

205703

BALL JANIK LLP

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DID# 0101976001

June 24, 2002

BY HAND DELIVERY

The Honorable Vernon Williams
Surface Transportation Board
1925 K Street, N.W., Suite 700
Washington, DC 20423-0001

ENTERED
Office of Proceedings

JUN 26 2002

Part of
Public Record

Re: Finance Docket No. 34204, South Kansas and Oklahoma Railroad Company -- Lease Exemption -- The Burlington Northern and Santa Fe Railway Company

Dear Secretary Williams:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. 1150.41 and a check covering the \$1,300.00 filing fee. Also enclosed is a 3.5-inch diskette formatted for WordPerfect containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely,

Karl Morell

Enclosures

FEE RECEIVED

JUN 25 2002

**SURFACE
TRANSPORTATION BOARD**

FILED

JUN 25 2002

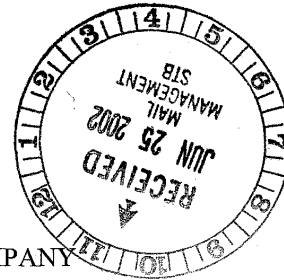
**SURFACE
TRANSPORTATION BOARD**

#205703

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34204



SOUTH KANSAS AND OKLAHOMA RAILROAD COMPANY
--LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

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

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JUN 25 2002

**SURFACE
TRANSPORTATION BOARD**

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorneys for:
SOUTH KANSAS AND OKLAHOMA
RAILROAD COMPANY

FILED

JUN 25 2002

**SURFACE
TRANSPORTATION BOARD**

Dated: June 24, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34204

SOUTH KANSAS AND OKLAHOMA RAILROAD COMPANY
--LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

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

South Kansas and Oklahoma Railroad Company ("SKO"), 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 SKO to lease a 6.22-mile rail line from The Burlington Northern And Santa Fe Railway Company ("BNSF").

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

- (a) Full name and address of applicant:

South Kansas and Oklahoma Railroad Company
315 West 3rd Street
Pittsburg, Kansas 66762

(b) Applicant's Representative:

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) Statement of Agreement:

SKO has entered into an agreement with BNSF for the lease of the rail line.

(d) The operator of the property:

SKO will be the operator of the property.

(e) Summary of proposed transaction:

(1) The name and address of the railroad leasing the subject property is:

The Burlington Northern And Santa Fe Railway Company
2600 Lou Menk Drive
Fort Worth, Texas 76131

(2) SKO's lease of the rail line is expected to be consummated on or shortly after July 2, 2002, which is at least 60 days after SKO certified to the Surface Transportation Board ("Board") SKO's compliance with the notice requirements of 49 C.F.R. § 1150.42(e).

(3) The rail line being leased from BNSF by SKO is located between Milepost 139.10, near Pittsburg, KS and Milepost 145.32, near Cherokee, KS.

(4) The length of the rail line being leased is 6.22 miles.

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

(g) SKO hereby certifies that SKO's projected revenues as a result of this transaction

will not result in SKO becoming a Class II or Class I rail carrier.

SKO's current annual revenue exceeds \$5 million. Accordingly, SKO has complied with the notice requirements of 49 C.F.R. § 1150.42(e), and certified its compliance to the Board on May 3, 2002. A copy of SKO's letter is attached as Exhibit B.

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

SKO is leasing the line from BNSF for continued rail operations. Further Board approval is required for SKO 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).

SKO's lease 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. SKO's lease 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 black ink, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

Attorneys for:
SOUTH KANSAS AND OKLAHOMA
RAILROAD COMPANY

Dated: June 24, 2002

EXHIBIT A

MAP

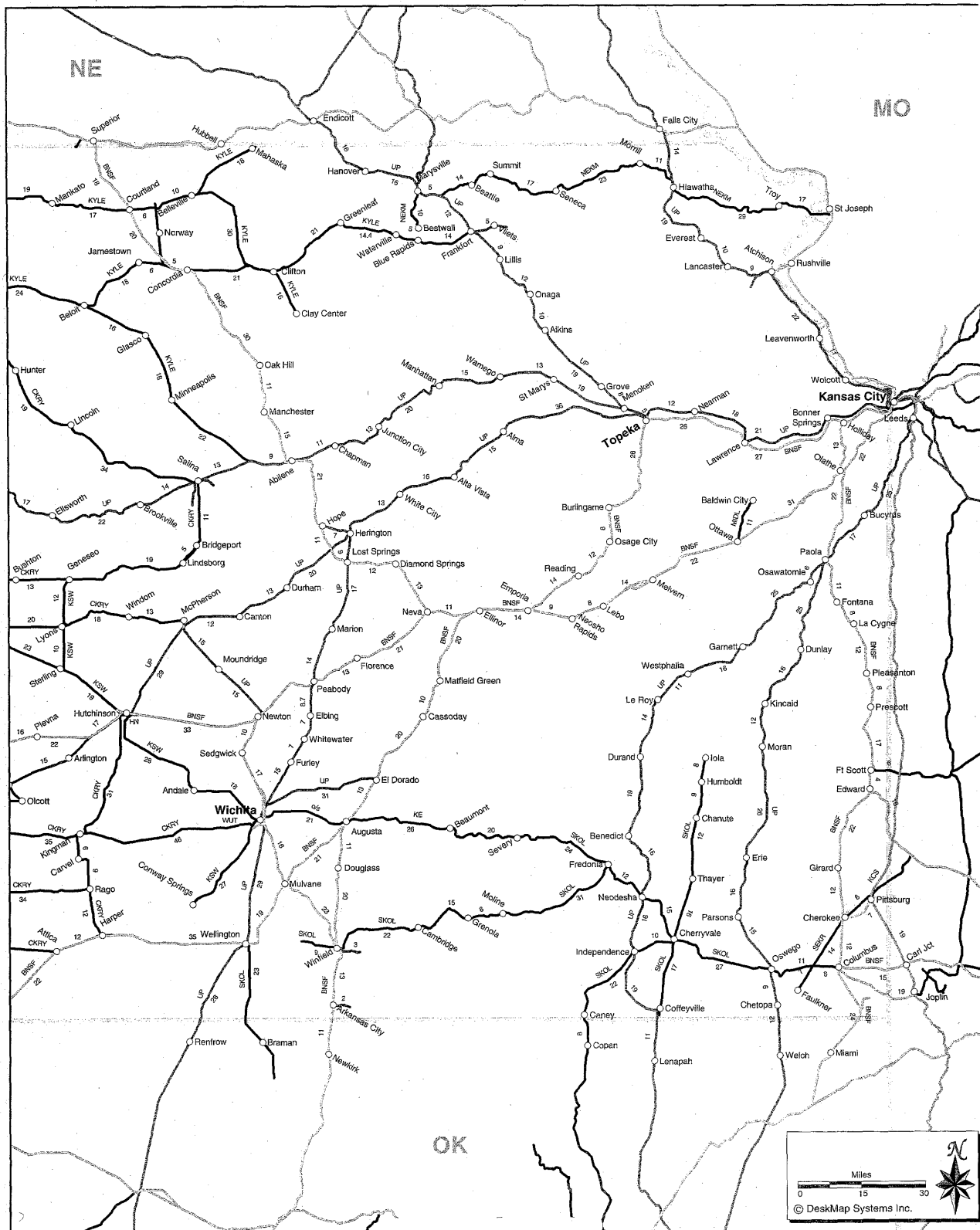


EXHIBIT B
LABOR NOTICE

BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

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TELEPHONE 202-638-3307

FACSIMILE 202-783-6947



KARL MORELL

kmorell@bjllp.com

May 3, 2002

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

Re: Finance Docket No. 34204, South Kansas And Oklahoma Railroad
Company – Lease Exemption – The Burlington Northern And Santa Fe
Railway Company

Dear Secretary Williams:

South Kansas And Oklahoma Railroad Company ("SKO"), hereby certifies that on May 3, 2002, SKO had posted the attached Notice at the workplace of the employees on the rail line that is the subject of this transaction and on April 25, 2002, SKO served a copy of the Notice on the national offices of all labor unions with employees on the affected line.

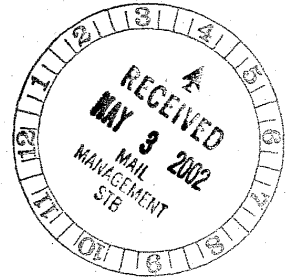
Please time and date stamp the extra copy of this letter and return it with our messenger.

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell

NOTICE



South Kansas and Oklahoma Railroad Company ("SKO"), a Kansas Corporation, will be leasing from The Burlington Northern And Santa Fe Railway Company the rail line located between Milepost 139.10, near Pittsburg, Kansas, and Milepost 145.32, near Cherokee, Kansas.

SKO will not be hiring any additional employees as a result of the lease of the Pittsburg-Cherokee rail line.

South Kansas and Oklahoma Railroad Company
315 West 3rd Street
Pittsburg, Kansas 66762
(620) 231-2230

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34204

SOUTH KANSAS AND OKLAHOMA RAILROAD COMPANY
--LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

South Kansas and Oklahoma Railroad Company, a Class III rail carrier, has filed a notice of exemption to lease from The Burlington Northern And Santa Fe Railway Company ("BNSF") the rail line located between Milepost 139.10, near Pittsburg, Kansas, and Milepost 145.32, near Cherokee, Kansas.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

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 KANSAS

COUNTY OF CRAWFORD

SS.

I, Richard B. Webb, being duly sworn depose and state that I am President of the South Kansas and Oklahoma Railroad Company, 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.

Richard B. Webb

Richard B. Webb

SUBSCRIBED AND SWORN TO before me this 18th day of June, 2002, in the County of Crawford, State of Kansas.

My Commission Expires:

6/14/2004

Lori F. Magee
Notary Public

Notary Public