

SURFACE TRANSPORTATION BOARD

311459

FD 36935
~~FD 36706~~
BLPIRR LLC

ENTERED
Office of Chief Counsel
May 22, 2026
Part of
Public Record

FD 36936
~~FD 36707~~
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

VERIFIED NOTICE OF LEASE AND OPERATION EXEMPTION OF BLPIRR LLC
AND WASHINGTON, IDAHO & MONTANA RAILWAY LLC
PURSUANT TO 49 C.F.R. PART 1150 SUBPART E

John K. Fiorilla, Esq.
Dyer & Peterson, PC
322 US Highway 46, Suite 220
Parsippany, New Jersey 07054
609-792-6851
jfiorilla@dyerpetererson.com

ATTORNEY FOR BLPIRR LLC AND
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

FILED
May 22, 2026
SURFACE TRANSPORTATION BOARD

FEE RECEIVED
May 22, 2026
SURFACE TRANSPORTATION BOARD

SURFACE TRANSPORTATION BOARD

FD 36706-
BLPIRR LLC

FD 36707
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

VERIFIED NOTICE OF LEASE AND OPERATION EXEMPTION OF BLPIRR LLC
AND WASHINGTON, IDAHO & MONTANA RAILWAY LLC
PURSUANT TO 49 C.F.R. PART 1150 SUBPART E

BLPIRR LLC (BLPI) a CLASS III rail carrier hereby files this verified Notice of Exemption pursuant to 49 C.F.R. Part 150 subpart E to authorize the lease and operation of approximately 3.27 miles of railroad line from the Washington State Department of Transportation (WSDOT) from a point off the P&L Branch along the WIM Industrial Lead (WIM MP 0.05) to the Idaho State Line (WIM MP 3.32); the Peterson Crossover is from the 14' clearance point between the P & L Branch and the Peterson Crossover to the Peterson Crossover and Peterson House Track switch; and the Peterson House Track is from the WIM Industrial Lead and Peterson House Track switch to the termination of track at State Route 272 as shown on Exhibit B of the Lease pursuant to Lease Number RL-10 -14600, a copy of which is attached hereto which was signed by BLPI on March 12, 2026 and by WSDOT on March 17, 2026 . The Property is located in Whitman County, Washington.

In addition, BPLI has entered into a lease and operation agreement with the Washington, Idaho & Montana Railway LLC (WIMR) to operate and maintain the line it is leasing and the WIMR (also a Class III carrier) applies to the Board for the authorization to lease and operate the line on behalf of BLPI. The lease with WIMR was entered into on April 28, 2026.

The line to be leased will connect with the line obtained by BPLI from the Palouse River & Coulee City Railroad LLC and which the Board granted an Acquisition and Operation Exemption on June 30, 2023 and which was served on July 7, 2023 in Docket FD 36706. The WIMR obtained an Operation Exemption to operate that line on behalf of BLPI in Docket FD 36707 in an Order decided August 21, 2023 which was served by the Board

Pursuant to 49 C.F.R. § 1150.43 BLPI and WIMR submit the following:

NAME AND ADDRESS OF APPLICANTS 49 C.F.R. § 1150.43 (a)

BLPIRR LLC
3759 ID-6
PO Box 130
Princeton, Idaho 83857

Washington, Idaho & Montana Railway LLC
PO Box 468
Potlatch, Idaho 83855

Applicants representative 49 C.F.R. § 1150.43(b)

[Type here]

[Type here]

[Type here]

John K. Fiorilla, Esq.
322 U.S. Highway 46 Suite 220
Parsippany, N.J. 07054
(609) 792-6851
jfiorilla@dyerpeter.com

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

BLPI and WSDOT have entered into an Industrial Lead Lease Agreement under which BLPI will operate the WIM Industrial Lead as noted in the Lease Agreement signed March 17, 2026. A copy of Lease is attached hereto as Exhibit 1. The lease includes details including detailed maps of what BLPI will operate and what WIMR will operate for BLPI. The lease will take effect upon appropriate authorization by the Board.

Operator of the Property 49 C.F.R. § 1150.43 (d)

WIMR will provide common carrier railroad freight service to customers on the leased line.

Background and Summary of the Transaction 49 C.F.R. § 1150.43 (e)

The leased line which is owned by WSDOT includes the WIM Industrial Lead from the 14' clearance point off the P&L Branch, to the Idaho State Line, the Peterson Crossover and Peterson House Track switch and the Peterson House Track to the termination of track at State Route 272 as shown in detail in Exhibit B of the Lease attached hereto as Exhibit 1. BLPI will lease the WIM Industrial Track, the Peterson Crossover and the Peterson House Track. The leased line interchanges with the

[Type here]

[Type here]

[Type here]

Spokane, Spangle and Palouse Railway LLC at WIM Industrial Lead MP 0.05. The WIMR has recently agreed to updated terms to operate the BLPI including the track included in lease between BLPI and WSDOT. WIMR seeks the Board's authorization to operate this additional leased line.

Map 49 C.F.R. § 1150.43 (f)

See Exhibit B to Attachment 1

Certificates of Eligibility - 49 C.F.R. § 1150.43 (g)

See Certification and Verification

Interchange Commitments- 49 C.F.R. § 1150.43 (h)(1)

The lease agreement contains no commitments or provisions prohibiting or limiting WIMR or BLPI from interchanging traffic with a third-party carrier.

Advance Labor Notice- 49 C.F.R. § 1150.42 (e)

Neither BLPI nor WIMR's annual revenues are projected to exceed \$5 million, therefore the sixty (60) day labor notice requirement of 49 C.F.R. § 1150.42(e) is not triggered.

Environmental and Historical Preservation Data. 49 C.F.R. § 1105

[Type here]

[Type here]

[Type here]

Under 49 C.F.R. § 1105.6 (c) (2) the proposed transaction is exempt from environmental reporting requirements. The proposed transaction will not result in changes in carrier operations *i.e.* changes that exceed the thresholds established in 49 C.F.R. § 1105.7e (4) or (5).

Under 49 C.F.R. § 1105.8 (b) (1) BLPI's lease of the line is also exempt from historical preservation reporting requirements. The proposed transaction is for the purpose of continued rail operations. Additional Board approval would be required to discontinue any service and there are no plans to dispose or alter properties subject to Board Jurisdiction that are fifty (50) years old or older.

Caption Summary 49 C.F.R. § 1150.42 (a)

A Captioned summary in appropriate form is attached as Exhibit 2.

Respectfully Submitted,

By: *John K. Fiorilla*

John K. Fiorilla, Esq.

322 U.S. Highway 46 Suite 220

Parsippany, N.J. 07054

(609) 792-6851

jfiorilla@dverpeterson.com

**ATTORNEY FOR BLPIRR LLC AND
WASHINGTON, IDAHO & MONTANA
RAILWAY, LLC**

SURFACE TRANSPORTATION BOARD

FD 36706
BLPIRR LLC

FD 36707
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

VERIFIED NOTICE OF LEASE AND OPERATION EXEMPTION OF BLPIRR LLC
AND WASHINGTON, IDAHO & MONTANA RAILWAY LLC
PURSUANT TO 49 C.F.R. PART 1150 SUBPART E

CERTIFICATION AND VERIFICATION

CERTIFICATION AND VERIFICATION

I Brett Bennett, hereby certify the following under penalty of perjury:

1. I am the President and CEO of BLPIRR LLC (BLPI)
2. I am authorized to execute this certification and verification on BLPI's behalf.
3. BPLI's agreement with the State of Washington, Department of Transportation (WSDOT) contains no commitments or provisions prohibiting or limiting BPLI from interchanging traffic with a third-party carrier.
4. BPLI's agreement with the Washington, Idaho & Montana Railway LLC (WIMR) contains no commitments or provisions prohibiting or limiting WIMR from interchanging traffic with a third-party carrier.
5. BLPI and WIMR annual operating revenues are not projected to exceed \$5 million dollars.
6. I have read the foregoing Verified Notice of Exemption and know the facts stated therein to be true and correct to the best of my knowledge and belief.

May 21 2026

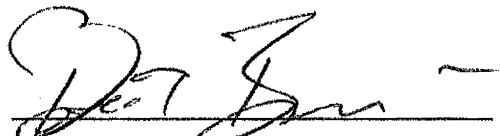

Brett Bennett

EXHIBIT 1

WIM Industrial Lead Lease Agreement
Between
Washington State Department of Transportation
And
BLPI RR LLC
Agreement RRC 1001
Lease Number RL-10-14600

This Lease Agreement ("LEASE AGREEMENT") is by and between BLPI RR LLC, hereinafter referred to as the "LESSEE", and the Washington State Department of Transportation, hereinafter referred to as the "LESSOR". LESSOR and LESSEE are each sometimes referred to herein individually as a "PARTY", and collectively as the "PARTIES".

RECTALS

WHEREAS, LESSOR has certain rights, title, and interest in and to certain real property located in Whitman County, Washington, which property is used for railroad freight transportation service to the public;

WHEREAS, the Washington, Idaho, and Montana ("WIM") Industrial Lead is from the 14' clearance point off the P&L Branch along the WIM Industrial Lead (WIM MP 0.05) to the Idaho state line (WIM MP 3.32); the Peterson Crossover is from the 14' clearance point between the P&L Branch and the Peterson Crossover to the Peterson Crossover and Peterson House Track switch; and the Peterson House Track is from the WIM Industrial Lead and Peterson House Track switch to the termination of track at State Route 272, as shown in Exhibit B;

WHEREAS, the LESSEE wishes to lease the WIM Industrial Lead, the Peterson Crossover, and the Peterson House Track according to the terms and conditions hereunder;

WHEREAS, pursuant to Chapter 47.76 RCW the LESSOR is authorized to enter into this LEASE AGREEMENT; and

WHEREAS, LESSOR is agreeable to lease to LESSEE the aforesaid interests for LESSEE's exclusive provision of railroad freight transportation service to the public upon the terms and conditions herein contained;

NOW, THEREFORE, in consideration of the covenants and payments set forth herein, the PARTIES agree as follows:

SECTION 1. LEASED PROPERTY

- 1.1 The leased property consists of the WIM Industrial Lead from WIM MP 0.05 to MP 3.32 at the Idaho State line, the Peterson Crossover, and the Peterson House Track, as shown in Exhibit B, hereinafter referred to as "LEASED PROPERTY". The interchange is with Spokane, Spangle & Palouse Railway, L.L.C. at WIM MP 0.05 and at the 14' clearance point between the P&L Branch and Peterson Crossover. LESSOR hereby leases the LEASED PROPERTY to LESSEE

and LESSEE hereby leases the LEASED PROPERTY from LESSOR subject to the terms and conditions set forth herein.

- 1.2 LESSEE shall take possession of the LEASED PROPERTY subject to:
- 1.2.1 Reservations or exceptions of record of minerals or mineral rights; public utility easements, and easements and rights of way, howsoever created, for crossings, roads, streets and highways;
 - 1.2.2 Existing and future building, zoning, subdivision and other applicable federal, state, county, municipal and local laws, ordinances and regulations;
 - 1.2.3 Encroachments or other conditions that may be revealed by a survey, title search or inspection of the LEASED PROPERTY;
 - 1.2.4 All existing ways, alleys, party walls, privileges, rights, appurtenances, and servitudes, howsoever created;
 - 1.2.5 The LESSOR's exclusive right to grant any and all easements, leases, licenses or rights of occupancy in, on, under, through, above, across or along the LEASED PROPERTY, or any portion of it, for the purposes of construction, erection, installation, operations, use, maintenance, repair, replacement, relocation, reconstruction, installation, and renewal of transportation specifically including but not limited to transportation of passengers by rail, and transmission systems for any and all types of fluids, solid materials, gases, energy, communication or commerce by whatever means, including without limitation, track, highway, roadway, pipeline, telephone, microwave, radio, radar, laser transmission, wire, fiber-optic, utility pole and all conduits or other similar devices, together with all related supporting devices, appliances, fixtures and appurtenances, and all culverts, ramps and cuts, which may be constructed, erected, installed, operated or used in, under, through, above, across, or along the LEASED PROPERTY, or any portion of it; provided, however, that the rights herein excepted and reserved by LESSOR in this LEASE AGREEMENT shall not be used to grant any other party the right to conduct common or contract carrier freight railroad operations on the LEASED PROPERTY, or any portion of it during the TERM of this LEASE AGREEMENT, and that such rights shall be limited by other provisions of this LEASE AGREEMENT specifically provided herein.

SECTION 2. COMPENSATION

- 2.1 Subject to the terms and conditions of this LEASE AGREEMENT, the LESSOR shall grant LESSEE use of the LEASED PROPERTY. In lieu of monetary compensation from LESSEE (hereinafter referred to as "COMPENSATION"), LESSEE agrees to furnish labor, equipment and materials and perform deferred Normalized Maintenance to restore and maintain the LEASED PROPERTY to operational status for freight services, which is a railway benefit, and which is equivalent in value to the fair market rent for the LEASED PROPERTY. LESSOR shall have the right to review any change in the railway benefit services provided by LESSEE and may require that LESSEE begin paying monetary compensation.
- 2.2 By Washington state law, chapter 82.29A RCW, LESSOR is required to collect from LESSEE Leasehold Excise Tax ("LET"). LESSEE covenants and agrees to LET for the LEASED PROPERTY to LESSOR in advance on or before the 1st day of each calendar year ("Due Date")

during the entire term of this LEASE AGREEMENT. The annual LET is calculated using the current economic rent for the Premises. The LET shall be paid at the initial rate, subject to adjustment as hereinafter provided, of Seven Hundred Seventy Dollars and Forty Cents (\$770.40) annually, beginning on the Due Date during the entire term of this LEASE AGREEMENT.

RENT/LEASEHOLD EXCISE TAX (LET) BREAKDOWN		
Fair Market Rent	\$6,000.00	Annual
If applicable, Leasehold Excise Tax = 12.84% of Fair Market Rent	\$770.40	Annual
Total Rent and Leasehold Excise Tax	\$6,770.40	Annual
Non-Monetary Compensation	\$6,000.00	Estimated Annual Contribution
Leasehold Excise Tax Due (Difference between Total Rent and Leasehold Excise Tax and Fair Market Rent)	\$770.40	Due Annually

- 2.3 The LESSEE shall Surface, Line, and Dress ("SLD") the LEASED PROPERTY by the end of the term following the EFFECTIVE DATE of this LEASE AGREEMENT as defined in SECTION 4.1. The LESSEE shall purchase and distribute no less than 264 tons of ballast per 1 mile section of track or as agreed to with the LESSOR.

SECTION 3. RENT PAYMENTS PAYABLE TO

- 3.1 All payments are to be made payable to the LESSOR and mailed to the Washington State Department of Transportation at the respective addresses set forth below, or such other addresses as may be specified by written notice and delivered in accordance herewith.

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION (Mailing Address)
Attn: Property Management Program Manager
P.O. Box 47339
Olympia, Wash. 98504-7339

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION (Physical Address)
Real Estate Services
Attn: Property Management Program Manager
7345 Linderson Way SW
Tumwater, Wash. 98501-6504

SECTION 4. TERMS AND CONDITIONS

- 4.1 LESSOR and LESSEE agree that the LESSEE intends to designate a LESSEE'S OPERATING DESIGNEE, as defined in SECTION 4.4, and that this LEASE AGREEMENT shall become effective ("EFFECTIVE DATE") on the date of LESSEE'S OPERATING DESIGNEE'S approval to become a registered operator of railroad in the state of Washington in accordance with the Surface Transportation Board ("STB").
- 4.2 The term of this LEASE AGREEMENT (the "TERM") shall be for an initial term of three (3) years beginning on the EFFECTIVE DATE, subject to three (3) renewal periods of one (1) year each, with each renewal period beginning on the expiration of the preceding term. If the LESSEE desires to so extend the TERM of this LEASE AGREEMENT for an additional one (1) year

period, the LESSEE shall submit a written request to the LESSOR to extend the TERM at least six (6) months but not more than one (1) year prior to the expiration of the TERM. LESSOR shall then, within forty-five (45) days of receipt of such written notice, render a decision on the LESSEE's request and notify the LESSEE in writing of its decision. LESSOR has the right, at its sole discretion, to issue a new Request for Proposals to lease the LEASED PROPERTY if the six (6) month deadline is missed. All terms and conditions of this LEASE AGREEMENT shall apply to the TERM as extended unless amended by mutual agreement of the PARTIES.

- 4.3 The lease is a net lease, subject to the terms herein. LESSEE shall perform all duties and obligations at its own expense relating to the use, repair, maintenance, existence and operation of the LEASED PROPERTY. LESSEE shall also be solely responsible to perform maintenance and repairs as defined herein.
- 4.4 LESSEE reserves the right but not the obligation to designate a third party ("LESSEE'S OPERATING DESIGNEE") to operate the WIM Industrial Lead per all of the Terms and Conditions of this Lease Agreement. If LESSEE elects to designate such a LESSEE'S OPERATING DESIGNEE, such designation shall be subject to LESSOR's written approval in accordance with SECTION 8, and LESSEE will share with LESSOR any and all agreements with LESSEE'S OPERATING DESIGNEE. In its sole discretion, LESSEE reserves the right to change LESSEE'S OPERATING DESIGNEE to another third-party but only in accordance with the terms and conditions of this LEASE AGREEMENT. LESSEE hereby agrees to include the provisions of this LEASE AGREEMENT in all contracts entered into by LESSEE for the operation of all or part of the LEASED PROPERTY or the employment of any individuals, procurement of any materials, or performance of any work to be accomplished under this LEASE AGREEMENT.
- 4.5 LESSEE shall obtain and hold operating authority as required by the STB and any other governmental or regulatory authority for the LEASED PROPERTY and will provide freight rail service consistent with its common carrier obligations to all parties seeking to ship or receive freight over all mainline track considered to be "In Service" with the LEASED PROPERTY during the TERM of this LEASE AGREEMENT. "In Service" shall mean active excepted track or better as considered by the Federal Railroad Administration ("FRA").

SECTION 5. RESERVED

SECTION 6. RESERVED

SECTION 7. SHIPPER TRAINING

- 7.1 Prior to providing service on the LEASED PROPERTY, the LESSEE shall provide training to all shippers serviced along the portion of the LEASED PROPERTY. This training will cover the following topics: Blue Flag Rules, Roadway Worker Protection, Operating Rules, and 49 C.F.R. § 218. The LESSEE shall provide refresher training every three (3) years. The LESSEE shall maintain the records for this training for no less than three (3) years.

SECTION 8. THIRD PARTY AGREEMENTS, EASEMENTS AND LICENSES

- 8.1 LESSEE shall assume, agree to perform, and be bound by all the terms, conditions and obligations of third-party agreements, easements and licenses, which may be in existence now, but only to the extent that such third-party agreements, easements, and licenses do not unreasonably interfere with LESSEE's rail operations. Unless otherwise agreed by LESSEE and

LESSOR, unreasonable interference is defined in this LEASE AGREEMENT as any disruption of rail service for more than five (5) days in any thirty (30) day period. LESSOR agrees to make available copies of any proposed new agreements, easements, and licenses between LESSOR and a third party to LESSEE for approval and consent, which shall not be withheld unless such third-party agreements, easements, and licenses unreasonably interfere with LESSEE's rail operations. To the extent such third-party agreements, easements and licenses would permit access on, over, or through the LEASED PROPERTY, such an agreement shall contain provisions necessary to indemnify LESSEE from liability, except for negligence on the part of the LESSEE.

- 8.2 Subject to SECTION 8.1, LESSOR will retain the right to enter into and terminate agreements, easements, and licenses with third parties, which shall not unreasonably interfere with or increase the cost of LESSEE's operations.

LESSEE shall have the right to enter into third-party agreements, and licenses, including side track, industrial track agreements, and freight rail services with the prior written approval of the LESSOR, which shall not be unreasonably withheld or delayed with reasonable notification. LESSEE agrees to protect the interests of LESSOR in all such agreements, including but not limited to the provisions of hazardous material storage and handling.

- 8.3 The LESSEE shall cooperate with the LESSOR and any third-party real estate manager(s) retained by the LESSOR to manage agreements, easements, and licenses involving the LEASED PROPERTY.

SECTION 9. ROAD CROSSING AND PROTECTIVE DEVICE MAINTENANCE

- 9.1 LESSEE shall be responsible for all maintenance of public and private grade crossings, grade separation structures, and protective devices to permit the safe and convenient passage of public traffic consistent with chapter 81.53 RCW or other laws as applicable. LESSEE shall notify LESSOR of any public grade crossings, grade separation structures, and/or protective devices that do not permit the safe and convenient passage of public traffic at the start of this LEASE AGREEMENT for inclusion in the Normalized Maintenance Program/Plan described in SECTION 14.1 and SECTION 16.7.

SECTION 10. INTERCHANGE AGREEMENT

- 10.1 As necessary to fulfill the obligations pursuant to this LEASE AGREEMENT and as a common carrier, LESSEE will execute interchange agreement(s) with appropriate connecting railroad(s), which shall govern the interchange of traffic between LESSEE and such connecting railroad(s) during the TERM of this LEASE AGREEMENT. LESSEE will promptly provide LESSOR with a copy of the executed interchange agreement(s).

SECTION 11. PERMITTED USE BY THE LESSEE OF THE LEASED PROPERTY

- 11.1 LESSOR shall provide to the LESSEE access to and use of the LEASED PROPERTY. The LESSEE shall have the exclusive right to use the LEASED PROPERTY only for the purpose of providing freight rail service thereon during the TERM of this LEASE AGREEMENT, or any permitted extension or renewal thereof, subject to the terms and conditions hereinafter contained. This LEASE AGREEMENT shall not be construed as conveying any ownership interest to the LESSEE. Any use of the LEASED PROPERTY for purposes other than freight rail service shall require prior written consent by the LESSOR or by separate agreement.

- 11.2 In the event that the LESSEE desires to allow any other person or entity to access to or upon the LEASED PROPERTY for any purpose other than the provision of freight rail service hereunder, the LESSEE shall secure prior written consent from the LESSOR, which approval shall not be unreasonably withheld. Nothing herein shall prohibit the LESSEE from providing access to or upon the LEASED PROPERTY by persons or entities as required to enable the LESSEE to provide freight rail service as provided herein.
- 11.3 Upon reasonable notice, LESSOR reserves the right to enter the LEASED PROPERTY but only to the extent that such entry does not interfere with rail operations, and LESSOR indemnifies LESSEE for any liability, except for negligence by LESSEE, that may be caused by LESSOR's entry onto the LEASED PROPERTY.
- 11.4 LESSEE shall have no right to construct any additions or betterments of a permanent or temporary nature on the LEASED PROPERTY without specific prior written approval by the LESSOR. All temporary improvements shall be timely removed upon cessation of their use or termination of this LEASE AGREEMENT, and LESSEE shall restore the LEASED PROPERTY to the condition existing prior to the installation of such temporary improvements at the LESSEE's expense.

SECTION 12. OPERATIONS

- 12.1 The LESSEE's management and operation of the LEASED PROPERTY shall comply with all laws, rules, and regulations which apply to the operation, condition, inspection, and safety of trains, locomotives, cars, infrastructure, and equipment while such trains, locomotives, cars, and equipment are being operated on the LEASED PROPERTY. The LESSEE shall also comply with all applicable industry standards and rules; rules promulgated by the American Short Line and Regional Railroad Association; and the Interchange, Car Hire, and Car Service Rules of the Association of American Railroads.
- 12.2 The LESSEE shall adopt and follow the current edition of the General Code of Operating Rules ("GCOR") and work with the General Code of Operating Rules Committee to ensure that it receives updates for GCOR.

SECTION 13. CONDITION OF THE LEASED PROPERTY

- 13.1 The LESSEE has inspected the LEASED PROPERTY and accepts the same "as is" subject to the terms and conditions of this LEASE AGREEMENT. LESSEE acknowledges that the LEASED PROPERTY is suitable for the LESSEE's intended use under this LEASE AGREEMENT. LESSOR makes no representation or warranty to the LESSEE as to the physical condition of the LEASED PROPERTY or the condition of the legal title. The LESSEE shall return the LEASED PROPERTY to the LESSOR upon termination or expiration of this LEASE AGREEMENT in the same condition as received or as improved. Notwithstanding the foregoing, LESSOR shall make no claim or demand against the LESSEE regarding the condition of the LEASED PROPERTY at the termination of this LEASE AGREEMENT, provided that the LESSEE has complied with its annual maintenance responsibilities as set forth in this LEASE AGREEMENT.

SECTION 14. MAINTENANCE AND REHABILITATION

- 14.1 The LESSEE shall perform, or cause to be performed, maintenance of the LEASED PROPERTY, as provided in this SECTION.

14.1.1 LESSOR will provide the LESSEE with a video recording of the LEASED PROPERTY to establish the baseline conditions of the track, property, and appurtenances. The LESSEE shall be solely responsible for maintaining the LEASED PROPERTY in accordance with FRA Track Safety Standards. LESSEE shall provide all labor and services necessary to keep the physical condition of the LEASED PROPERTY at its existing condition as defined in the baseline video recording and to keep any improved condition of the LEASED PROPERTY at its improved condition for the TERM of this LEASE AGREEMENT and any extensions thereof. Any portion of the LEASED PROPERTY that does not presently comply with FRA Track Safety Standards shall be improved to a condition that complies with FRA Track Safety Standards over a reasonable period of time, through the Normalized Maintenance Program/Plan hereinafter described, and which shall thereafter be maintained in accordance with FRA Track Safety Standards. Without limiting the foregoing, the PARTIES further agree as follows:

14.1.1.1 On or before January 30 of each year, the LESSEE shall prepare and submit to the LESSOR a program (the "Normalized Maintenance Program/Plan") setting forth the maintenance items to be performed for the entire LEASED PROPERTY during the remainder of the calendar year, and the anticipated cost of such items to ensure that the LEASED PROPERTY is maintained in accordance with FRA Track Safety Standards.

14.1.1.2 The LESSEE will review the Normalized Maintenance Program/Plan with the LESSOR no later than March 1 of said year.

14.1.1.3 The LESSEE shall at its own cost be responsible for maintaining the LEASED PROPERTY in accordance with FRA Track Safety Standards as set forth in the Normalized Maintenance Program/Plan.

14.1.1.4 The LESSOR shall inspect the LEASED PROPERTY at least once each calendar year to ensure that the LESSEE is maintaining the LEASED PROPERTY. Any deficiencies in the track that inspectors from the FRA or the Washington Utilities Transportation Commission ("UTC") identify during routine inspections of the LEASED PROPERTY shall be promptly remedied by the LESSEE.

14.1.1.5 Any and all rails, ties, or other items of track and signaling equipment removed and replaced by the LESSEE in the performance of required maintenance (hereinafter referred to as "WASTE MATERIAL") shall become the property of the LESSEE, regardless of whether such removed property is sold or retained by the LESSEE as materials and supplies, provided that the LESSEE purchased the material used in the replacement. At no cost to the LESSOR, the LESSEE shall be responsible for removing, loading, hauling, and disposing of all materials being replaced by the LESSEE from the LEASED PROPERTY.

14.2 The LESSEE shall be solely responsible for performing all Normalized Maintenance on the LEASED PROPERTY. The following are non-exclusive Normalized Maintenance activities required to maintain track to the standards set forth in 49 CFR § 213 and meet the material specification and installation requirements in EXHIBIT A:

- Track inspections and appropriate record keeping
- Spot tie replacement

- Rail repairs/replacements
- Turnout repairs
- Signal maintenance or repair
- Sign replacement
- Weekly or monthly track inspections
- Weed control
- Brush cutting
- Snow removal/storm water maintenance and control
- Any track repairs needed to comply with FRA laws, rules and regulations applicable to the operation of the LEASED PROPERTY generally and specifically applicable to the FRA track class existing on the EFFECTIVE DATE of this LEASE AGREEMENT and the baseline Track Classification
- Any repairs needed to eliminate Temporary Slow Orders imposed during the TERM of this LEASE AGREEMENT
- Ditch and culvert maintenance and repair
- Switch tie replacements and renewal
- Turnout replacement
- Bridge and trestle repairs
- Public and private grade crossing surface repairs, replacement and warning maintenance
- Sub-grade and ballast replacement, tamping, and lining
- Reconstruction of passing, set out, siding for loadouts, and yard switching tracks

- 14.3 “Temporary Slow Order” means a speed restriction imposed as a result of a temporary cause such as a track defect awaiting repair. The LESSEE agrees to work within the scope of the Normalized Maintenance Program/Plan to perform all maintenance and necessary repairs to ensure that Temporary Slow Orders do not remain in effect for more than two (2) consecutive calendar quarters other than for reasons due to weather delays or other force majeure type events (i.e. strikes, riots, floods, washouts, fire, accidents, terrorism, and Acts of God).
- 14.4 LESSEE shall perform maintenance and repair work on all public crossing surfaces consistent with UTC laws and rules, and/or other laws as applicable.
- 14.5 LESSEE shall perform maintenance and repair work on all private crossing surfaces to maintain safe passage.
- 14.6 If the LESSEE fails to perform such maintenance as required in this SECTION, the LESSOR shall give written notice of such failure in accordance with SECTION 22. Failure to perform maintenance work by this SECTION will constitute a material breach of this LEASE AGREEMENT. If within sixty (60) days of receipt of such notice, LESSEE has not completed or taken steps to the LESSOR’s satisfaction to perform the required maintenance work, LESSOR reserves the right to perform such maintenance at LESSEE’s sole cost and expense.
- 14.7 All improvements shall become the property of the LESSOR upon installation, unless otherwise agreed to by and between the PARTIES in writing. All materials removed in the course of maintenance shall become the property of the LESSEE and be disposed of off-site at no expense to the LESSOR. The LESSEE shall provide the LESSOR with the location of all disposal sites to be used, if any, and shall also provide copies of the permits and approvals for such disposal sites before any waste is removed from the LEASED PROPERTY.

- 14.8 The LESSOR shall control Capital Rehabilitation Projects funded by the LESSOR ("LESSOR CAPITAL PROJECTS") to be performed on the LEASED PROPERTY rail line. The LESSOR agrees to perform LESSOR CAPITAL PROJECTS in a manner that does not unreasonably impede the LESSEE's operation of railcar traffic on the LEASED PROPERTY. The LESSOR shall have the right, but not the obligation, to perform LESSOR CAPITAL PROJECTS. The LESSEE is responsible for providing an Employee in Charge, railroad flagging, and reasonable track work windows at no cost.
- 14.9 Nothing in this LEASE AGREEMENT shall restrict the LESSEE from providing funds or seeking funds from third parties or other government agencies to facilitate LESSEE Rehabilitation Projects and/or economic development projects in addition to any LESSOR CAPITAL PROJECTS, so long as the other terms and conditions of this LEASE AGREEMENT are satisfied. The LESSEE will notify the LESSOR of any planned LESSEE Rehabilitation Projects. The LESSEE will control any LESSEE Rehabilitation Projects to be performed on the LEASED PROPERTY subject to the LESSOR's approval of the plans, location, scope, and quality of work.
- 14.10 The LESSEE, having agreed to maintain the LEASED PROPERTY, is granted permission to properly dispose of salvaged material from maintenance of way activities in such a way that it offsets disposal costs. Any funds received in excess of the cost to dispose shall be used for ongoing track maintenance but will not count towards the yearly maintenance requirement.

SECTION 15. INSPECTION

- 15.1 The LESSOR may perform more frequent inspections of the LEASED PROPERTY at its election at any time during the TERM of this LEASE AGREEMENT so long as the following conditions are met:
- 15.1.1 The LESSOR provides advance notice to the LESSEE;
 - 15.1.2 The LESSOR complies with all safety requirements of the LESSEE or as required by law applicable to the LEASED PROPERTY;
 - 15.1.3 The LESSOR obtains the appropriate authorizations from the LESSEE to be on the designated portions of the LEASED PROPERTY, such as track warrants;
 - 15.1.4 The LESSEE will be allowed to participate in any inspection; and
 - 15.1.5 The inspections are planned and coordinated with the LESSEE to minimize any interference with LESSEE's operations on the LEASED PROPERTY.
- 15.2 Any employee of the LESSOR or LESSOR's contractor participating in such inspections shall execute LESSEE's standard release of liability form before participating in such inspections.

SECTION 16. PLANS AND REPORTS

16.1 Safety and Operating Plan

Prior to the commencement of service pursuant to this LEASE AGREEMENT, LESSEE shall provide to LESSOR a copy of LESSEE's System Safety Plan ("SSP"). The SSP will include copies of the LESSEE's 49 CFR §§ 213, 214, 217, 234, 240, 242, and 243 programs submissions. LESSOR will review the programs and reserves the right to require the LESSEE's programs to exceed the FRA requirements in order to meet the LESSOR's standards.

16.2 Immediate Notice Requirements

The LESSEE shall notify the LESSOR by telephone or email as soon as possible after learning of the following events: derailments, FRA reportable injuries, trespasser strikes, train striking object or vehicle not at crossing, railroad/public/private crossing accidents, crossing signal false activation, activation failure or damage, and/or tracks taken out of service for more than one (1) day for any reason other than regular maintenance or repair.

16.3 The LESSEE shall retain all reports and other records of regulatory inspections, investigations, violations, and actions taken by the LESSEE in response to the events noted in SECTION 16.2. Upon request, the LESSEE will forward copies of these records electronically within 48 hours of each event to the LESSOR.

16.4 The LESSEE shall allow on-site review of training, certifications, and Safety Committee reports.

16.5 Within ten (10) days of issuing a General Order the LESSEE shall provide an electronic copy of the General Order to the LESSOR.

16.6 Traffic Report

Upon initiation of the collection of revenue for provided service, LESSEE shall provide LESSOR with a statement of traffic originating and terminating on the LEASED PROPERTY, compiled on a quarterly basis. The statements shall contain the following information: 1) Month, 2) number of carloads originated, 3) number of carloads terminated, and 4) commodity for each carload, origins and destinations (to the extent actually known) or where such information is available to the LESSEE and revenue by customer and commodity.

16.7 Normalized Maintenance Program/Plan

The LESSEE shall provide the LESSOR a Normalized Maintenance Program/Plan no later than January 30 of each year. The Normalized Maintenance Program/Plan shall include targeted upgrades and improvements and information necessary to allow the LESSOR to evaluate and determine public investment opportunities (if any) for economic development and/or rehabilitation of the LEASED PROPERTY. The report shall also include detail concerning all construction, use, installation, repair, maintenance, rehabilitation, and operation and removal activities occurring on or at the LEASED PROPERTY during the previous year.

16.8 Salvage Material Report

The LESSEE shall submit to the LESSOR a Salvage Material Report on an annual basis. The report shall identify what items were salvaged and the method of disposal.

16.9 Corrective Action Plan

LESSEE shall submit a Corrective Action Plan when a new corrective action is identified. LESSEE shall detail the remedy, deviation, projected cost, timeline, and impact to operations for the proposed corrective action.

16.10 The LESSEE shall submit all plans and reports noted in SECTION 16 in electronic format to:

Electronic Address: srmdoc@wsdot.wa.gov
Attn: PCC Railway

The LESSOR shall provide notice in writing to LESSEE providing any additional email address(es) required for submission of plans and/or reports.

SECTION 17. NO WARRANTIES OR COVENANTS

- 17.1 Except as specifically provided herein, LESSEE accepts the LEASED PROPERTY "AS IS, WHERE IS" with all faults and defects in its condition as the EFFECTIVE DATE of this LEASE AGREEMENT. LESSEE acknowledges that LESSOR has made and will make no representations, warranties, guarantees, statements or information, express or implied, pertaining to the LEASED PROPERTY, the condition of it, or its merchantability or suitability for any use or purpose whatsoever.

SECTION 18. ASSIGNMENT

- 18.1 LESSEE may not assign any or all of its rights and obligations under this LEASE AGREEMENT without the prior written approval of the LESSOR. To obtain LESSOR's approval to such an agreement, LESSEE shall provide written notice to LESSOR of its desire to assign this LEASE AGREEMENT, including a letter signed by an authorized officer of the intended assignee stating that the assignee agrees to such assignment and agrees to be bound by all terms of such assignment and by this LEASE AGREEMENT. This LEASE AGREEMENT will be binding upon and inure to the benefit of successors and assigns of LESSOR and successors and permitted assigns of LESSEE.

SECTION 19. LIABILITY AND INDEMNITY

- 19.1 The LESSEE shall indemnify and hold the LESSOR, the state, its successors and assigns, officers, agents and employees (hereinafter collectively referred to as the "Indemnitees") harmless from, and shall process and defend at its own expense all claims, demands, or suits at law or equity arising out of this LEASE AGREEMENT caused by the performance or failure to perform by the LESSEE, its agents, employees and/or its subcontractors of any and all duties prescribed by, or incidental to its performance under, this LEASE AGREEMENT; provided that nothing herein shall require the LESSEE to indemnify or hold LESSOR harmless against claims, demands, or suits based solely upon the negligent conduct of LESSOR, its officers or employees; and provided further that if the claims, demands, or suits are caused by or result from the concurrent negligence of (a) the LESSEE's agents or employees and (b) LESSOR's agents or employees, and involves those actions covered by RCW 4.24.115, this indemnity provision with respect to claims or suits based upon such negligence shall be valid and enforceable only to the extent of the LESSEE's negligence or the negligence of the LESSEE's agents or employees.
- 19.1.1 The LESSEE specifically assumes all potential liability for actions brought by its employees and, solely or enforcing the defense and indemnification obligations set forth herein, the LESSEE specifically waives any immunity granted under the state industrial insurance law, Title 51 RCW. The PARTIES have mutually negotiated this waiver. The LESSEE shall similarly require that each subcontractor it retains in connection with the improvements waives any immunity granted under Title 51 RCW and assumes all liability for actions brought by employees of the subcontractor.
- 19.1.2 This indemnification and waiver shall survive the termination of this LEASE AGREEMENT for all claims, demands, or suits at law or equity arising out of this LEASE AGREEMENT during its TERM.

- 19.2 If and to the extent such damage or loss (including costs and expenses) as covered by this indemnification is paid by the State Tort of Claims Fund, the State Authority Liability Trust Fund, the State Employee Broad Form Liability Fund, the State Insurance and Hazard Reserve Fund, and/or other self-insured funds established and maintained by the State of Washington Department of Enterprise Services Risk Management Division or any successor agency (all such funds hereinafter collectively referred to as the "FUNDS"), the LESSEE agrees to reimburse the FUNDS for such monies paid out by the FUNDS, except for claims arising out of or from negligent acts of LESSOR or any of the Indemnitees.
- 19.3 The indemnification obligation set forth in this SECTION shall not be limited by the limits of LESSEE's insurance.

SECTION 20. INSURANCE

- 20.1 At no cost to the LESSOR, LESSEE shall procure and maintain the insurance coverage set forth in this SECTION for the duration of this LEASE AGREEMENT, and shall be responsible for all premiums, deductibles, and/or self-insurance retentions. LESSEE shall obtain all insurance from insurers rated at least A- by A. M. Best and registered to do business in the State of Washington. In the event of a conflict among any insurance requirements, the most stringent requirement shall govern. With respect to any policy of insurance carried by LESSEE as required by this LEASE AGREEMENT, excepting, as applicable, workers compensation insurance (collectively, the "Insurance Policies"), the LESSOR shall be named as an additional insured with respect to such Insurance Policies. All Insurance Policies shall provide that such Insurance Policies shall not be cancelled or materially amended except on thirty (30) days' notice to the LESSOR. LESSEE shall have delivered to the LESSOR copies of certificates of insurance evidencing coverage for all Insurance Policies and policies for workers' compensation on or before the date of execution of this LEASE AGREEMENT and shall submit copies of all Insurance Policies to the LESSOR no later than March 1 annually thereafter.
- 20.2 Evidence of all insurance required hereunder shall be submitted to:
- Washington State Department of Transportation
Rail, Freight, and Ports Division
310 Maple Park Avenue SE, Box 47407
Olympia, Wash. 98501-2348
- Phone: 360-705-6983
Email: srmdoc@wsdot.wa.gov
Attn: PCC Railway
- 20.3 LESSEE shall provide the following types of insurance coverage in the limits specified below:

20.3.1 Railroad Liability Insurance

LESSEE, at LESSEE's cost and expense, shall procure or cause to be procured and maintain or cause to be maintained, during the continuance of this LEASE AGREEMENT, railroad liability insurance covering liability for all claims of bodily injury and property damage, imposed upon LESSEE or and/or assumed by the LESSEE under this LEASE AGREEMENT with respect to all work and operations performed by LESSEE or in connection with this LEASE AGREEMENT. Such policy shall conform to the coverages provided under Insurance Services Organization commercial liability coverage form with all railroad exclusions being deleted. The policy shall also include coverage provisions for Federal Employers Liability Act (FELA), foreign rolling

stock, bill of lading and pollution cleanup expenses due to a railroad accident, and evacuation expenses. Such coverage (which can be a combination of primary and excess coverages) shall have limits of not less than \$10,000,000 per occurrence and \$20,000,000 in the aggregate, and any retroactive date shall be prior to the start of this LEASE AGREEMENT. The LESSEE or shall furnish to the LESSOR certificates of insurance evidencing the above coverage in the form of a policy (or policies) at the time of execution of this LEASE AGREEMENT. Such insurance shall contain an endorsement naming the LESSOR and the Indemnitees as "additional insured" pursuant to form CG 20 26, which shall be "primary and non-contributory" with respect to any other insurance maintained by LESSOR and the Indemnitees, and which shall also contain a waiver of subrogation in favor of LESSOR and the Indemnitees. In addition, such insurance shall contain a notification provision under which the insurance company agrees to give thirty (30) days' written notice to the LESSOR or any change in or cancellation of the policy, except for ten (10) days for non-payment of premium. These endorsements and notice provisions shall be stated on the certificate of insurance to the LESSOR.

20.3.2 Automobile Liability Insurance

A policy issued to and covering the liability of LESSEE arising out of the use of all owned, non-owned, hired, rented or leased vehicles which bear, or are required to bear, license plates according to the laws of the jurisdiction in which they are to be operated. Coverage under this policy (or policies) shall have limits of liability of not less than \$2,000,000 per occurrence, combined single limit for bodily injury and property damage liability.

20.3.3 Pollution Liability Insurance

A policy issued to and covering the liability of LESSEE or arising out of the pollution or impairment of the environment, including costs of investigation and clean-up, caused by or relating to LESSEE's performance of services under this LEASE AGREEMENT. Coverage under this policy (or policies) shall have limits of liability of not less than \$5,000,000 each claim, with a \$10,000,000 annual aggregate. The policy shall name the LESSOR and the Indemnitees as additional insureds pursuant to form CG 20 26, which shall be "primary and non-contributory" with respect to any other insurance maintained by LESSOR and the Indemnitees, and which shall also contain a waiver of subrogation in favor of LESSOR and the Indemnitees.

- 20.4 No policies shall specify a deductible or self-insured retention of more than \$50,000 per claim. If demanded in writing by the insurer and with the LESSOR's approval, the deductible limit may be increased to an amount not in excess of the limit established under the usual deductible guidelines of the insurer, provided LESSEE meets the LESSOR's standard requirements for self-insurance.
- 20.5 Except as otherwise stated herein, there is no waiver of subrogation rights by either PARTY with respect to insurance. If and to the extent such damage or loss (including costs and expenses) for which LESSEE is liable is paid by the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, the State Employee Board From Liability Fund, the State Insurance and Hazard Reserve Fund, and other self-insured funds established and maintained by the State of Washington Department of Enterprise Services Risk Management Division or any successor agency (all such funds hereinafter collectively referred to as the "Funds"), LESSEE agrees to reimburse the Funds for such monies paid out by the Funds.
- 20.6 LESSEE shall require any contractors, assignees, LESSEE'S OPERATING DESIGNEE, and/or other third parties it engages for the provision of service under this LEASE AGREEMENT to carry the insurance as required by the LESSEE, or may, at its option, provide the coverage for

any or all contractors, assignees, LESSEE'S OPERATING DESIGNEE, and/or other third parties. The LESSOR shall be named as an additional insured by any contractors, assignees, LESSEE'S OPERATING DESIGNEE, and/or other third parties.

SECTION 21. SURFACE TRANSPORTATION BOARD (STB) APPROVALS

- 21.1 Prior to initiation of freight rail service pursuant to this LEASE AGREEMENT, LESSEE hereby warrants and represents to LESSOR that LESSEE has applied or will apply to the STB and to all other appropriate governmental and regulatory authorities for all necessary orders approving or authorizing LESSEE to enter into this LEASE AGREEMENT and to conduct railroad operations on the LEASED PROPERTY according to the terms and provisions hereof, or exempting LESSEE from the requirements of obtaining such approval and authorization. The PARTIES understand and agree that the entry of an order of the STB approving and authorizing or exempting this transaction and the railroad operations of LESSEE according to the terms and conditions hereof is a condition precedent to the obligations of either PARTY hereunder. LESSOR agrees to cooperate with and support LESSEE's efforts to obtain any required governmental approvals.
- 21.2 LESSEE shall not seek authority to abandon or discontinue rail service from the STB or other governmental or regulatory authority without the prior written approval of the LESSOR; provided, however, that upon termination of this LEASE AGREEMENT for any reason, LESSEE shall file for any requisite abandonment, discontinuance, or change of operator's authority, whichever is applicable, to terminate its operations under this LEASE AGREEMENT. LESSEE and the LESSOR agree to cooperate as necessary with respect to the schedule and for obtaining any regulatory approvals to terminate LESSEE's operations under this LEASE AGREEMENT.
- 21.3 Consistent with its federal common carrier obligations and notwithstanding the termination of this LEASE AGREEMENT, LESSEE shall have the right to continue to operate until such time as a new operator is selected and LESSEE has obtained STB regulatory authority to abandon, discontinue, or otherwise terminate its operations.
- 21.4 LESSEE shall be responsible for all of LESSEE's costs and expenses in connection with the grant or termination of operating authority set forth in this SECTION.

SECTION 22. TERMINATION

22.1 Termination by Election.

22.1.1 The PARTIES may not terminate this LEASE AGREEMENT by election except as follows:

22.1.1.1 The LEASE AGREEMENT may be terminated upon mutual consent for the disposition of the LEASED PROPERTY during the TERM of this LEASE AGREEMENT and LESSEE shall have the option but not the obligation to purchase the dispositioned LEASED PROPERTY at Fair Market Value as valued by an independent third-party.

22.2 Termination by Force Majeure.

22.2.1 By mutual agreement of the PARTIES, this LEASE AGREEMENT may be terminated in the event of a complete interruption of maintenance and operating services due to a force majeure event lasting more than two (2) months.

22.3 Termination for Breach.

- 22.3.1 In the event LESSEE breaches any of the material terms and conditions of this LEASE AGREEMENT, LESSOR shall give written notice of such breach in accordance with this SECTION. If within thirty (30) days of receipt of such notice, LESSEE has not cured such breach or if LESSEE has not taken all reasonable steps toward effecting such cure, then this LEASE AGREEMENT shall be terminated and LESSOR shall have the right, but not the obligation, to take possession of the LEASED PROPERTY but only upon LESSEE receiving authority to abandon, discontinue, or otherwise change operators on the LEASED PROPERTY; and subject to any federal regulatory obligations, LESSOR may take any other action or exercise any remedy available to LESSOR at law or equity. In the event LESSOR breaches any of the material terms and conditions of this LEASE AGREEMENT, LESSEE shall give written notice of such breach in accordance with this SECTION. If within thirty (30) days of receipt of such notice, LESSOR has not cured such breach or if LESSOR has not taken reasonable steps toward effecting such cure, then LESSEE may terminate this LEASE AGREEMENT and LESSEE may take any other action or exercise any remedy available to LESSEE at law or equity.
- 22.4 Upon termination of this LEASE AGREEMENT, any and all improvements made to the LEASED PROPERTY shall become the property of the LESSOR, unless the PARTIES agree otherwise in writing. LESSEE shall return the LEASED PROPERTY back to LESSOR in no worse condition than the condition in which the LEASED PROPERTY was delivered to LESSEE, unless otherwise agreed to in writing in advance by the PARTIES. LESSEE shall remove all of its fixtures, machinery, equipment, and WASTE MATERIAL (hereinafter referred to as "LESSEE PROPERTY") placed or maintained on the LEASED PROPERTY within sixty (60) days following termination or expiration of the TERM of this LEASE AGREEMENT. If the LESSEE fails to remove LESSEE PROPERTY, the LESSOR will remove LESSEE PROPERTY at the LESSEE's expense.
- 22.5 Termination of this LEASE AGREEMENT shall not release any PARTY hereto from any obligation under this LEASE AGREEMENT arising prior to said termination.

SECTION 23. TAXES, ASSESSMENTS, UTILITIES AND FINES

- 23.1 It is understood and agreed that the LEASED PROPERTY will be used by the LESSEE in its rail operations and will be a part of LESSEE's operating property.
- 23.2 The LESSEE shall pay and discharge, on or before the last day on which payment may be made without penalty or interest, any and all taxes (including, without limitation, all real public taxes), assessments, charges for public utilities, excise, license and permit fees, fines, sewer rentals and other governmental impositions and charges which shall or may during the TERM hereof be charged, assessed, imposed, become due and payable, or a lien upon, or arising in connection with the use by the LESSEE of the LEASED PROPERTY. The LESSEE shall have the right to contest any such taxes or other charges by appropriate legal proceedings, conducted at its own expense, provided that the LESSEE shall furnish to the LESSOR a surety bond or other security satisfactory to the LESSOR sufficient to cover the amount of the contested item(s) when such item(s) exceed \$2,500, with interest and penalty for the period which such proceeding may be expected to take. The LESSEE shall also pay any and all charges for water, gas, electricity, and other utility services provided to the LEASED PROPERTY and used by the LESSEE in the

provision of freight rail service hereunder. LESSEE shall report and file all returns as required by state or federal law for its use of the LEASED PROPERTY.

23.3 If for any reason such taxes or assessments are charged, billed or in any fashion imposed upon LESSOR, LESSEE shall pay LESSOR for such taxes or assessments within twenty (20) days after LESSOR renders the bill to LESSEE.

23.4 LESSOR shall apply all such amounts received from LESSEE to the taxes or assessments due.

SECTION 24. NOTICES

24.1 All notices given under this LEASE AGREEMENT shall be in writing and sent by email or by express, registered, or certified mail, postage prepaid, to the PARTIES at the respective addresses set forth below, or such other addresses as may be specified by written notice and delivered in accordance herewith, and all such notices shall be deemed so delivered when deposited in the United States mail.

LESSOR:

Washington State Department of Transportation
Rail, Freight, and Ports Division
310 Maple Park Avenue SE, Box 47407
Olympia, WA 98501-2348

Attn: PCC Railway

Phone: 360-705-6983

Email: srmdoc@wsdot.wa.gov

LESSEE:

BLPI RR LLC.
3759 ID-6
Princeton, ID 83857

Phone: 208-875-1121

Email: brett@blpi.com

SECTION 25. EVENTS CONSTITUTING DEFAULT

25.1 Any of the following events shall constitute a material breach of this LEASE AGREEMENT and default hereunder:

25.1.1 The non-performance or non-compliance by LESSEE or LESSOR of any material term, covenant or condition of this LEASE AGREEMENT which is not cured pursuant to this LEASE AGREEMENT.

25.1.2 Any affirmative act of insolvency by LESSEE, or the filing by LESSEE of any petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to debtors.

25.1.3 The filing of any involuntary petition under any bankruptcy statute against LESSEE, or the appointment of any receiver or trustee to take possession of the property of the LESSEE.

- 25.1.4 The suspension or revocation of any of LESSEE's regulatory authority to operate freight rail service on the LEASED PROPERTY.
- 25.1.5 LESSEE's committing waste or allowing the attachment of any lien on the LEASED PROPERTY which is not cured within ninety (90) days; provided, however, if LESSEE in good faith contests a lien, it shall have such additional time to cure as is reasonable under the circumstances.
- 25.1.6 Any notice, petition or application by LESSEE to the STB or other governmental or regulatory authority without prior written approval of LESSOR.
- 25.1.7 Failure to provide on a monthly basis or as agreed to by mutual agreement freight rail services on the LEASED PROPERTY.
- 25.2 On the occurrence of any of the events of default listed in this LEASE AGREEMENT, subject to the cure rights of LESSEE under SECTION 22.2.1, the LESSOR, as applicable, may terminate this LEASE AGREEMENT by written notice to the LESSEE and, in addition, may take any other action or exercise any additional remedy available to them under state law or equity.
- 25.3 In case of termination by the LESSOR or the LESSEE pursuant to any provision of this LEASE AGREEMENT, the LESSEE's obligations on termination shall be governed by the provisions of this LEASE AGREEMENT hereof.

SECTION 26. ACCEPTANCE OF PARTIAL PAYMENTS

- 26.1 In the event LESSEE is in default hereunder, acceptance by LESSOR of partial payment or performance shall not waive the default. LESSOR's right to terminate shall not be prevented except by full performance by LESSEE prior to its receiving written notice of termination. This LEASE AGREEMENT shall not be reinstated after termination except by written agreement with LESSOR.

SECTION 27. AMENDMENT

- 27.1 No term or provision of this LEASE AGREEMENT may be changed, waived, discharged, or terminated except by an instrument in writing signed by both PARTIES hereto.

SECTION 28. CLEAN AIR AND WATER

- 28.1 In performing freight rail services hereunder, the LESSEE shall comply with all applicable standards, orders, or requirement issued under: 1) the Clean Air Act (42 U.S.C. § 7401 et. seq.), and any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738 or any applicable implementation plan as described in the Clean Air Act (42 U.S.C. § 7410, 7411(c), and 7411(d)); 2) the Clean Water Act (33 U.S.C. § 1251 et. seq.) and any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency ("EPA") or by the LESSOR under an approved program, as authorized by the Clean Water Act (33 U.S.C. § 1342), or by local government to ensure compliance with pretreatment regulations as required by the Clean Water Act (33 U.S.C. § 1317); and, 3) the EPA regulations (Title 40 of the CFR).
- 28.2 All violations shall be reported by the LESSEE to the FRA and to the U.S. EPA Assistant Administrator for Enforcement. The LESSEE shall hold harmless, indemnify and defend the

LESSOR from any claims, costs, damages, fines, or other penalties arising from any violation of the provisions of this SECTION in the performance of freight rail services on the LEASED PROPERTY, regardless of the absence of negligence or other malfeasance by the LESSEE. This provision shall survive the termination of this LEASE AGREEMENT for any reason.

- 28.3 For purposes of this SECTION, the term "Facility" means any building, plant, installation, structure, location, or site of operations, owned, leased, or supervised by the LESSEE or a subcontractor of LESSEE, used in the performance of this LEASE AGREEMENT. When a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a Facility except when the Administrator, or a Designee of the Office of Federal Activities, EPA, determines that independent Facilities are co-located in one (1) geographical area.

SECTION 29. HAZARDOUS MATERIALS

- 29.1 At no time during the TERM of this LEASE AGREEMENT shall LESSEE without the prior written consent of the LESSOR maintain, treat, dispose of, store, or have on the LEASED PROPERTY, or permit any other party to have, maintain, treat, dispose of, or store on the LEASED PROPERTY, any material which is classified by federal, state, or local authorities as a hazardous material or hazardous waste or which requires a permit for storage, treatment, disposal of, handling, or maintenance from any government authority. As used herein, "storage" is defined for the purposes of storing hazardous commodities where the storage and attendant cost is the only business purpose on the LEASED PROPERTY.
- 29.2 LESSEE further agrees to indemnify and hold LESSOR harmless from all costs, expenses, liabilities, demands, claims, causes of action at law or in equity whatsoever arising from any treatment, disposal, storage, maintenance or handling of any hazardous material or hazardous waste on the LEASED PROPERTY resulting or arising out of the LESSEE's use of the LEASED PROPERTY including, but not limited to, the cost of clean-up, environmental damage assessments, defense, and reasonable attorneys' fees. The PARTIES acknowledge that the inclusion of this indemnification and hold harmless provision shall in no manner whatsoever evidence a waiver, consent or permission by LESSOR for LESSEE to violate this LEASE AGREEMENT. The indemnification obligation set forth in this LEASE AGREEMENT shall not be limited by the limits of the LESSEE's insurance.
- 29.3 If the performance of this LEASE AGREEMENT creates any solid or hazardous wastes (e.g., the removal of any materials from the rail cars that require disposal), said waste shall be properly disposed of in accordance with federal, state, and local laws, at the expense of the LESSEE. In no event shall the LESSOR be identified as the generator of the waste(s). The LESSEE shall notify the LESSOR of any such hazardous waste(s) and the LESSOR shall receive a copy of the results of any tests conducted on the waste(s). The LESSEE shall hold harmless, indemnify and defend the LESSOR from any claims, costs, damages, fines or other penalties arising from the disposal of any waste(s) created by the performance of this LEASE AGREEMENT, regardless of the absence of negligence or other malfeasance by the LESSEE. This provision shall survive the termination of this LEASE AGREEMENT for any reason.
- 29.4 LESSEE has declined the use of and shall not use the LEASED PROPERTY for the shipping, receiving, handling, or storage of railcars containing hazardous materials, as defined by the United States Department of Transportation (the "DOT"). No use of the LEASED PROPERTY for shipping, receiving, handling, and storage of railcars containing hazardous materials shall take

place unless and until LESSEE and LESSOR amend LEASE AGREEMENT to specifically allow for such use and for the LESSEE's provision of proof of such insurance that LESSOR shall require, in its sole discretion, prior to any such shipping, receiving, handling, or storage of railcars containing hazardous materials.

SECTION 30. NONDISCRIMINATION

- 30.1 With respect to LESSEE's performance of the LEASE AGREEMENT, LESSEE and its subcontractor(s) shall comply with RCW 49.60.180 and all other applicable nondiscrimination requirements. LESSEE and its subcontractor(s) shall not unlawfully discriminate against any person because of age, sex, marital status, sexual orientation, race, creed, color, national origin, citizenship or immigration status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability. Failure to fully comply with such requirements may result in termination of this LEASE AGREEMENT.

SECTION 31. GOVERNING LAW

- 31.1 This LEASE AGREEMENT shall be governed and construed in accordance with the laws of the state of Washington. Venue of any action hereunder shall be in Thurston County Superior Court, Washington or in federal district court in the United States District Court for the Eastern District of Washington.
- 31.2 No provisions of this LEASE AGREEMENT shall be construed as waiving any immunity to suit or liability, including without limitation sovereign immunity, which may be available to the LESSOR.
- 31.3 If LESSEE accepts, directly or indirectly, any federal assistance monies in connection with this LEASE AGREEMENT, LESSEE agrees that it shall comply with any and all requirements under federal law governing such federal funding.

SECTION 32. COMPLIANCE WITH APPLICABLE LAWS

- 32.1 The LESSEE shall comply with all applicable statutes, laws, and ordinances of all federal, state, and local governments or other governmental authorities, regulatory authorities and commissions, foreseen and unforeseen, ordinary as well as extraordinary, for the entire period of this LEASE AGREEMENT.

SECTION 33. WARRANTY OF SIGNATURE

- 33.1 LESSOR represents to LESSEE that the person executing this LEASE AGREEMENT for LESSOR is fully authorized to sign this LEASE AGREEMENT and to bind LESSOR to the terms of this LEASE AGREEMENT. LESSEE warrants to LESSOR that the person executing this LEASE AGREEMENT for LESSEE is fully authorized to sign this LEASE AGREEMENT for LESSEE and to bind LESSEE to the terms of this LEASE AGREEMENT.

SECTION 34. NON-WAIVER

- 34.1 No failure of either PARTY to exercise any right or power given to such PARTY under this LEASE AGREEMENT, or to insist upon strict compliance by the other PARTY with the provisions of this LEASE AGREEMENT, and no custom or practice of either PARTY at variance with the terms and conditions of this LEASE AGREEMENT, will constitute a waiver of

either PARTY's right to demand exact and strict compliance by the other PARTY with the terms and conditions of this LEASE AGREEMENT.

SECTION 35. CONTINUITY

35.1 Each of the provisions of this LEASE AGREEMENT will be binding upon and inure to the benefit and detriment of LESSOR and LESSEE and the successors and assigns of LESSOR and LESSEE.

SECTION 36. TIME OF THE ESSENCE

36.1 All time limits stated herein are the essence of this LEASE AGREEMENT.

SECTION 37. PREAMBLE, RECITALS AND EXHIBITS

37.1 The Preamble, Recitals, and Exhibits hereto are a part of this LEASE AGREEMENT and are incorporated herein by reference.

SECTION 38. SEVERABILITY

38.1 If any one (1) or more of the provisions contained herein are for any reason held by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this LEASE AGREEMENT will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

SECTION 39. CAPTIONS

39.1 The brief headings or titles preceding each provision hereof are for purposes of identification and convenience only and should be completely disregarded in construing this LEASE AGREEMENT.

SECTION 40. INTERPRETATION

40.1 Should any provision of this LEASE AGREEMENT require judicial interpretation, it is agreed that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one PARTY by reason of the rule of construction that a document is to be construed more strictly against the PARTY who itself or through its agent prepared the same, it being agreed that the agents of all PARTIES have participated in the preparation hereof.

SECTION 41. NO THIRD-PARTY BENEFICIARIES

41.1 All rights under this LEASE AGREEMENT are for the benefit of, and all obligations hereunder are binding upon, the LESSOR and LESSEE alone, and no others. No rights or obligations created by this LEASE AGREEMENT are intended to or shall benefit or be enforceable by any unrelated third party. No privity of LEASE AGREEMENT shall be created by this LEASE AGREEMENT between the LESSOR or LESSEE and any other party.

SECTION 42. ENTIRE AGREEMENT

42.1 This LEASE AGREEMENT supersedes all prior negotiations, discussion, statements and agreements between LESSOR and LESSEE and constitutes the full, complete, and entire LEASE AGREEMENT between LESSOR and LESSEE with respect hereto; no member, officer,

employee, or agent of LESSOR and LESSEE has authority to make, or has made, any statement, agreement, representation, or contemporaneous agreement, oral or written, in connection herewith, amending, supplementing, modifying, adding to, deleting from, or changing the terms and conditions of this LEASE AGREEMENT. No modification of or amendment to this LEASE AGREEMENT will be binding on either PARTY hereto unless such modification or amendment will be properly authorized, in writing, properly signed by both LESSOR and LESSEE, and incorporated in and by reference made a part hereof.

SECTION 43. DISPUTES

- 43.1 In the event that a dispute arises under this LEASE AGREEMENT which cannot be resolved between the PARTIES, the dispute shall be settled in the following manner: Each PARTY to this LEASE AGREEMENT shall appoint a member to the dispute board. The members so appointed shall jointly appoint a third member, who is not employed by or affiliated in any way with the two (2) PARTIES to this LEASE AGREEMENT. The dispute board shall evaluate the facts, contract terms, and applicable statutes and rules and make a determination of the dispute. The determination of the dispute board shall be final and binding on the PARTIES hereto. The PARTIES agree to each be responsible for its own costs and further agree to equally share the cost of the third member of the dispute board.

SECTION 44. PUBLIC RECORDS

- 44.1 The LESSOR is an agency subject to the Public Disclosure requirements in chapter 42.17A RCW and chapter 42.56 RCW. This LEASE AGREEMENT and any records, data or other information received or used by the LESSOR in the course of this LEASE AGREEMENT shall become a public record as defined in RCW 42.56.010. Any specific information that is claimed by the LESSEE to be confidential or proprietary must be clearly identified as such by the LESSEE. To the extent consistent with chapters 42.17A and 42.56 RCW et. seq, the LESSOR will maintain the confidentiality of all such information marked confidential or proprietary. If a request is made to view the LESSEE's information, the LESSOR will notify the LESSEE of the request and the date that such records will be released to the requester unless the LESSEE obtains a court order enjoining disclosure, the LESSOR will release the requested information on the date specified.

SECTION 45. ATTORNEY'S FEES

- 45.1 Should it become necessary for LESSOR or LESSEE to engage in arbitration or other legal proceedings as may be necessary for the purpose of enforcing this LEASE AGREEMENT for the purpose of recovering damages or otherwise, each PARTY, except as otherwise provided in this LEASE AGREEMENT above, shall be responsible for its own costs, attorneys' fees, and any other reasonable expenses incurred in connection with those legal proceedings.

SECTION 46. COUNTERPARTS

- 46.1 This LEASE AGREEMENT may be executed in several counterparts, each of which shall be deemed to be an original having identical legal effect.

SECTION 47. CONSEQUENTIAL DAMAGES

- 47.1 Under no circumstances shall LESSOR or LESSEE have any liability to the other PARTY, their employees, agents or representatives, for any consequential, incidental, or other indirect loss or damages, punitive, or exemplary damages or costs howsoever caused.

SECTION 48. WORKERS' RIGHT TO KNOW

- 48.1 Except where such matters are regulated by the FRA, LESSEE shall comply with the requirements of WAC 296-901-14014 of the State of Washington Department of Labor and Industries regarding worker awareness of hazardous substances in the work environment.
- 48.2 Labor and Industries may levy appropriate fines against employers for noncompliance. It should be noted that OSHA Form 20 is not acceptable in lieu of this requirement unless it is modified to include appropriate information relative to "carcinogenic ingredients" and "routes of entry" of the product(s) in question.

SECTION 49. GIFTS AND GRATUITIES

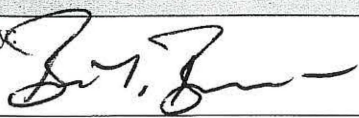
- 49.1 In accordance with RCW 42.52.140, 42.52.150 and 42.52.160, it is unlawful for any person to directly or indirectly offer, give or accept gifts, gratuities, loans, trips, favors, special discounts, services, or anything of economic value in conjunction with state business practices to another to refrain from submitting a Proposal. Further the Ethics in Public Service Act, chapter 42.52 RCW prohibits state officers or employees from receiving, accepting, taking or seeking gifts (except as permitted by RCW 42.52.150) if the officer or employee participates in contractual matters relating to the purchase of goods and services.

SECTION 50. AUDIT

- 50.1 LESSEE shall provide services to support LESSOR's internal audit staff and external auditors to meet all audit requirements. The LESSEE shall provide all financial, transaction, and inventory records and reports to support auditing. The LESSEE shall grant full access to its records, staff, data, systems, and other information for its LEASE AGREEMENT deliverables to LESSOR's Internal Audit staff and external auditors.
- 50.2 LESSEE shall maintain books, records, documents, and other evidence relating to this LEASE AGREEMENT, including but not limited to, accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature to maintain and repair real property per this LEASE AGREEMENT. LESSEE may retain records in an electronic format if they are well structured and indexed for easy reference and access. LESSEE shall retain all such records for six (6) years after expiration of this LEASE AGREEMENT. If any audit, litigation, or claim is started before the expiration of the six (6) year period, the records shall be retained until all audits, litigation, or claims involving the records are resolved. Records involving matters in litigation related to this LEASE AGREEMENT shall be kept for either one (1) year following the termination of litigation, including all appeals, or six (6) years from the date of expiration of this LEASE AGREEMENT.
- 50.3 All such records shall be subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by the LESSOR, LESSOR's Director of Internal Audit, the Office of the State Auditor, as well as federal officials so authorized by law, rule, regulation, or contract, at no additional cost to LESSOR. During the TERM of this LEASE AGREEMENT, LESSEE shall provide access to original records for examination, inspection, copying, or audit. LESSEE shall be responsible for any audit exceptions or costs associated with unperformed maintenance per SECTION 14 of this LEASE AGREEMENT.

IN WITNESS WHEREOF, said PARTIES hereto have caused this LEASE AGREEMENT to be duly executed under seal by their duly authorized representatives.

This LEASE AGREEMENT shall become effective as of the EFFECTIVE DATE first above written.

BLPI RR LLC	WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
By: 	By:  Jason Biggs (Mar 17, 2026 14:46:23 PDT)
Printed: Brett Bennett	Printed: Jason Biggs, PE
Title: Owner	Title: Director - Rail, Freight, and Ports
Date: 3-12-26	Date: Mar 17, 2026

Federal Employee Tax No. 91-0726966

Approved as to form:

By: 
James Nelson
Assistant Attorney General
State of Washington

Date: 13 March 2026

Any modification, change or revision to this AGREEMENT requires the further approval as to form by the Office of the Attorney General.

LEASE AGREEMENT EXHIBIT A

Material Specifications and Installation Requirements

Ties

Timber ties shall be new Industrial Grade or better, end plated, and meet the requirements of AREMA Volume 1 Chapter 30 Part 3. Ties shall be graded by the standards set forth by the American Lumber Standards and the West Coast Lumber Inspection Bureau.

The following woods can be used for crossties:

- Eastern Species: Oaks, Maples, Elms, Gums, Cypressess, Hickories, Birches, Cherries, Sassafras, Beeches, Sycamores, Walnuts, Locusts.
- Western Species: Douglas Fir

Timber ties shall be pressure treated with Creosote-Type Preservatives in accordance with AREMA Chapter 30 Part 3.7, by the empty cell process. Retention at a minimum shall be as follows:

- Douglas Fir – 8pcf. or refusal
- Hardwood (not including Oak or Hickory) - 7 pcf. or refusal
- Oak, Hickory - 7 pcf. or refusal

Surface/Line/Dress

The LESSEE shall complete 3 miles of Surface, Line, and Dressing along the WIM. This work includes purchasing and placing ballast. For estimation, no less than 264 tons of ballast shall be placed per 1 mile of track.

The LESSEE shall prepare the track prior to resurfacing in whatever measures necessary to ensure the track is suitable to perform surfacing, including, but not limited to minor excavations, track repairs, applying tie field preservation, pre-regulating, and an insertion only tamping pass.

A production tamper in conjunction with a ballast regulator shall be used for surfacing and lining.

Surface, Line and Dressing shall be completed in order to maintain or improve track alignment and profile for the FRA track class, which is shown in the Track Condition Report. Surfacing and regulating operations shall not add or remove ballast/roadbed material six (6) feet beyond track centerline. Surfacing shall take place following production tie replacement or the addition of ballast.

Ballast

Ballast is to be used in conjunction with crossings, turnouts, Surface/Line/Dress and annual maintenance functions. All ballast shall be placed within the mainline prism. Any LESSOR supplied ballast shall be delivered and stockpiled at an agreed upon location.

Ballast shall be used to fill the crib to full height if material is present or at least 2/3 full. The ballast material shall be compacted with a 16 tool vibrating squeeze-type mechanical tamper for making a minimum of one full tamping insertion per tie for each inch of cribbed void below tie, with minimum of two insertions. For random tie replacement, hand tamping with a mechanical tool is acceptable.

Drainage

Culverts or drainpipes shall be laid in conformity with the line and grades, and soil-tight joints. For culverts, corrugated E80 load-rated metal pipe will be used.

General Requirements

At no cost to the LESSOR, the LESSEE shall be responsible for off-loading all LESSOR supplied materials, which will be delivered and stockpiled at an agreed upon location(s). The LESSEE is then responsible for transporting all materials to the jobsite.

EXHIBIT B PAGE 1 OF 2

Parcel No. (Marked No.)	Grantor	Grantee	Instrument	Date	Record	Chas. No.	Remarks
17	William Volts and Thomas Metcalf	Washington Idaho & Montana Ry Co.	Deed	June 12, 1905	Deed Book 121 P. 60	June 20, 1905	
18	Pallarich Lumber Company		Right of Way Deed	July 16, 1906	123 P. 221	March 14, 1909	
18A	Ursula Palmer et ux.		Quit Claim Deed	May 12, 1905	126 P. 221	June 2, 1905	
19B	Jarvis B. Cross et ux.		Warranty Deed	May 11, 1905	126 P. 216	June 2, 1905	
20	Jarvis B. Cross et ux.		Warranty Deed	May 11, 1905	126 P. 217	June 2, 1905	
21	William Collard et ux.		Deed	May 23, 1905	126 P. 211	June 2, 1905	
22A	Jon Schmidt et ux.		Deed	May 23, 1905	126 P. 235	June 2, 1905	
22B	Jon Schmidt et ux.		Deed	May 23, 1905	126 P. 235	June 2, 1905	
23	Jon Schmidt et ux.		Deed	May 23, 1905	126 P. 213	June 2, 1905	
24	Charles H. David et ux.		Deed	May 6, 1905	126 P. 218	June 2, 1905	

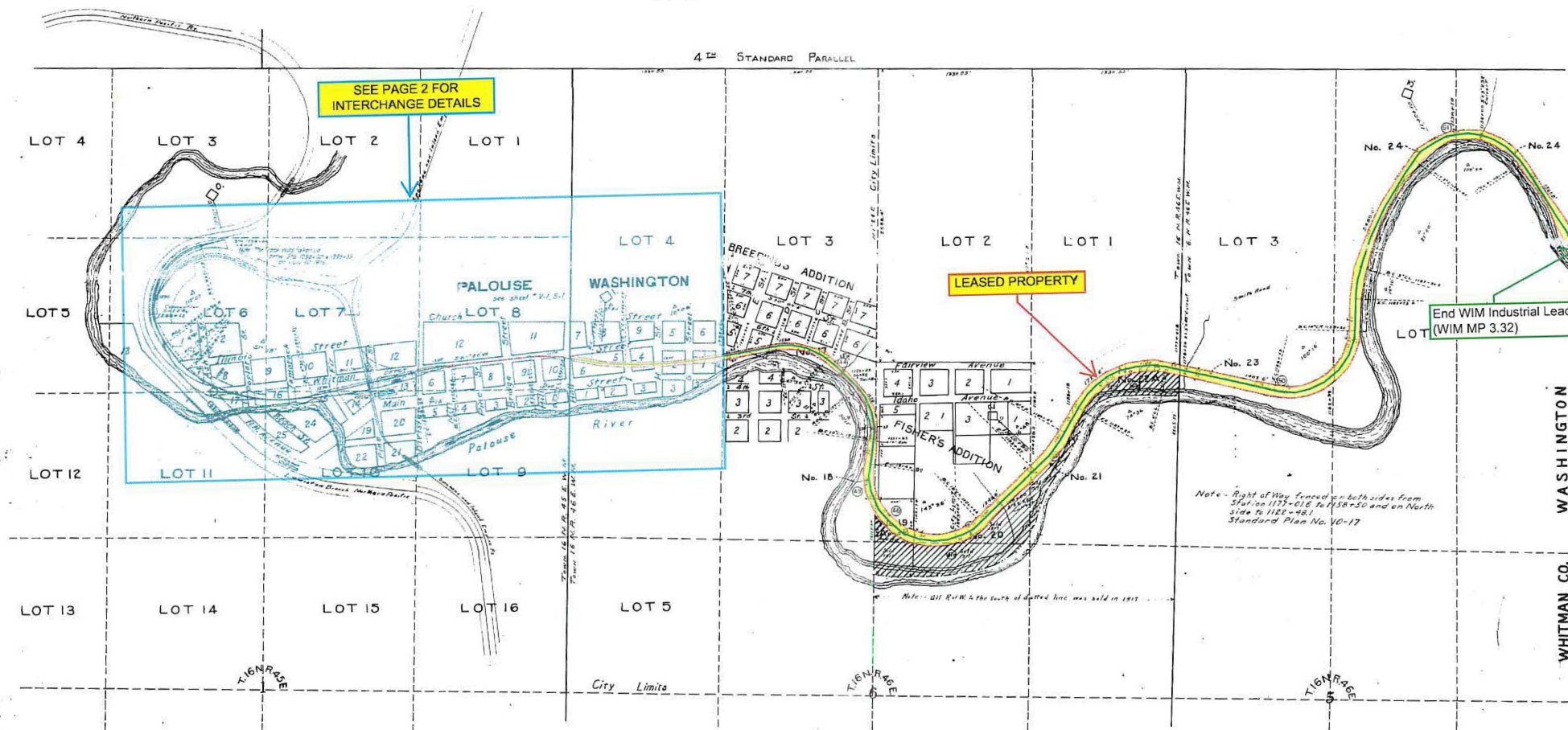
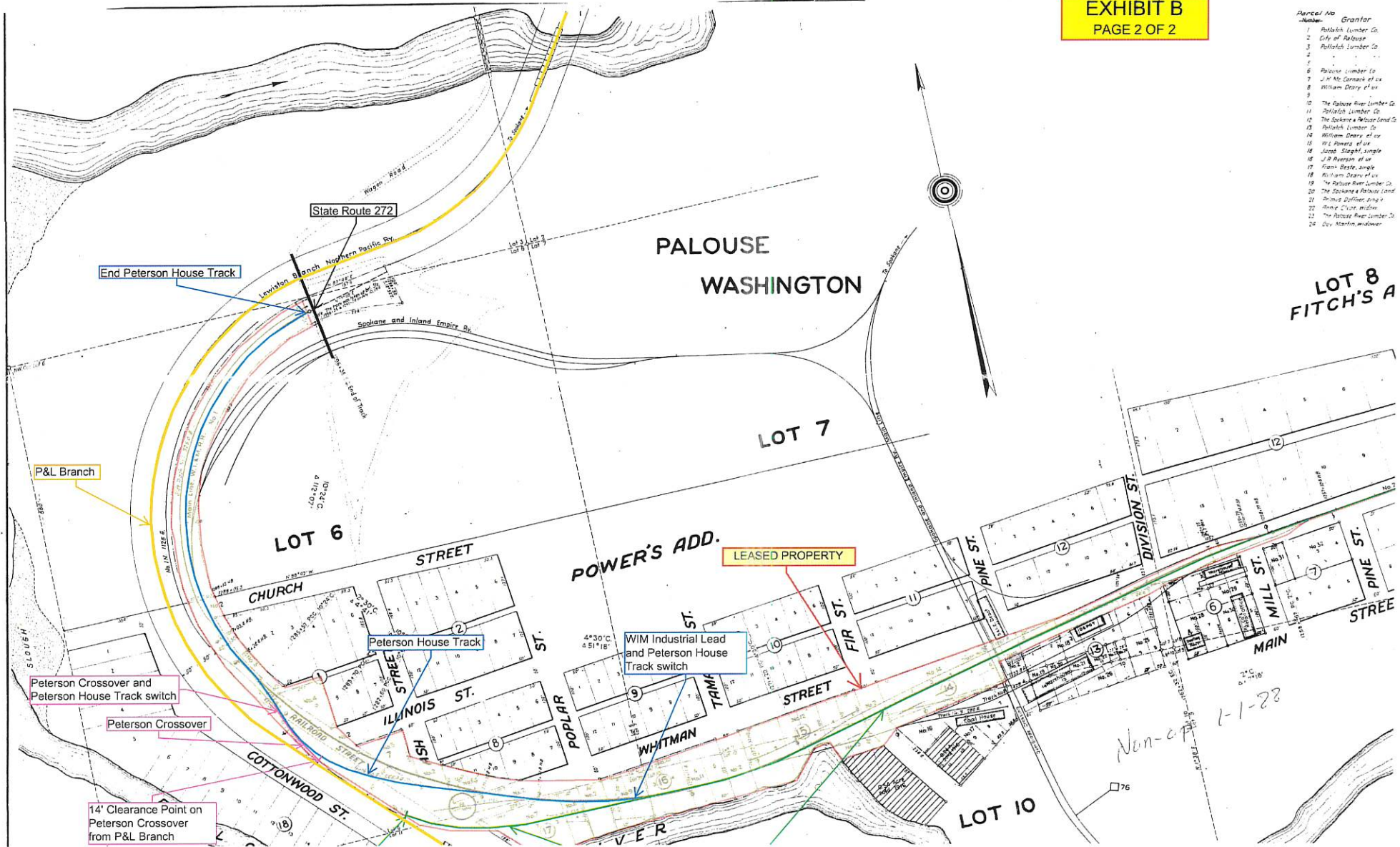


EXHIBIT B
PAGE 2 OF 2

Parcel No.	Grantor
1	Palouse Lumber Co.
2	City of Palouse
3	Palouse Lumber Co.
4	
5	
6	Palouse Lumber Co.
7	J. H. Mc Connick et ux
8	William Deary et ux
9	
10	The Palouse River Lumber Co.
11	Palouse Lumber Co.
12	The Spokane & Moscow Land Co.
13	Palouse Lumber Co.
14	William Deary et ux
15	W. L. Powers et ux
16	James Slaght, single
17	J. B. Peterson et ux
18	Kenn. Bester, single
19	William Deary et ux
20	The Palouse River Lumber Co.
21	The Spokane & Palouse Land
22	Archie Duffner, single
23	James C. Lee, widow
24	The Palouse River Lumber Co.
25	City of Palouse



SURFACE TRANSPORTATION BOARD

FD 36706
BLPIRR LLC

FD 36707
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

VERIFIED NOTICE OF LEASE AND OPERATION EXEMPTION OF BLPIRR LLC
AND WASHINGTON, IDAHO & MONTANA RAILWAY LLC
PURSUANT TO 49 C.F.R. PART 1150 SUBPART E

EXIHIBIT 2
CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

FD 36706
BLPIRR LLC

FD 36707
WASHINGTON, IDAHO & MONTANA RAILWAY LLC

VERIFIED NOTICE OF LEASE AND OPERATION EXEMPTION OF BLPIRR LLC
AND WASHINGTON, IDAHO & MONTANA RAILWAY LLC
PURSUANT TO 49 C.F.R. PART 1150 SUBPART E

BLPIRR LLC (BLPI) (a Class III carrier) and WASHINGTON, IDAHO & MONTANA RAILWAY LLC (WIMR) (a Class III carrier) has filed a Notice of Exemption pursuant to 49 C.F.R. Part 1150 Subpart E to authorize BLPI to lease from the State of Washington, Department of Transportation (WSDOT) approximately 3.27 miles of railroad line from a point off the P&L Branch along the WIM Industrial Lead (WIM MP 0.05) to the Idaho State Line (WIM MP 3.32); the Peterson Crossover is from the 14' clearance point between the P & L Branch and the Peterson Crossover to the Peterson Crossover and Peterson House Track switch; and the Peterson House Track is from the WIM Industrial Lead and Peterson House Track switch to the termination of track at State Route 272 as shown on Exhibit B of the Lease which is

attached to the Notice of Exemption as Exhibit 1. This property is located in Whitman County, Washington.

WIMR has signed a Lease and Operating agreement to operate the property to be leased and asks for authorization from the Board to operate the line leased by BLPI from WSDOT.

Comments must be filed with the Board and served on: John K. Fiorilla, Esq., Dyer & Peterson PC, 322 US Highway 46, Suite 220, Parsippany, N.J. 07054, (609) 792-6851, jfiorilla@dyerpetererson.com.

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