

SURFACE TRANSPORTATION BOARD
DECISION

Docket No. FD 36847

LAREDO GATEWAY INDUSTRIAL RAILWAY—CONSTRUCTION AND
OPERATION EXEMPTION—IN WEBB COUNTY, TEX.

Digest:¹ This decision authorizes Laredo Gateway Industrial Railway to construct and operate approximately 13,707 feet of rail line in Webb County, Tex., subject to certain environmental mitigation conditions.

Decided: June 16, 2026

On December 8, 2025, Laredo Gateway Industrial Railway, LLC (LGIR), a noncarrier subsidiary of Kraus Development (Kraus), filed a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901 to construct and operate a new rail line in Webb County, Tex. (the Line). According to LGIR, the Line would extend approximately 13,707 feet from a switch off the Union Pacific Railroad Company (UP) Laredo Subdivision and terminate within the Gateway Industrial Park (the Park), a new industrial park being developed by Kraus. LGIR explains that although it is seeking operating authority over the Line, it intends to hold only a residual common carrier obligation, as it has entered into an agreement with Iron Horse Resources, Inc. (IHR), to operate the Line. LGIR states that IHR will separately seek Board authority to operate on the Line.

On March 5, 2026, the Board instituted a proceeding under 49 U.S.C. 10502(b). Laredo Gateway Indus. Ry.—Constr. & Operation Exemption—in Webb Cnty., Tex, FD 36847 (STB served Mar. 5, 2026).

The Board's Office of Environmental Analysis (OEA) prepared an Environmental Assessment (EA) analyzing the potential environmental impacts of construction and operation of the Line, as required by the National Environmental Policy Act (NEPA), 42 U.S.C. 4321-4370m-11. OEA issued a Draft EA on April 10, 2026, providing a 30-day period for public comments, and a Final EA on May 27, 2026, responding to the comments received and recommending two environmental conditions to avoid, minimize, or mitigate the potential environmental impacts of the proposed construction and operation of the Line.

After considering both the rail transportation merits and the potential environmental impacts, the Board will grant LGIR's petition for exemption, authorizing LGIR to construct and

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

operate over the Line, subject to the environmental mitigation measures set forth in the Appendix to this decision.

BACKGROUND

According to LGIR, the Line would extend approximately 13,707 feet from a switch off of UP's Laredo Subdivision and terminate within the Park. (Pet. 1-2.) LGIR notes that Kraus is developing the Park to create warehousing for the logistics industry. (*Id.*) The Park is approximately 3,300 acres and is bisected by I-35 and UP's Laredo Subdivision mainline. (*Id.* at 3.) Another segment of the park is divided by state highway 255. (*Id.*) LGIR states that the Line will not cross any public rights-of-way, will be supported by sidings, and will connect with customers via private industrial tracks. (*Id.*) LGIR further notes that it has entered into an agreement with IHR to be the common carrier operator on the Line and granted IHR the right to conduct ancillary railroad operations depending on available commercial opportunities. (*Id.*)

LGIR argues that construction and operation of the Line would "serve shippers utilizing the port-of-entry at Laredo." (*Id.* at 2.) According to LGIR, the Laredo Port of Entry has the largest freight volume of the ports of entry along the southern border and is the fastest growing in terms of rail and truck traffic. (*Id.*) LGIR states that over half of the current Laredo truck traffic utilizes local warehouses and transloads commodities from truck to truck before transporting commodities across the U.S.-Mexico border, and that it would like to construct the Line to provide shippers with a rail alternative at the Park so that commodities may be transloaded between truck and rail and interchanged with UP. (*Id.*) LGIR posits that the Class I rail carriers in the area are not primarily focused on serving local traffic in the region because they are primarily focused on their own respective cross-border rail traffic in the region; therefore, it "sees a gap in the marketplace for local rail freight accessibility and local rail/truck transloading capacity that will produce manifest carloads of rail traffic." (*Id.* at 2-3.)

A letter supporting LGIR's petition was filed by Webb County Judge Tano E. Tijerina on December 10, 2025. (*See* Tijerina Ltr., Dec. 10, 2025.)

DISCUSSION

Rail Transportation Policy Analysis. The construction and operation of new railroad lines requires prior Board authorization, either through a certificate under 49 U.S.C. 10901 or, as requested here, an exemption under 49 U.S.C. 10502 from the prior approval requirements of section 10901. "In either case, the [statute] expresses a clear presumption in favor of approving railways." Seven Cnty. Infrastructure Coal. v. Eagle Cnty., 605 U.S. 168, 194 (2025) (Sotomayor, J., concurring); *see also* N. Plains Res. Council v. STB, 668 F.3d 1067, 1091-92 (9th Cir. 2011) (agreeing that there is a statutory "presumption for construction"); Mid States Coal. for Progress v. STB, 345 F.3d 520, 552 (8th Cir. 2003) (same). Section 10901(c) directs the Board to grant rail construction proposals unless it finds the proposal "inconsistent with the public convenience and necessity." 49 U.S.C. 10901(c); *see* Mid States, 345 F.3d at 552 (quoting current 49 U.S.C. 10901(c)); Alaska R.R.—Constr. & Operation Exemption—a Rail Line Extension to Port MacKenzie, Alaska, FD 35095, slip op. at 5 (STB served Nov. 21, 2011)

(addressing the Board’s construction exemption process), aff’d sub nom. Alaska Survival v. STB, 705 F.3d 1073 (9th Cir. 2013).

Under section 10502(a), the Board shall, to the maximum extent consistent with U.S. Code Title 49, subtitle IV, part A, exempt a proposal to construct and operate a new rail line from the prior approval requirements of section 10901 when the Board finds that: (1) application of those procedures is not necessary to carry out the rail transportation policy (RTP) of 49 U.S.C. 10101; and (2) either (A) the proposal is of limited scope, or (B) the full application procedures are not necessary to protect shippers from an abuse of market power.

Based on the record, the proposed construction and operation—which was unopposed on the transportation merits—qualifies for an exemption under section 10502 from the formal application procedures of section 10901. The record shows that construction of the Line would provide a new rail transportation option to customers within the Park, thus allowing some commodities to be transloaded and transported via rail rather than truck. (Pet. 2.)

The construction and operation of the Line supports the RTP. By creating a freight rail option for customers in the Park, the Line would help ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers and other transportation modes, to meet the needs of the public. 49 U.S.C. 10101(4). Moreover, by creating an opportunity for diversion of traffic from truck to rail, the Line would increase overall energy efficiency, thereby encouraging and promoting energy conservation. 49 U.S.C. 10101(14). In addition, by exempting the proposed construction and operation from the requirements of section 10901, the Board would promote the RTP by minimizing the need for federal regulatory control over the rail transportation system and reducing regulatory barriers to entry into the industry. 49 U.S.C. 10101(2), (7). Other aspects of the RTP would not be adversely affected.

Consideration of the proposed construction and operation of the Line under section 10901 also is not necessary to protect shippers from an abuse of market power.² As explained, the Line would enhance competition by creating new rail service where it does not currently exist, thereby providing an alternative mode of transportation for customers at the Park.

Environmental Analysis. NEPA requires that the Board examine the potential environmental impacts of Board actions that fall within the statutory definition of “major federal action.” See 42 U.S.C. § 4336e(10); 49 C.F.R. § 1105.5. The Board’s decision whether to authorize the construction of a new rail line as proposed, deny the proposal, or grant it with conditions (including environmental mitigation conditions), is a “major Federal action” requiring environmental review. See Lone Star R.R.—Track Constr. & Operation Exemption—in Howard Cnty., Tex., FD 35874, slip op, at 4 (STB served Mar. 3, 2016). The Board has “substantial discretion” in assessing the facts relevant to its environmental review and the relevant impacts. Seven Cnty., 605 U.S. at 181. It also has “broad latitude” to “draw a ‘manageable line’” regarding the scope of its inquiry. Id. at 182 (citing DOT v. Pub. Citizen, 541 U.S. 752, 767

² Given this finding regarding the lack of need for shipper protection, the Board need not determine whether the transaction is limited in scope. 49 U.S.C. 10502(a)(2).

(2004)). NEPA does not require that the Board evaluate potential environmental effects arising from “future or geographically separate projects,” “particularly” those over which the Board does not “exercise regulatory authority.” *Id.* at 186-89; *see also id.* at 186-87 (“Importantly, the textually mandated focus of NEPA is the ‘proposed action’—that is, the project at hand—not other future or geographically separate projects that may be built (or expanded) as a result of or in the wake of the immediate project under consideration.”) (citing 42 U.S.C. 4332(2)(C)).

Moreover, while NEPA prescribes a process that must be followed, it does not mandate a particular result. *See id.* at 177 (citing *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 350 (1989)). Nor does NEPA otherwise impose any “*substantive* constraints on the agency’s ultimate decision to build, fund, or approve a proposed project.” *Id.* at 180 (emphasis in original); *see also Robertson*, 490 U.S. at 350-51. Rather, in making such decisions, the Board may “weigh environmental consequences as [it] reasonably sees fit under its governing statute and any relevant substantive environmental laws.” *See Seven Cnty.*, 605 U.S. at 173, 177 (citing *Robertson*, 490 U.S. at 350).

There has been a thorough environmental and historic review in this case. The Draft EA considered both LGIR’s proposed action and the no-action alternative. OEA analyzed the potential environmental and historic impacts that could result from both construction and operation of the Line. (Draft EA S-3.) The Draft EA concluded that LGIR’s proposed action would result in minimal to no impacts in several environmental resource areas, including water, cultural resources, freight rail safety, grade crossing safety and delay, noise, air quality, energy, visual quality, geology and soils, and hazardous waste sites (*Id.*, 3-1 to 3-3). OEA recommended two mitigation measures to minimize potential impacts to biological resources and cultural resources. (*Id.* at S-3 to S-4.) OEA developed these measures to ensure compliance with the Migratory Bird Treaty Act (16 U.S.C. 703-712) and with the Unanticipated Discoveries Statement included in the Phase 1 Cultural Resources Survey Report. (*Id.* at S-3 to S-4; 3-16 to 3-17; 3-21.) The Draft EA also explained that an Environmental Impact Statement (EIS) is unnecessary and that an EA is the appropriate level of environmental documentation for this case. (*Id.* at 1-4.)

OEA received three comments on the Draft EA. (*See* Final EA 4.) The Environmental Protection Agency noted that it “has no comments to provide on this document.” (*Id.*) The Texas Commission on Environmental Quality commented that the Federal Clean Air Act’s general conformity requirements do not apply for this action, that it does not anticipate long-term environmental impacts to water provided that construction and waste disposal activities follow applicable laws and regulations and best management practices are used for controlling runoff from construction sites, and that any debris or waste disposal should be at appropriate facilities. (*Id.*) As explained in the Draft EA, LGIR is required to obtain a Texas Pollutant Discharge Elimination System Permit, which includes construction best management practices to control erosion and reduce the amount of sediment and pollutants entering surface waters and waters of the U.S. (Draft EA at 3-7; Final EA at 5.) The U.S. Army Corps of Engineers commented that the proposal does not require a permit “based on a dry land approved jurisdictional determination for the footprint of the project only.” (*Id.* at 5.) The Final EA, issued on May 27, 2026, noted the comments and determined that they did not require any changes to the analysis in the Draft EA or the recommended mitigation. (*Id.* at 4-5.)

The Board will adopt the analysis and conclusions made by OEA in the EA, including OEA's recommended environmental mitigation measures. (See id. at 3.) The Board is satisfied that OEA has appropriately examined the potential environmental and historic impacts associated with the proposed construction and operation of the Line and properly determined that with the environmental mitigation recommended in the Final EA, the proposed Line will not have potentially significant environmental impacts, and that preparation of an EIS is unnecessary.

CONCLUSION

Construction and operation of the Line will create a new freight rail option for customers at the Park. With OEA's final recommended mitigation, there will be no potential for significant environmental impacts. The Line will facilitate the diversion of traffic from truck to rail, thereby increasing overall energy efficiency and reducing emissions from trucks. After carefully considering the transportation merits and environmental issues, the Board, considering the entire record, finds that the petition for exemption to allow LGIR's construction and operation of the approximately 13,707-foot line of railroad in Webb County assessed in the Draft and Final EAs should be granted, subject to compliance with the environmental mitigation measures in the Appendix.

It is ordered:

1. Under 49 U.S.C. 10502, the Board exempts LGIR's construction and operation of the Line from the prior approval requirements of 49 U.S.C. 10901.
2. The Board adopts the environmental mitigation measures set forth in the Appendix to this decision and imposes them as conditions to the exemption granted here.
3. Notice will be published in the Federal Register.
4. Petitions for reconsideration must be filed by July 7, 2026.
5. This decision is effective on the date of service.

By the Board, Board Members Fuchs, Hedlund, Kloster, and Schultz.

APPENDIX

Biological Resources

MM-Biological-01. To ensure compliance with the Migratory Bird Treaty Act (16 U.S.C. 703-712), LGIR shall clear vegetation in preparation for construction of the rail line before or after the breeding bird nesting season to avoid inadvertent removal of active nests (i.e., nesting adults, young, or eggs). If clearing is required during nesting season, LGIR shall consult with U.S. Fish and Wildlife Service on appropriate nest survey methods prior to any clearing or construction activities.

Cultural Resources

MM-Cultural-01. LGIR shall comply with the “Unanticipated Discoveries Statement: Provisions for the Unanticipated Discovery of Archaeological Sites, Associated Artifacts, and/or Human Remains During Construction Activities” in the *Phase I Cultural Resources Survey for the Laredo Gateway Industrial Railway, LLC – Construction and Operation Exemption – Line of Railroad, Webb County Texas*. The statement includes a plan for the unanticipated discovery of archaeological sites or associated artifacts during construction activities, including procedures for notifying OEA and the appropriate Texas State Historic Preservation Officer or Tribal Historic Preservation Officer, pursuant to 36 C.F.R. 800.13(b) in the event of an unanticipated discovery.