Trails Conference
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Crossville, TN 38555
weber9985@att.net

Terry Frank
Anderson County Government
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Clinton, TN 37716
tfrank@andersontn.org

Mark Bevelhimer
Tennessee Citizens for Wilderness Planning
P.O. Box 6873
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Chuck Laine
Tennessee Mining Association
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info@tnmining.com

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/s/ Thomas F. McFarland

Thomas F. McFarland