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SERVICE DATE – DECEMBER 14, 2011

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35575]

Watco Holdings, Inc.–Continuance in Control Exemption–Swan Ranch Railroad, L.L.C.

Watco Holdings, Inc. (Watco) has filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of Swan Ranch Railroad, L.L.C. (SRR), upon SRR's becoming a Class III rail carrier.¹

This transaction is related to a concurrently filed verified notice of exemption in Docket No. FD 35574, Swan Ranch Railroad, L.L.C.–Operation Exemption–Swan Industrial Park, wherein SRR seeks Board approval to operate 17,192 feet of track located within the Swan Industrial Park, in Cheyenne, Wyo., including Track Numbers 101, 105, and 109.

Watco intends to consummate the transaction on or shortly after December 28, 2011 (the effective date of this notice).

Watco currently controls 23 Class III rail carriers: Southern Kansas and Oklahoma Railroad, Inc.; Palouse River & Coulee City Railroad, L.L.C.; Timber Rock Railroad, L.L.C.; Stillwater Central Railroad, L.L.C.; Eastern Idaho Railroad, L.L.C.; Kansas & Oklahoma Railroad, L.L.C.; Pennsylvania Southwestern Railroad, L.L.C.; Great Northwest Railroad, L.L.C.; Kaw River Railroad, L.L.C.; Mission Mountain

¹ Watco owns 100% of the outstanding membership interests of SRR.

Railroad, L.L.C.; Mississippi Southern Railroad, L.L.C.; Yellowstone Valley Railroad, L.L.C.; Louisiana Southern Railroad, L.L.C.; Arkansas Southern Railroad, L.L.C.; Alabama Southern Railroad, L.L.C.; Vicksburg Southern Railroad, L.L.C.; Austin Western Railroad, L.L.C.; Baton Rouge Southern Railroad, L.L.C.; Pacific Sun Railroad, L.L.C.; Grand Elk Railroad, Inc.; Alabama Warrior Railway, L.L.C.; Boise Valley Railroad, L.L.C.; and Autauga Northern Railroad, L.L.C. The 23 Class III rail carriers operate rail lines in 18 States.

Watco represents that: (1) the rail lines to be operated by SRR do not connect with any other railroads in the Watco corporate family; (2) the continuance in control is not part of a series of anticipated transactions that would connect the rail lines to be operated by SRR with any other railroad in the Watco corporate family; and (3) the transaction does not involve a Class I rail carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under §§ 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here because all of the carriers involved are Class III carriers.

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 automatically stay the effectiveness of the exemption. Stay petitions must be filed no later than December 21, 2011 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35575, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, Of Counsel, Ball Janik, LLP, Suite 225, Fifteenth Street, N.W., Washington, DC 20005.

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Decided: December 9, 2011.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.