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November 29, 2018

BY HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: Finance Docket No. 36253, Middletown & New Jersey
Railroad, L.L.C. – Lease Exemption Containing
Interchange Commitment—Norfolk Southern Railway
Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified
Notice of Exemption pursuant to 49 C.F.R 1150.41 and a check
covering the \$2,000 filing fee.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

Karl Morell

Enclosures

FEE RECEIVED
November 29, 2018
SURFACE

TRANSPORTATION BOARD

FILED
November 29, 2018
SURFACE
TRANSPORTATION BOARD



BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36253



MIDDLETOWN & NEW JERSEY RAILROAD, LLC
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

KARL MORELL
Karl Morell and Associates
Suite 440
440 1st Street, N.W.
Washington, D.C. 20001
(202) 595-9045

Attorney for:
MIDDLETOWN & NEW JERSEY
RAILROAD, LLC

Dated: November 28, 2018

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36253



MIDDLETOWN & NEW JERSEY RAILROAD, LLC
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

Middletown & New Jersey Railroad, LLC ("M&NJ"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit M&NJ to lease from Norfolk Southern Railway Company ("NS") and operate approximately 1.9 miles of rail line located between Four Story Junction at Milepost UJ 0 and Middletown, NY at Milepost UJ 1.9, known as the Crawford Industrial Track (the "Leased Line"). In conjunction with the lease of the NS Leased Line, M&NJ will also obtain incidental local and overhead trackage rights over the rail line located between the western end of Campbell Hall yard at milepost JS 67.50 continuing for 9.1 miles to milepost JS 76.60 at CP Howells, and from milepost SR 68.90 at CP Howells, continuing for 21 miles to milepost SR 89.90 at or near Port Jervis, New York (the "Incidental Trackage Rights"). The Incidental Trackage Rights are being granted over a

line owned by NS and currently leased to Metro-North Commuter Railroad Company pursuant to a sublease agreement under which NSR retained the exclusive, irrevocable and perpetual right to provide or permit rail freight service on the line.¹

In support of this Notice of Exemption, M&NJ submits the following information as required by 49 C.F.R. § 1150.43:

(a) Full name and address of applicant:

Middletown & New Jersey Railroad, LLC
505 South Broad Street
Kennett Square, PA 19348

(b) Applicant's Representative:

Karl Morell
Karl Morell and Associates
Suite 440
440 1st Street, N.W.
Washington, DC 20001
(202) 595-9045

(c) Statement of Agreement:

M&NJ will shortly enter into agreements to lease the Leased Line from NS and obtain the Incidental Trackage Rights from NS.

(d) The operator of the property:

M&NJ will be the operator of the Leased Line.

(e) Summary of proposed transaction:

¹ See Metro-North Commuter Railroad Company - Acquisition and Operation Exemption - Line of Norfolk Southern Railway Company and Pennsylvania Lines LLC, STB Finance Docket No. 34293 (STB served May 13, 2003).

- (1) The name and address of the company leasing the subject property:

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

- (2) The involved transaction is expected to be consummated on or shortly after the effective date of this Notice of Exemption.
- (3) The 1.9 mile rail line that M&NJ will lease is located between mileposts UJ 0, at Four Story Jct. and milepost UJ 1.9, at Middletown, N.Y. The trackage rights being granted to M&NJ are located between milepost JS 67.50, at the western end of the Campbell Hall yard and milepost JS 76.60, at CP Howells, and between milepost SR 68.90 at CP Howells and milepost SR 89.90, at or near Port Jervis N.Y.
- (4) The length of the rail line being leased is approximately 1.9 miles. The length of the trackage rights being granted is approximately 30.1 miles.

(f) A map of the rail line being leased and the trackage rights being granted is attached as Exhibit A.

(g) M&NJ hereby certifies that M&NJ's projected revenues as a result of this transaction will not result in M&NJ becoming a Class II or Class I rail carrier. M&NJ further certifies that the projected annual revenue of M&NJ

will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

(h)(i) The Lease Agreement between NS and M&NJ contains a provision that will require M&NJ to pay additional charges if M&NJ interchanges certain traffic with a rail carrier other than NS. The affected interchange point is Campbell Hall, N.Y.

(ii) A copy of a draft of the Lease Agreement is being filed pursuant to 49 C.F.R. 1150.43(h)(ii).

(iii) Probuild/First Source and Fairbank Manufacturing.

(iv) Confidential.

(v) M&NJ hereby certifies that M&NJ has provided notice of the proposed transaction and interchange commitment to the shippers identified in (h)(1)(iii).

(vi) New York, Susquehanna & Western Railway.

(vii) Confidential

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

M&NJ is leasing the line and obtaining the Incidental Trackage Rights from NS for continued rail operations. Further Board approval is required for M&NJ to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older.

Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

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

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

Respectfully submitted,

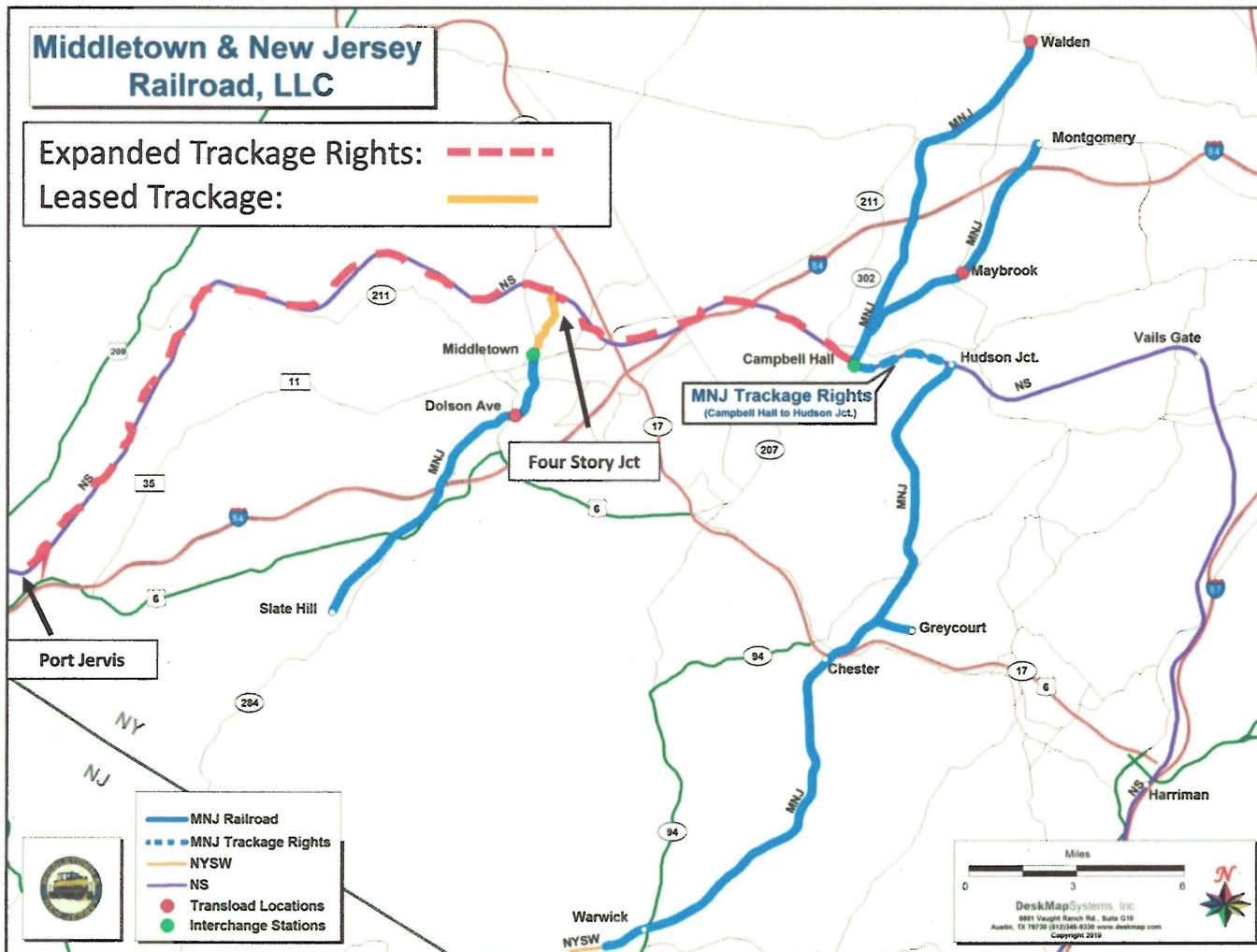
A handwritten signature in cursive script that reads "Karl Morell". The signature is written in dark ink and is positioned above a horizontal line.

KARL MORELL
Karl Morell and Associates
Suite 440
440 1st Street, N.W.
Washington, DC 20001
(202) 595-9045

Attorney for:
MIDDLETOWN & NEW JERSEY
RAILROAD, LLC.

Dated: November 28, 2018

EXHIBIT A



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36253

MIDDLETOWN & NEW JERSEY RAILROAD, LLC
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
NORFOLK SOUTHERN RAILWAY COMPANY

Middletown & New Jersey Railroad, LLC ("M&NJ"), a Class III rail carrier, has filed a notice of exemption to lease from Norfolk Southern Railway Company, and operate approximately 1.9 miles of rail line. The rail line being leased is located between mileposts UJ 0, at Four Story Junction, N.Y. and UJ 1.9, at Middletown, N.Y. M&NJ will also obtain incidental local and overhead trackage rights between milepost JS 67.50, at the western end of the Campbell Hall yard and milepost JS 76.60, at CP Howells, and between milepost SR 68.90 at CP Howells and milepost SR 89.90, at or near Port Jervis.

Comments must be filed with the Board and served on Karl Morell, Suite 440, 440 1st Street, N.W., Washington, DC 20001, (202) 595-9045.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF PENNSYLVANIA

COUNTY OF CHESTER

)
)
) SS.

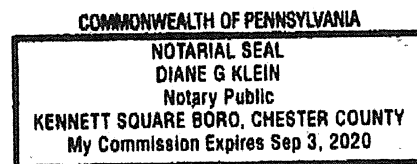
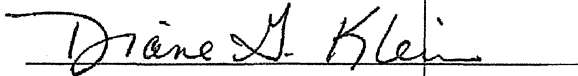
I, Alfred M. Sauer, being duly sworn depose and state that I am President & CEO of Middletown & New Jersey Railroad, LLC, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Alfred M. Sauer

SUBSCRIBED AND SWORN TO before me this 28th day of November, 2018, in the County of Chester, State of Pennsylvania.

My Commission Expires: Sept. 3, 2020



Notary Public