BEFORE THE
SURFACE TRANSPORTATION BOARD

312894

ENTERED
Office of Chief Counsel
November 17, 2026
Part of
Public Record

DOCKET NO. FD 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY

-CONTROL-

NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

OPENING COMMENTS AND REQUEST FOR CONDITIONS OF COUNTY LINE RAILROAD INTERESTS, LLC AND SABINE RIVER & NORTHERN RAILROAD, LLC

County Line Railroad Interests, LLC ("CLR") and Sabine River & Northern Railroad, LLC ("SRN") hereby jointly submit their Opening Comments and Request for Conditions in this proceeding. CLR and SRN urge the Surface Transportation Board ("Board" or "STB") to deny the proposed merger of the Union Pacific Railroad Company and Norfolk Southern Railway Company because as proposed it is not consistent with the public interest under 49 U.S.C. §11324(c) and the Board's regulations at 49 C.F.R. Part 1180. However, if the Board becomes inclined to approve the merger with conditions, CLR and SRN assert that the conditions set out below must be included in any approval.

A. Identity and Interest of CLR and SRN

B. CLR

County Line Railroad Interests, LLC ("CLR") is a privately held, Houston-based owner-

operator of rail terminals and short line railroads. CLR's team of rail professionals manages each aspect of company functions, including rail operations, development, construction, engineering, asset management, and business development. CLR offers customers a full suite of rail services, including railcar handling, switching, transloading, dispatching, cleaning, maintenance and more. CLR's current portfolio includes three rail terminals and one short line, each in the Texas Gulf Coast, including its flagship rail terminal in Mont Belvieu, TX- County Line Industrial Park (CLIP) and industrial park rail infrastructure at Silsbee and Buna, Texas. Those assets, together with SRN, are held by County Line Rail Fund I, LP ("Fund I"), an affiliate of CLR that also does business as CLR. CLR maintains working relationships with all six Class I railroads, short line holding companies, and Amtrak.

C. SRN

SRN is a Class III common carrier by rail subject to the Board's jurisdiction under 49 U.S.C. § 10101 et seq. and is owned by Fund I. SRN was originally created in 1965 to construct and operate approximately 32 miles of common carrier railroad line running between Bessmay, TX and Echo, TX.[1] The SRN line was originally constructed for the purpose of providing shippers – primarily timber grower Owens Illinois, Inc. - with access to a predecessor of BNSF at Bessmay, TX, access to UP's predecessor Southern Pacific Lines ("SP") at Echo, Texas , and access to UP's predecessor to the Missouri Pacific Railroad at Mauriceville, TX. The SRN's tracks and the Echo and Mauriceville interchanges are shown on Exhibit A.

[1] *See* ICC Finance Docket No. 26392, *Sabine River & Northern Railroad Co. – Construction and Operation – Between Bessmay and Echo, Tex*., 328 I.C.C. 95 (1965). SRN also acquired trackage rights over approximately 7000 feet of tracks owned by Missouri Pacific Railroad (also now UP) *See* Finance Docket No. 23690. The trackage rights are not at issue in this cas SRN owns and operates approximately 32 miles of rail line, and an additional 8-mile rail line between Buna and Evadale, Texas.

In 2025, Fund I acquired all of the membership interests in SRN with the objective of assisting SRN to develop traffic on the SRN line and SRN reassuming its past role as an integral part of the interstate railroad system in the "Golden Triangle" Beaumont, Texas area. Current customers of SRN include aggregate and plastics companies that ship products over the UP's Lafayette Subdivision (also known as the UP/BNSF Railway Company "50/50 Line" as discussed below) to reach the SRN's tracks for unloading or storage while in transit.

I. SUMMARY OF RELEVANT FACTS

A. The Echo Interchange Between UP, BNSF and SRN

When SRN's line was constructed in 1965 an interchange connection was constructed at Echo to provide SRN's initial connection with SP. The interchange tracks as constructed consisted of (1) a wye track that extended south and west from the end point of SRN's tracks to a switch on SP's main line; and (2) sidings located adjacent to the SP mainline. Exhibit B. For many years thereafter the Echo interchange was used by SRN and SP to interchange freight rail traffic, primarily timber. Due to a subsequent reduction in timber shipments on the SRN line, the merger of UP and SP in 1996,[2] and for operational convenience, the Echo interchange track ceased to be used by SRN and UP beginning in 1997 and the rail traffic that had previously been interchanged at Echo was consolidated into one interchange with UP at Mauriceville, Texas. *See* Exhibit A. However, the interchange tracks, sidings, and other interchange facilities at Echo remained in place.

The Lafayette Subdivision became jointly owned by UP and BNSF in 1998 as a result of

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[2] *Union Pacific Corp, Union Pacific R.R., & Missouri Pacific R.R. – Control & Merger – Southern Pacific Rail Corp., Southern Pacific Trans. Co., St. Louis Southwestern Ry., SPCSL Corp., & The Denver & Rio Grande Western R.R.*, Finance Docket No. 32760 (Decision No. 44, STB served Aug. 12, 1996), 1 S.T.B. 233 (1996)("*UP/SP*").

the Board granting a petition for exemption submitted by them to approve their so-called "50/50 Line" agreement and transaction between Dawes, Texas, and Avondale, Louisiana. (the "1998 50/50 Decision").[3] In their petition in that proceeding, the carriers represented to the Board that "BNSF obtained access to . . . the Sabine River & Northern Railway Company, a shortline connecting with the 50/50 line at Echo, TX."[4]

Notwithstanding the joint ownership with BNSF of the 50/50 Line and Echo interchange track and BNSF's accompanying access to the SRN, in 2000 UP removed the Echo interchange connection and the west switch connecting its house track at Echo to the North Siding at Echo. These actions severed the connection of SRN to the Lafayette Subdivision. Thereafter, in approximately 2005, UP "straight-railed" the UP North Siding, which further separated SRN from the 50/50 Line[5]

The current business and future business plans of SRN, the interstate rail operations in this region by UP and BNSF, and other considerations require restoration and enhancement of the Echo interchange to accommodate current needs, facilitate new business, and improve network efficiencies and system fluidity. The interchange at Mauriceville is not adequate for current and foreseeable future movements, or to relieve congestion that occurs on and in the vicinity of the Lafayette Subdivision.

Beginning in 2025 SRN, CLR, and UP engaged in discussions about restoring the Echo

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[3] STB Finance Docket No. 33630, *The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company – Acquisition Exemption – Lines Between Dawes TX and Avondale, LA* (served September 29, 1998).

[4] Petition for Exemption in STB Finance Docket No. 33630, filed July 7, 1998 at page 5.

[5] Notwithstanding removal of the physical facilities, UP's published short-line profile for SRN continues to reflect Echo as a connection location. Likewise, BNSF's system map indicates a physical interchange location at Echo.

interchange. The configuration proposed by CLR and SRN would include reinstatement of the original western-facing connection by UP, and also construction of a new eastern-facing wye connection, with a slight footprint adjustment to optimize efficiency. A basic design of the proposed interchange is illustrated in Exhibit C. In early 2026 UP agreed to the construction of the new eastern leg of the wye and the parties reached agreement on the design and respective costs of the construction (which SRN is 100% responsible to pay). However, reconstruction has not commenced on the eastern leg and there is presently no timeline in place. As to the reinstatement of the original western leg, UP has not contested that it is required to re-establish interchange with SRN at the Echo location. However, UP has made excessive and unreasonable demands to CLR and SRN as conditions for moving forward with the project. The lack of a reinstated interchange at Echo between UP and BNSF means SRN only interchanges with UP, at Mauriceville, which has certain limitations, including an inability to physically handle six-axle locomotives.

The continued delay in reinstating the western leg of the Echo interchange and constructing the new eastern leg is preventing CLR and SRN from pursuing current business opportunities, and SRN from supporting its rail line with traffic that could come from UP, and also BNSF by exercising its operating and access rights under the 50/50 Line agreement with UP as approved by the Board.

B. CLR Facility Along the UP Brownsville Subdivision Near Sinton, Texas

The merger would also directly affect another CLR rail project near Sinton, TX located adjacent to the UP-owned Brownsville Subdivision running from Angleton, TX to Brownsville, TX with multiple connections to destinations and branch lines across the territory. From Placedo, TX to Robstown, TX the CPKC operates trains across this route via trackage rights using it as its

primary route to Mexico. Exhibit D. CPKC re-connects with its own railroad in Robstown and continues on to Laredo TX; the largest gateway to Mexico. UP utilizes this line to continue south to Brownsville, TX and serves customers throughout the region and various shortlines. Pursuant to other decisions of the Board in the UP/SP merger proceeding, BNSF also uses this line for a variety of freight traffic including both manifest and unit trains that are destined for the Port of Corpus Christi and Corpus Christi area industries.

CLR is under contract to acquire a 320-acre parcel of land adjacent to the UP double main line and plans to develop the tract into a railroad served industrial park called the "Coastal Bend Rail Gateway." Exhibit E. The current designs for this site would make it suitable for railcar staging and storage, railcar blocking, transloading, railcar and locomotive repair. The site is also capable of hosting light and heavy manufacturing, and industrial outdoor storage for lease.

CPKC also possesses trackage rights on the Brownsville Subdivision to Robstown, TX. CPKC's rights are overhead rights to enable it to connect to its Laredo Subdivisions and continue on to Laredo, TX.[6] CLR's facility would be located along the segment of the Brownsville Subdivision between Placedo, TX and Robstown, TX for which CPKC has indicated it may seek adjustments to its trackage rights in a Description of Anticipated Responsive Applications, CPKC-46, filed in this docket on September 9, 2026. In that filing, CPKC states that "adjustments to CPKC's rights in this corridor would be essential to safeguard effective CPKC competition from

[6] In UP/SP, the Board granted the responsive application of Tex-Mex Railroad seeking trackage rights over UP between Robstown, Texas, and a connection with KCS at Beaumont in order to "ensure the continuation of an effective competitive alternative to UP's routing into the border crossing at Laredo." *UP/SP* at 424. The Tex-Mex Railroad eventually was merged into CPKC.

merger-related disruption and enable CPKC to mitigate merger-related competitive harm." *Id*. at 4. CPKC has further explained that the Board should grant such changes "so that (a) CPKC's competition using these rights would be less susceptible to interference by UP, and (b) CPKC would have a greater ability to serve rail customers via the trackage over which CPKC operates, thereby mitigating competitive harm arising from the merger." *Id*. at 4. The adjustments CPKC indicates it might seek include the removal "of restrictions preventing CPKC from serving local customers via its trackage rights" and other adjustments which would enable it to provide competition to BNSF and UP for service at this new facility. *Id*. at 5.

II. ARGUMENT

A. The Board Should Broadly Interpret Section 11324(c) and the Board's Regulations to Impose Lasting Conditions on the Merger That Preserve and Enhance Rail-to-Rail Competition

Under §11324(c) the Board has "broad authority to impose conditions governing major rail consolidations."[7] CPKC merger decision at 29. This provision has consistently been interpreted to confirm that the Board's general conditioning authority is extremely broad. UP/SP merger proceeding. *UP/SP*, 1 S.T.B. at 418 (1996)("Section 11344(c) gives us broad authority to impose conditions governing railroad consolidations."). *See* Finance Docket No. 33388, *CSX Corporation And CSX Transportation, Inc., Norfolk Southern Corporation And Norfolk Southern Railway Company— Control And Operating Leases/Agreements —Conrail Inc. And Consolidated Rail Corporation*, served July 20, 1998 at 277 and Finance Docket No. 34424, *Canadian National Railway Company and Grand Trunk Corporation — Control — Duluth, Missabe and Iron Range Railway Company, Bessemer and Lake Erie Railroad Company, and The Pittsburgh & Conneaut*

[7] Docket No. FD 36500, *Canadian Pacific Railway Ltd; et al – Control – Kansas City Southern*, *et al* (serve March 15, 2023

Dock Company, served April 9, 2004 at 14.

The Board has not yet utilized its conditioning authority under the version of 49 C.F.R. Part 1180 that governs this merger and CLR/SRN urges the Board should do so liberally, given the passage of time since the rules were promulgated and the changes to the rail industry that have occurred.[8] Under §1180.1(c), "where both carriers are financially sound the Board is prepared to use its conditioning authority as necessary under 49 U.S.C. 11324(c) to preserve and/or enhance competition." Additionally, "instead of focusing narrowly on harm to competition and essential services, our new rule reflects a willingness to use our conditioning power to mitigate or offset *all types of merger-related harms* to the public interest." Docket Ex Parte No. 582 (Sub-No. 1) *Major Rail Consolidation Procedures* 5 S.T.B. 539, 569 (2001) ("*2001 Rules*") (emphasis supplied). In *2001 Rules*, the Board also advised stakeholders that "the focus of interested parties should continue to be on remedying competitive and other harm that would likely be experienced by that party as a result of the merger proposal under review. Imposing remedial conditions as appropriate will continue to be our top priority where we decide that a proposal might be in the public interest." *Id*.

The merger of UP and NS would result in a tremendous concentration of market power in one Class I railroad and reduced competitive options for short lines like SRN and rail-served project developers like CLR. The merged UP/NS railroad will be strongly incentivized to favor its own service over the remaining Class I railroads, and CLR/SRN believe the vigorous, vocal opposition to the merger by BNSF and CPKC will only increase UP/NS's motivation to restrict competition. CLR and SRN must also be concerned about possible retaliation toward them for

[8] Such industry changes include greatly increased carrier profitability, increased rates, increased exercise of market power, and reduction in system infrastructure.

appearing and opposing the merger and seeking the conditions sought in this filing. Such behavior could manifest itself at Echo in the continued delay by UP to reestablish the interchange connection that allows both BNSF and UP to interchange with SRN. At Sinton, UP could take actions to attempt to prevent BNSF from exercising its rights to serve the new facility. BNSF recently catalogued examples of such actions by UP toward BNSF in STB Docket No. FD 32760 (Sub-No. 52), *BNSF Railway Company— Petition for Review—UP/SP Merger Conditions. See also*, STB Docket FD 32760 (Sub-No. 50), *BNSF Railway Company—Petition For Enforcement—Interchange With Savage Tooele Railroad Company* (pending).

In both locations, conditioning any approval of the merger as requested by CLR and SRN would "remedy[ ] competitive and other harm that would likely be experienced by that party as a result of the merger proposal under review." Moreover, rail-to-rail competition would be enhanced at both locations. At Echo, existing and planned future operations of SRN, UP and BNSF required reinstatement and enhancement of the former interchange. Reconstruction of the western leg and construction of the eastern leg are both needed to support westbound and eastbound interchange from the Lafayette Subdivision to SRN's main line. Facilitating the ability of BNSF exercise its existing access rights to SRN should also provide for a much stronger service product when serving customers in and around Orange, TX.

Similarly, rail-to-rail competition would be enhanced post-merger at Sinton by the addition of CPKC's rights to serve the planned Coastal Bend Rail Gateway industrial park. The project will contribute to overall rail enhanced capacity and fluidity by creating the ability for three Class I carriers to deliver, depart, and even meet train traffic in an area where railcars are being double handled and train fluidity could be increased. This also enhances competition by providing a location for rail shippers based in the Coastal Bend region of Texas to have increased competition

with their freight service.

III. CONDITIONS SOUGHT BY CLR AND SRN

A. Echo Interchange

The Board must condition any approval of the merger on an explicit requirement that UP re-establish the Echo westbound wye connection to the SRN as it was in its former state with the caveat that the track structure must support the presence of six axle locomotives. The Board should also direct UP to complete construction of the eastern leg of the interchange. The Board should also require that both the western and eastern legs should be reinstated and fully operational within 12 months of the effective date of the merger. Moreover, establishment/reestablishment of the interchange at Echo must be without any restrictions on either SRN's or BNSF's legal rights to operate, and interchange at that location. In regard to allocating the cost of construction, SRN has agreed to fund 100% of the eastern leg. Since UP is reinstating interchange track it removed from the western leg, CLR and SRN submit that the Board should direct UP to bear the costs of designing and reinstating the western leg.

Reconstruction of the western leg of the wye is necessary and in the public interest. The recreation of a westbound interchange point will facilitate SRN's use of its line to handle the traffic and storage described above. It will also facilitate efficient routings of traffic transported by BNSF over the 50/50 Line. Specifically, construction of both the western and eastern legs of the wye connections to SRN's tracks will permit BNSF to move trains operating to/from Louisiana to/from the BNSF network in a less circuitous manner that allows BNSF to bypass Beaumont's Tower 13 single track River Bridge and the Houston Terminal entirely. A restored and modestly enhanced wye at Echo would also provide an alternate route to maintain fluidity for both freight and passenger services during routine operations and extraordinary events (e.g., congestion, outages,

or derailments).

B. Sinton Industrial Park

Should CPKC submit a Responsive Application in this proceeding that requests a modification of CPKC's trackage rights between Victoria, TX and Robstown, TX to give CPKC local trackage rights, the Board should grant the request on reasonable terms and conditions. CLR and SRN reserve the right to further comment on CPKC's requests, should they be made, on or before the date for replies to responsive applications established by the procedural schedule in this proceeding.

Both conditions should be adopted in the context of this proceeding because they would then be subject to monitoring for compliance during the oversight phase and subject to enforcement or modification.

Respectfully submitted,

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November 17, 2026

EXHIBIT A

EXHIBIT A - SYSTEM MAP OF SABINE RIVER & NORTHERN RAILROAD

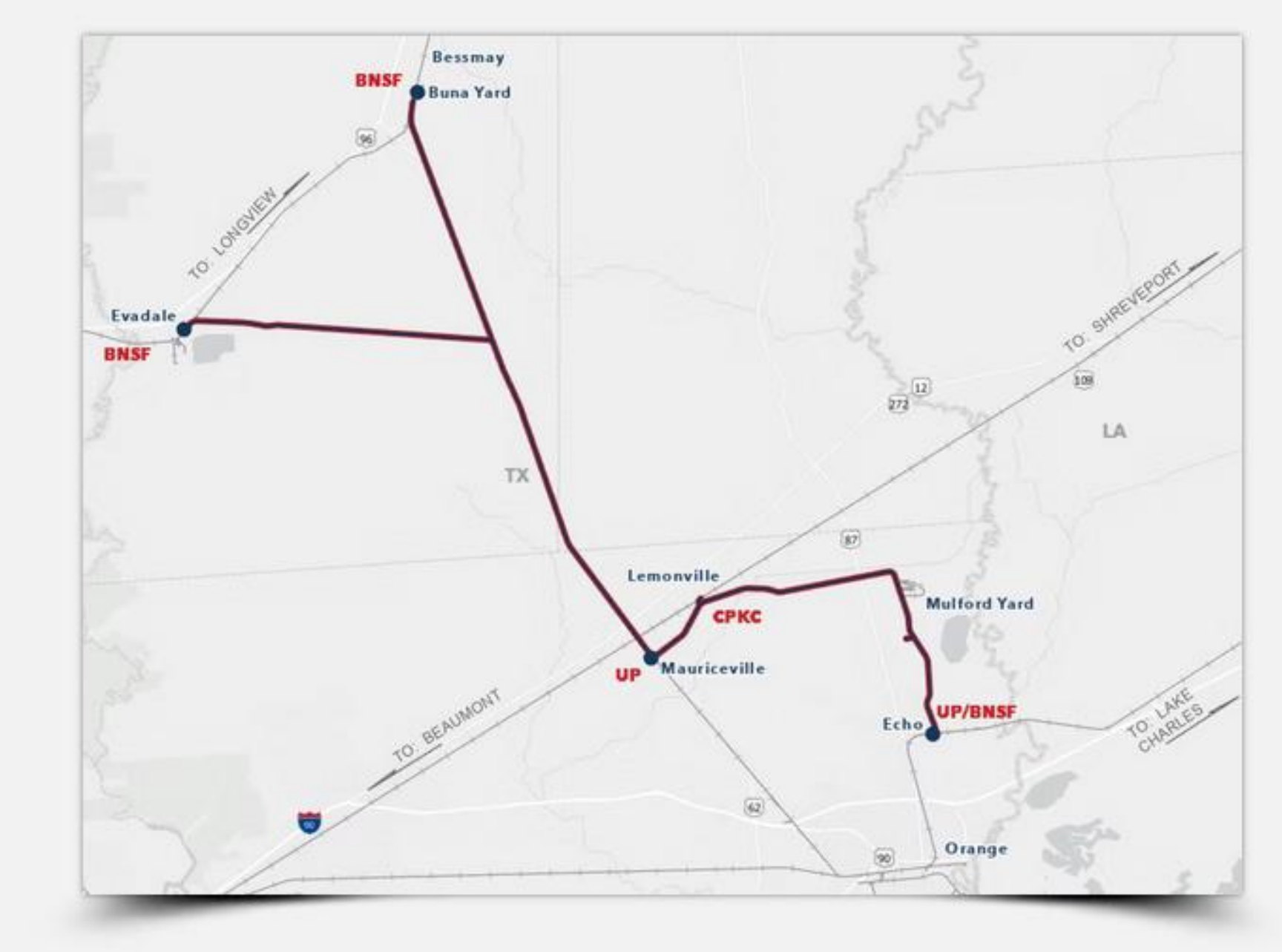


EXHIBIT B


Find an address
Coverage
Labels
Print
Echo Loop
Echo Loop
30.1513, -93.7410
Search for photos here
© MapTiler © OpenStreetMap contributors

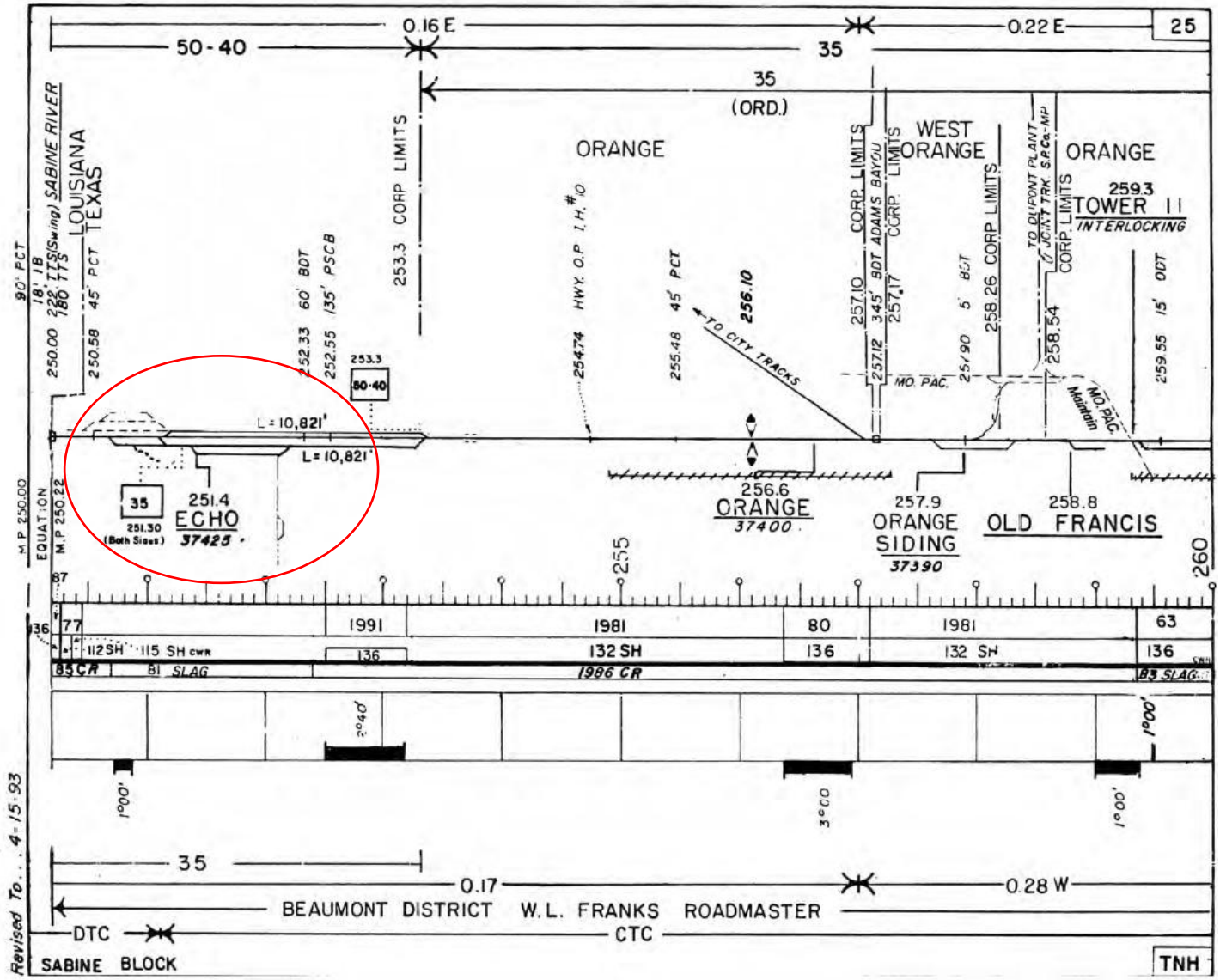

0.16 E
50-40
35
0.22 E
25
35
(ORD.)
ORANGE
WEST ORANGE
ORANGE
LOUISIANA
TEXAS
SABINE RIVER
253.3 CORP LIMITS
HWY. O.P. I.H. #10
CORP LIMITS
ADAMS BAYOU
CORP. LIMITS
CORP LIMITS
TO DUPONT PLANT
JOINT TRK. S.P.Co.-MP
CORP. LIMITS
259.3
TOWER 11
INTERLOCKING
90' PCT
18' IB
180 TTS
45' PCT
60' BDT
135' PSCB
45' PCT
345' BDT
5' BDT
15' ODT
253.3
50-40
L = 10,821'
L = 10,821'
MO. PAC.
MO. PAC.
Mountain
TO CITY TRACKS
256.10
35
251.30
(Both Sides)
251.4
ECHO
37425
256.6
ORANGE
37400
257.9
ORANGE
SIDING
37390
258.8
OLD FRANCIS
M.P. 250.00
EQUATION
M.P. 250.22
255
260
87
136
77
1991
1981
80
1981
63
112 SH
115 SH CWR
132 SH
136
132 SH
136
85 CR
81 SLAG
1986 CR
85 SLAG
2°40'
3°00'
1°00'
1°00'
35
0.17
0.28 W
BEAUMONT DISTRICT W.L. FRANKS ROADMASTER
DTC
CTC
SABINE BLOCK
TNH
Revised To... 4-15-93

EXHIBIT C

Exhibit T – Proposed Reinstallation Wye Facility – Page 1

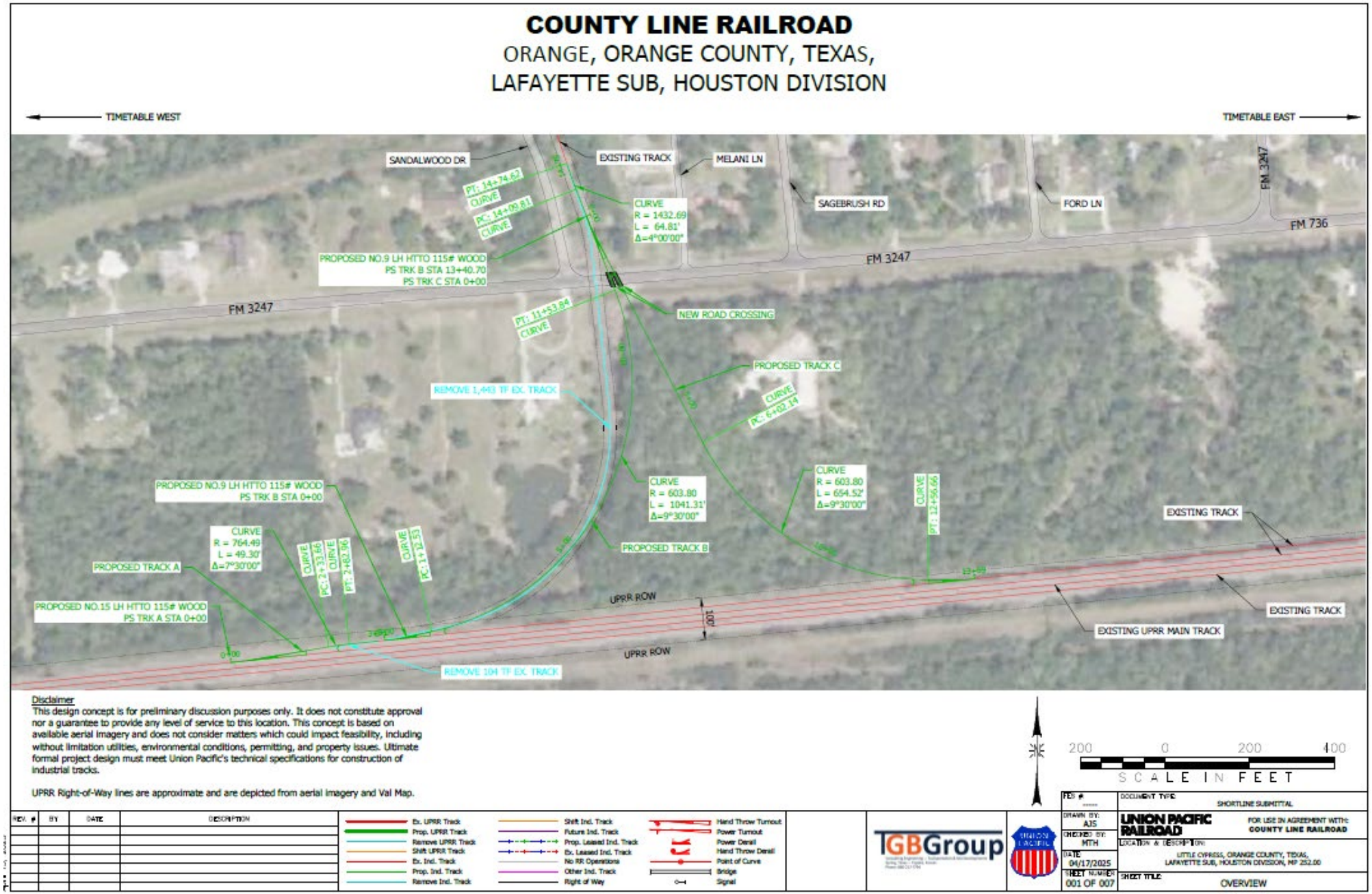


EXHIBIT D

Southern Pacific Map- Showing Former Rosenberg Sub now owned and operated by CPKC

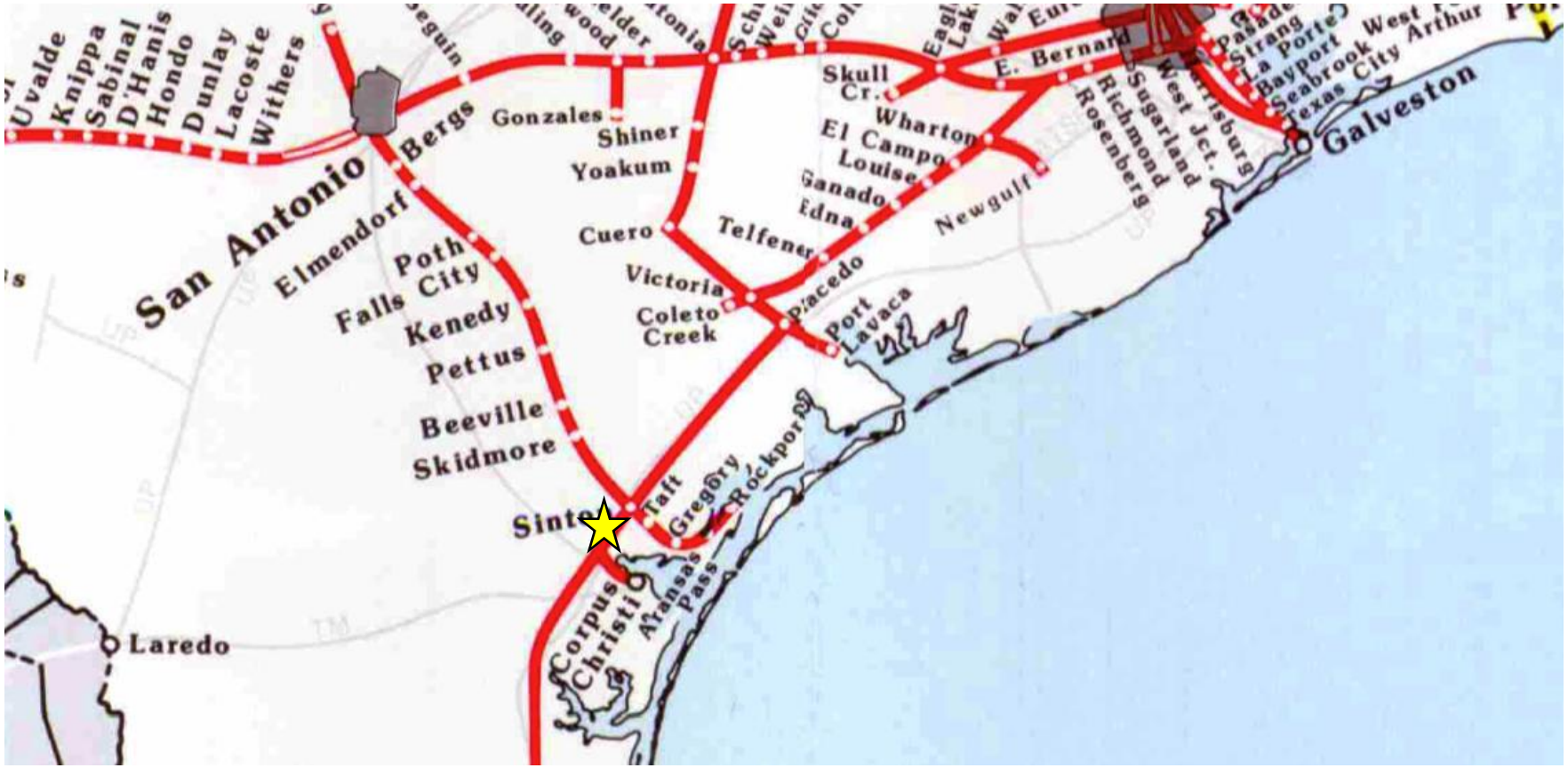
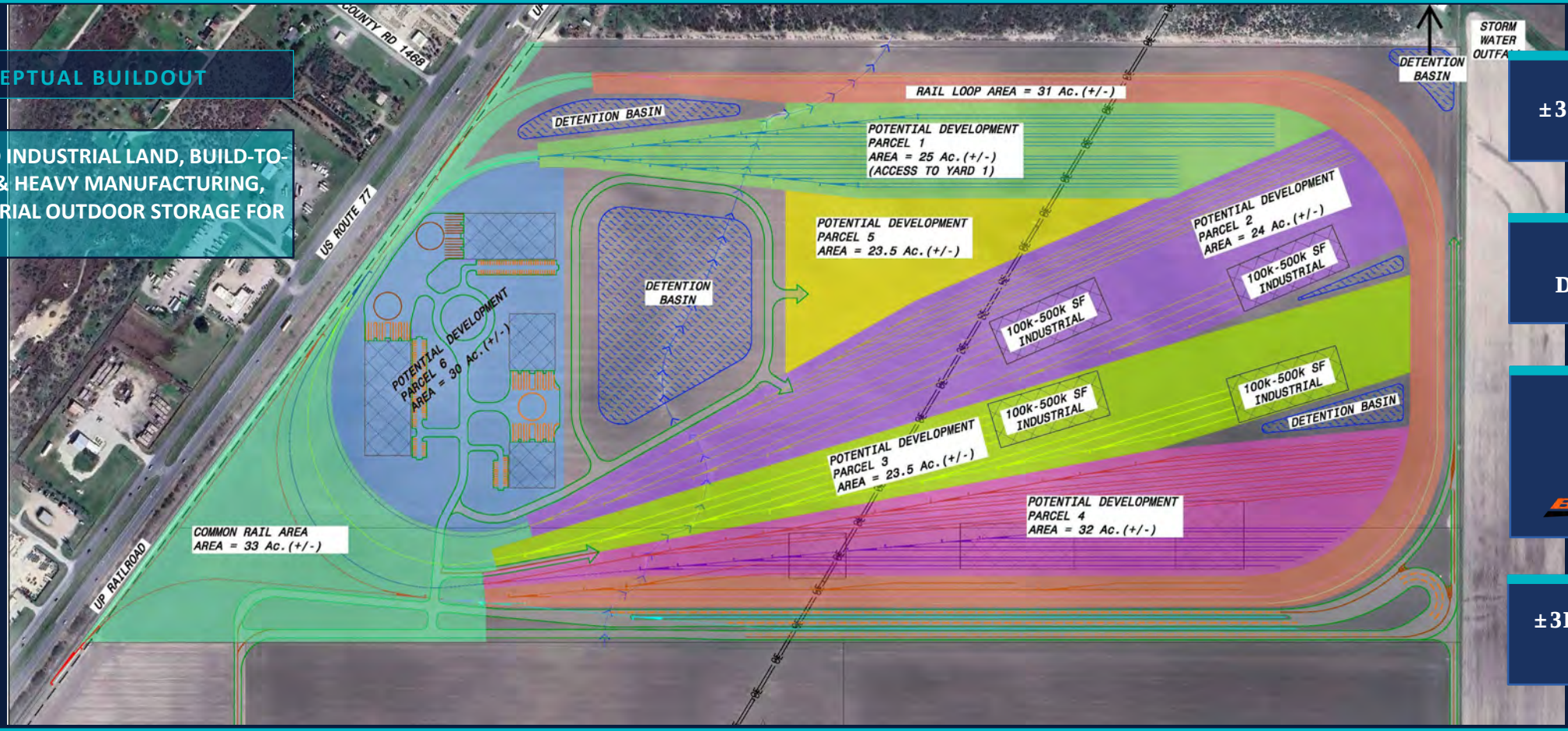


EXHIBIT E

FULL CONCEPTUAL BUILDOUT

RAIL-SERVED INDUSTRIAL LAND, BUILD-TO-SUIT, LIGHT & HEAVY MANUFACTURING, AND INDUSTRIAL OUTDOOR STORAGE FOR LEASE



±302 Acres

2027 Delivery

+

±3K Railcar Spots

COASTAL BEND RAIL GATEWAY

Rail-Served Industrial Hub Supporting Gulf Coast & Mexico Trade Flows / Industrial Development and IOS Available

735 HWY 77 • ODEM, TX 78370 • UP – Brownsville Subdivision

M&W REAL ESTATE

Jake Wilkinson, President & Managing Broker | jake@mwrealestate.com | 325.721.2353

CLR Built for what's next

M&W RailEstate

DEVELOPMENT HIGHLIGHTS

COASTAL BEND RAIL GATEWAY | HWY 77, ODEM TX

±301.91

ACRES

Greenfield, flat,
development-ready site

±3,000

RAILCAR SPOTS

Full buildout capacity
with loop configuration

2027

PHASE I DELIVERY

500+ railcar spots
at Phase I completion

KEY FEATURES

- Rail Served Industrial Land
- IOS for Laydown and Transload Facilities
- Rail Served Cross Dock Industrial Development
- Light and Heavy Manufacturing
- Near the Port of Corpus Christi
- Dual Served by Union Pacific & BNSF
- Access to Gulf Coast Energy, Steel & Petrochemical Markets
- Positioned along major Mexico Trade Corridors
- Tenants on site will have access to supplemental railcar storage, transloading, train staging, railcar cleaning, and repair & maintenance
- Full loop track with multiple R&D tracks

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of November, 2026, I have caused the foregoing Opening Comments to be served electronically all parties of record in Docket No. FD 36873 and Administrative Law Judge Soulikias.

s/ Thomas W. Wilcox
THOMAS W. WILCOX