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August 23, 2002

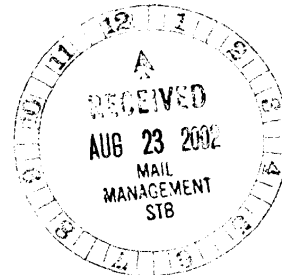
HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W. Room 711
Washington, D.C. 20423-0001

FEE RECEIVED

AUG 23 2002

**SURFACE
TRANSPORTATION BOARD**



Re: Finance Docket No. 34246, K. Earl Durden, Rail Management Corporation, And Rail Partners, L.P. - Continuance In Control
Exemption - AN Railway, L.L.C.

Dear Secretary Williams:

Enclosed for filing in the referenced docket please find an original and 10 copies of a Verified Notice of Exemption, along with our check in the amount of \$1,300.00 to cover the requisite filing fee.

An additional copy of the Notice is also enclosed. Kindly indicate receipt and filing by time-stamping this extra copy and returning it to the bearer of this letter.

Thank you for your attention to this matter.

FILED

AUG 23 2002

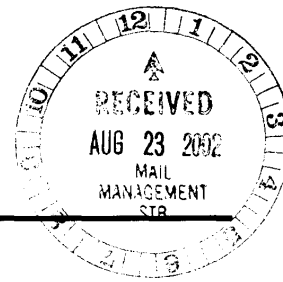
**SURFACE
TRANSPORTATION BOARD**

KJD:dmb
Enclosure

Sincerely,

Kelvin J. Dowd
An Attorney for
K. Earl Durden, Rail Management Corporation, And Rail Partners, L.P.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



K. EARL DURDEN, RAIL MANAGEMENT CORPORATION, AND RAIL PARTNERS, L.P. - CONTINUANCE IN CONTROL EXEMPTION - AN RAILWAY, L.L.C.	)))))	Finance Docket No. 34246
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VERIFIED NOTICE OF EXEMPTION

Pursuant to 49 U.S.C. § 10502 and 49 C.F.R. Parts 1180.2(d)(2) and 1180.4(g), K. Earl Durden ("Durden"), Rail Management Corporation ("RMC"), and Rail Partners, L.P. ("Partners") (collectively "Applicants") file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. § 11323, et seq. in connection with Applicants' continuance in control of AN Railway, L.L.C. ("ANLLC") following ANLLC's assumption of Class III rail carrier status through its acquisition by lease from the Apalachicola Northern Railroad Company ("ANRR") and operation of approximately 96 miles of rail line between Port St. Joe and Chattahoochee, Florida.¹

In support of this Notice, Applicants provide the following:

¹ANLLC's acquisition is the subject of a separate Notice of Exemption under 49 C.F.R. Part 1150.31-34, filed in Finance Docket No. 34247, AN Railway, L.L.C. - Exemption - Acquisition and Operation of Rail Lines between Port St. Joe and Chattahoochee, Florida. Applicants' proposed continuance in control of ANLLC qualifies for an exemption under 49 C.F.R. Part 1180.2(d)(2), as ANLLC's lines will not connect with any other railroad in Applicants' corporate family; the control of ANLLC "is not part of a series of anticipated transactions that would connect" Applicants' rail lines; and the transaction involves no Class I rail carriers.

1. Correspondence Relating To This Notice
(49 C.F.R. § 1180.6 (a))

All correspondence relating to this Notice of Exemption should be addressed to:

Kelvin J. Dowd
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

2. Description Of Proposed Transaction
(49 C.F.R. § 1180.6 (a) (1) (i)-(iii))

- a. Applicant Information

Durden is a citizen of the State of Florida, residing at 1804 Weakfish Way, Panama City, Florida 32411. Durden's telephone number is (850) 230-8331. Durden is not a railroad within the meaning of 49 U.S.C. § 11323.

RMC is a non-carrier holding company, formed as a Delaware corporation, controlled by Durden. RMC's principal place of business is 2605 Thomas Drive, Panama City, Florida 32408. RMC's former corporate name was Rail Management & Consulting Corporation.

Durden, through RMC and four other entities that he controls, also controls Partners, a Delaware limited partnership.² Partners' principal place of business is at 2605 Thomas Drive, Panama City, Florida 32408.

²Mr. Durden controls two trusts that, with RMC, control Emerald Coast Investments, L.L.C. ("Emerald"). Mr. Durden separately controls Galveston Railway, Inc. ("GRI"), a non carrier (not to be confused with Galveston Railroad, L.P., discussed below). GRI, Emerald, and RMC in turn control Rail Partners.

Durden, Partners, and RMC control thirteen (13) Class III railroads (the "RMC Rail Group"), located in Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, North Carolina, Tennessee, Texas and Wisconsin. In most cases, RMC is the general or managing partner of the railroad, holding a 1% interest, while Partners is a limited partner holding the remaining 99% interest.³ The Board's predecessor approved of the acquisition of control of these railroads by Applicants, jointly with Green Bay Packaging, Inc. ("GBP") formerly Durden's partner), in Finance Docket No. 31869, Green Bay Packaging, Inc., et al. – Continuance in Control;⁴ Finance Docket No. 31948, K. Earl Durden, et al. – Continuance in Control;⁵ Finance Docket No. 31996, Rail Management and Consulting Corp., et al. – Continuance in Control;⁶ Finance Docket No. 32426, Rail Management and Consulting Corp., et al. – Continuance in

³There are four exceptions: (1) KWT Railway, Inc., in which GRT controls 100% of the voting stock; (2) the Bay Line and (3) Western Kentucky shortlines, in which Partners holds 97% of the voting stock and 3% is held by RMC, Durden, and Durden-controlled entities; and (4) the Copper Basin Railway, Inc., in which Partners holds 55% of the voting stock and Asarco, Inc., an unaffiliated entity, holds the minority 45% interest.

⁴Finance Docket No. 31869, Green Bay Packaging, Inc.; K. Earl Durden; Galveston Ry., Inc.; Rail Management and Consulting Corp.; and Rail Partners, L.P. – Continuance in Control Exemption – Galveston R.R., L.P.; LRW Ry., L.P.; ET Ry., L.P.; ATW Ry., L.P.; KWT Ry., Inc.; Copper Basin Ry., Inc.; & Wilmington Terminal R.R. (Notice of Exemption served July 5, 1991).

⁵Finance Docket No. 31948, K. Earl Durden, Green Bay Packaging, Inc., Rail Management and Consulting Corp., & Wilmington Terminal R.R., Inc. – Continuance in Control Exemption – Wilmington Terminal R.R., Inc. & Ga. Cent. Ry., L.P. (Notice of Exemption served Nov. 21, 1991).

⁶Finance Docket No. 31996, Rail Management and Consulting Corp., Green Bay Packaging, Inc., & K. Earl Durden – Continuance in Control Exemption – Tomahawk Ry., L.P. & Valdosta Ry., L.P. (Notice of Exemption served Jan. 29, 1992).

Control;⁷ and Finance Docket No. 32437 (Sub-No.1), Rail Partners, L.P., et al. – Acquisition of Control Exemption – A&G R.R., L.L.C.⁸ The Board then approved Durden's 1996 buyout of GBP's interests in Partners, RMC, and the RMC Rail Group, and his resultant assumption of 100% control, in Finance Docket No. 32947 (Sub-No. 2), K. Earl Durden–Acquisition of Control Exemption–Rail Partners, L.P., Et Al.⁹ Applicants' control of a thirteenth carrier, M&B Railroad, L.L.C., was the subject of an exemption invoked in Finance Docket No. 33435, K. Earl Durden, Rail Management and Consulting Corporation, and Rail Partners, L.P.–Acquisition of Control Exemption – Pennington Railroad, Inc.

The business address and telephone number of Applicants is:

K. Earl Durden
2605 Thomas Drive
Panama City, Florida 32408
(850) 230-8331

⁷Finance Docket No. 32436, Rail Management and Consulting Corp., Green Bay Packaging, Inc., K. Earl Durden, and Rail partners, L.P. – Continuance in Control Exemption – The Bay Line R.R., L.L.C. (Notice of Exemption served Jan. 24, 1994).

⁸Finance Docket No. 32437 (Sub-No. 1), Rail Partners, L.P., Panama City Beach Office Park, Ltd., K. Earl Durden, Green Bay Packaging, Inc., and Rail Management and Consulting Corp. – Acquisition of Control Exemption – A&G R.R., L.L.C. (Decision served Sept. 30, 1994).

⁹STB Finance Docket No. 32947 (Sub-No. 2), K. Earl Durden–Acquisitioin of Control Exemption–Rail Partners, L.P., Rail Management & Consulting Corporatioin, Atlantic & Western Railway, L.P., The Bay Line Railroad, L.L.C., Copper Basin Railway, East Tennessee Railway, L.P., Galveston Railroad, L.P., Georgia Central Railway, L.P., KWT Railway, Inc., Little Rock & Western Railway, L.P., Tomahawk Railway, L.P., Valdosta Railway, L.P., Western Kentucky Railway, L.L.C., and Wilmington Terminal Railroad, L.P. (Notice of Exemption served June 27, 1996).

Questions regarding this Notice of Exemption may be directed to Applicants' counsel, Kelvin J. Dowd of the law firm Slover & Loftus, at the address and telephone number shown above.

b. Summary and Purpose of Transaction

By the proposed transaction, Applicants will continue in control of ANLLC once ANLLC becomes a carrier through its lease and operation of ANRR's lines between Port St. Joe and Chattahoochee, Florida. ANLLC will not connect with any other rail lines in the RMC Rail Group. ANLLC will interchange with CSX Transportation, Inc. only, at Chattahoochee. ANLLC's acquisition of ANRR's lines is not part of an anticipated series of transactions designed to link various railroads in the RMC Rail Group. Applicants' continued control of ANLLC will allow the latter to benefit from Applicants' capital support and overall management and corporate direction and expertise. ANLLC will continue handling freight for customers ANRR previously served, without material changes in the level or quality of transportation service provided.

c. Proposed Time Schedule

Applicants expect to consummate the merger as promptly as possible following the effectiveness of the exemption invoked by this Notice.

3. States In Which Applicants' Property Is Situated
(49 C.F.R. § 1180.6 (a)(5))

Applicants, through the RMC Rail Group, own property in the States of Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, North Carolina, Tennessee, Texas, Mississippi and Wisconsin.

4. Map of Rail Lines, Connections, And Geographic Points
(49 C.F.R. § 1180.6 (a)(6))

See Exhibit 1.

5. Related Written Instruments
(49 C.F.R. § 1180.6 (a)(7)(ii))

There is no control agreement between Applicants and ANLLC, so this term is not applicable.

6. Labor Protection
(49 C.F.R. § 1180.4 (g)(i))

Because this Notice of Exemption relates to a transaction “involving only Class III rail carriers,” the provisions of 49 U.S.C. § 11326 requiring employee protective conditions do not apply. See 49 U.S.C. § 11326(c).

7. Environmental Review
(49 C.F.R. § 1180.4 (g)(3))

Because this Notice of Exemption relates to a transaction that will “not result in significant changes in carrier operations,” the Board’s environmental review regulations do not apply See 49 C.F.R. § 1105.6 (c)(2).

8. Historic Report
(49 C.F.R. § 1105.8 (b))

Because Applicants have no plans to dispose of or alter properties fifty years or older subject to the Board's jurisdiction, Board regulations do not require an historic report in connection with the proposed transaction.

9. Costal Zone Management Act
(49 C.F.R. § 1105.9 (a))

Because this Notice of Exemption does not affect "land or water uses within a State coastal zone designated pursuant to the Coastal Zone Management Act," the Board's Coastal Zone Management Act regulations do not apply.

Respectfully submitted,

K. EARL DURDEN, RAIL MANAGEMENT
CORPORATION, AND
RAIL PARTNERS, L.P.
2605 Thomas Drive
Panama City Beach, FL 32408

By: Donald G. Avery
Kelvin J. Dowd 
Slover & Loftus
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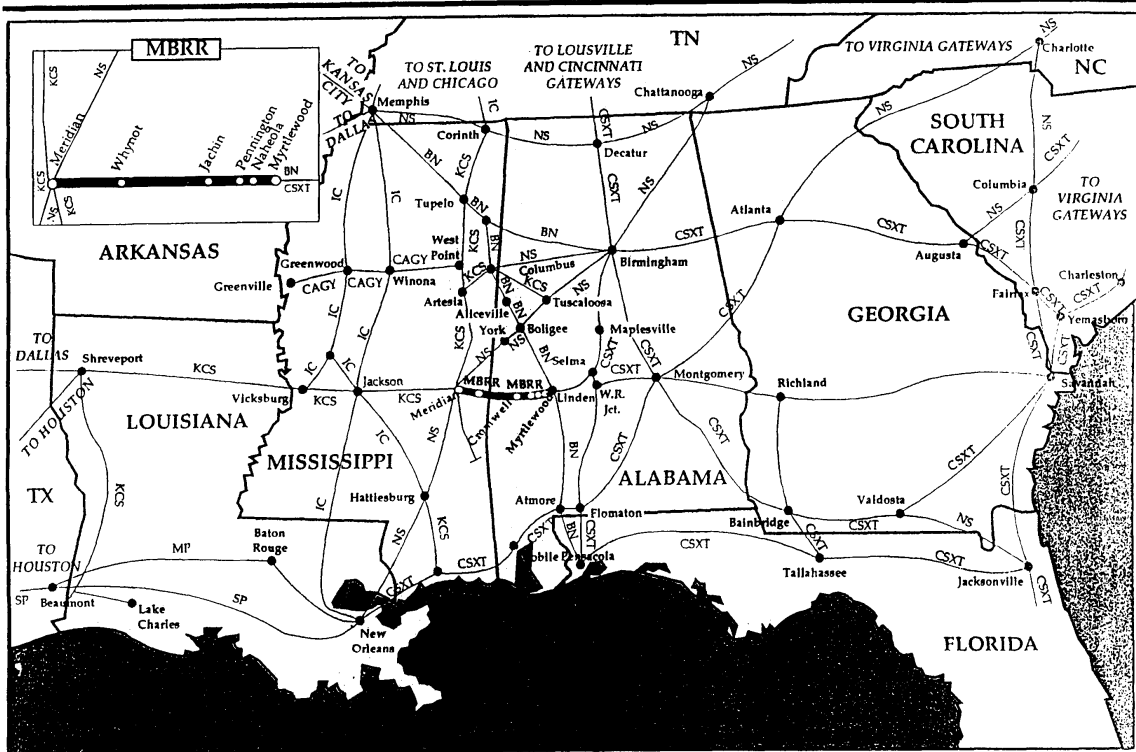
OF COUNSEL:

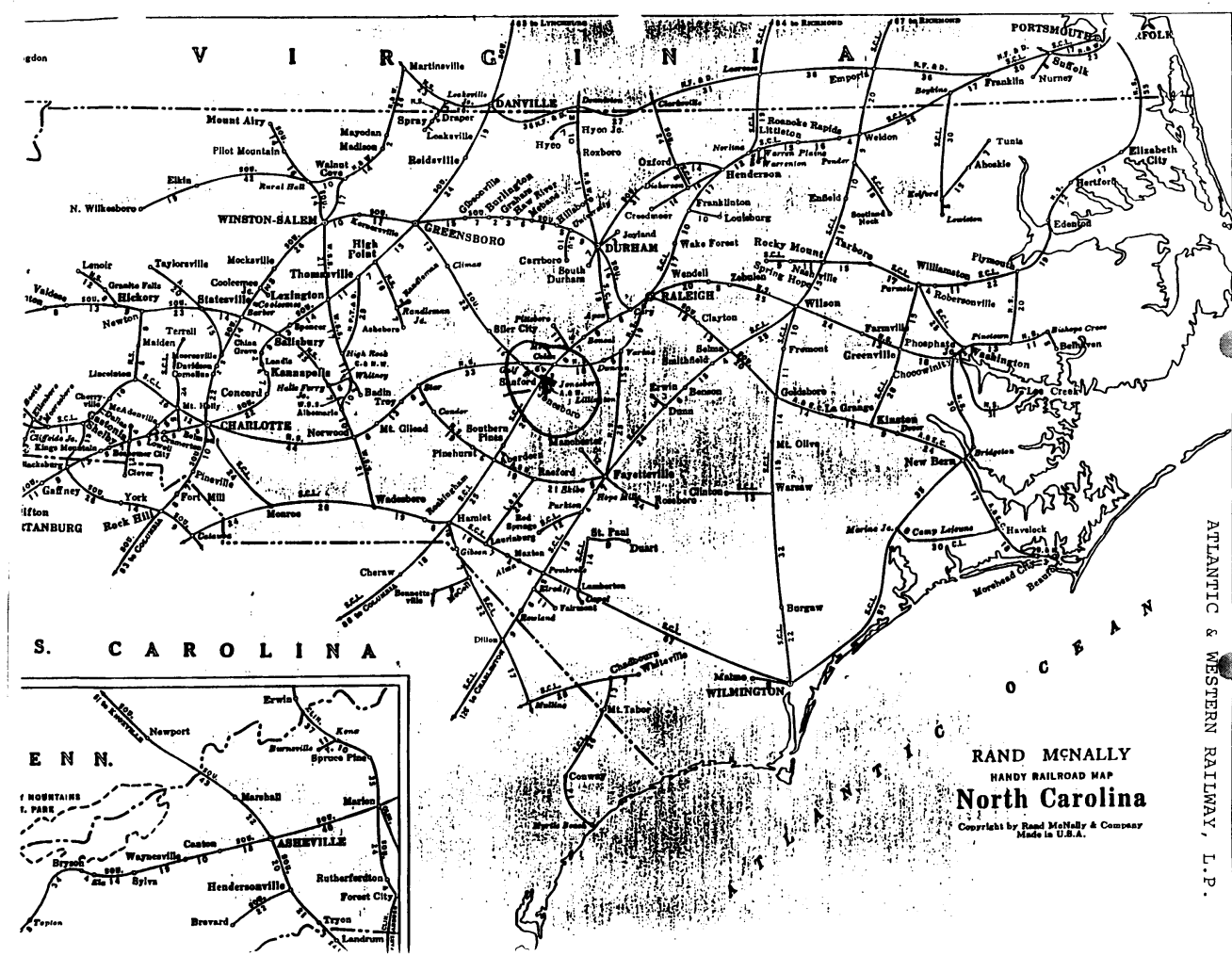
Slover & Loftus
1224 Seventeenth Street, NW
Washington, DC 20036

Dated: August 23, 2002

Attorneys & Practitioners

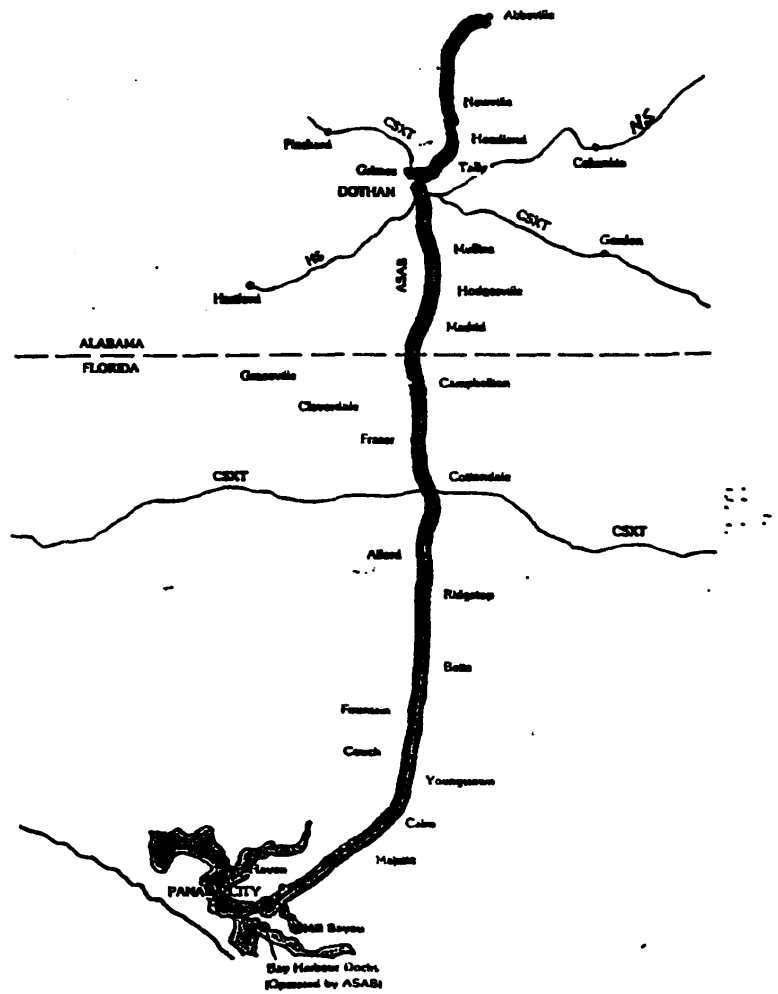
Meridian & Bigbee Railroad

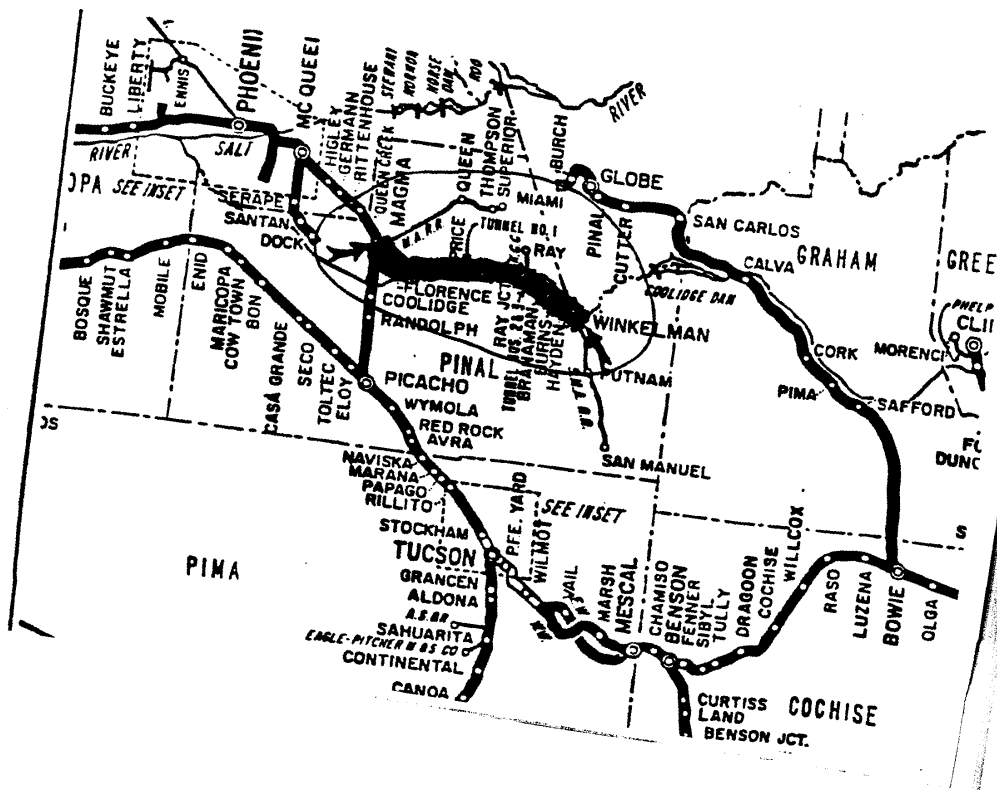




ATLANTIC & WESTERN RAILWAY, L.P.

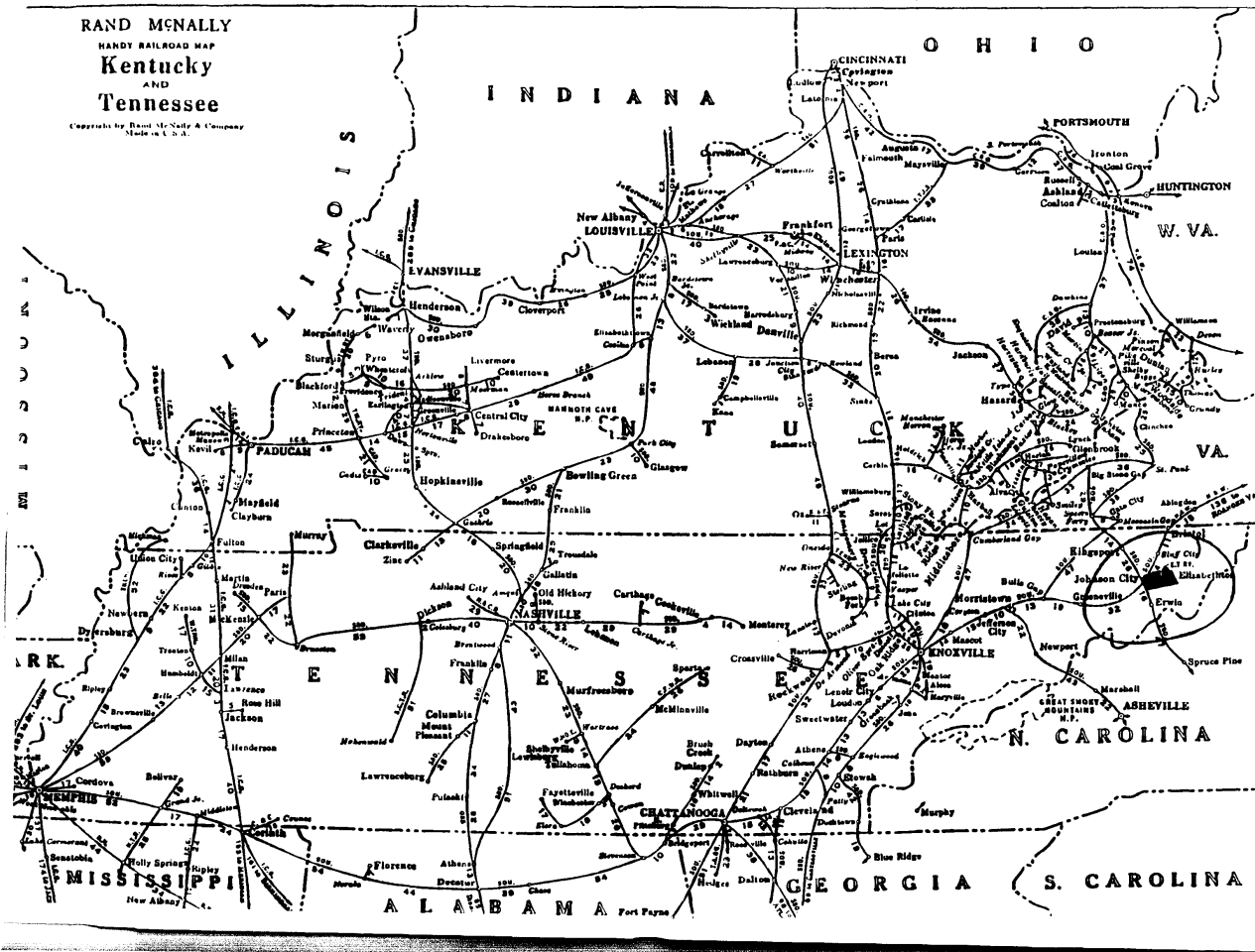
THE BAY LINE RAILROAD, L.L.C. SYSTEM MAP 1997





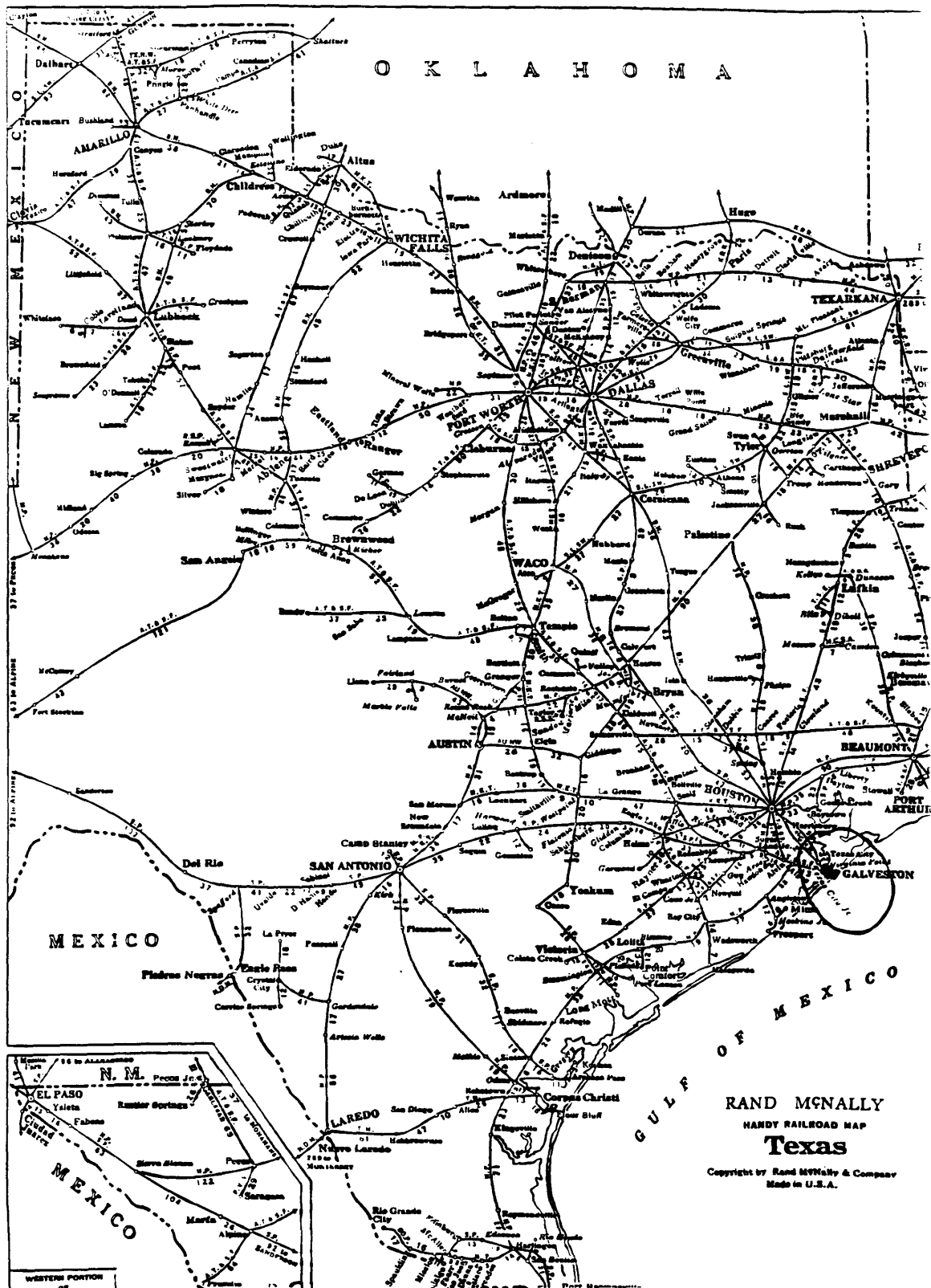
RAND McNALLY
HANDY RAILROAD MAP
Kentucky
AND
Tennessee

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EAST TENNESSEE RAILWAY, L.P.

GALVESTON RAILROAD, L.P.



HANDY RAILROAD MAP

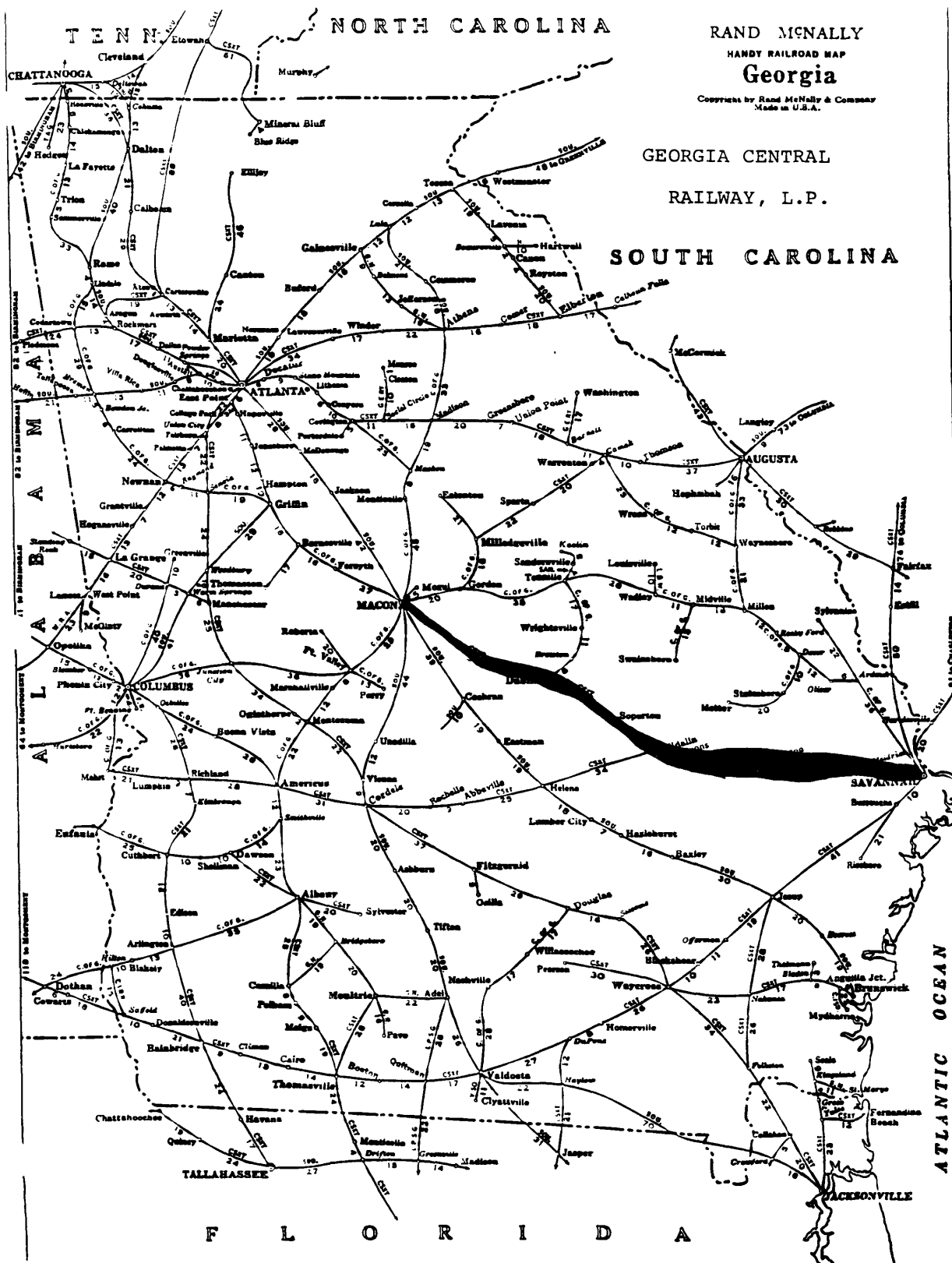
Georgia

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GEORGIA CENTRAL

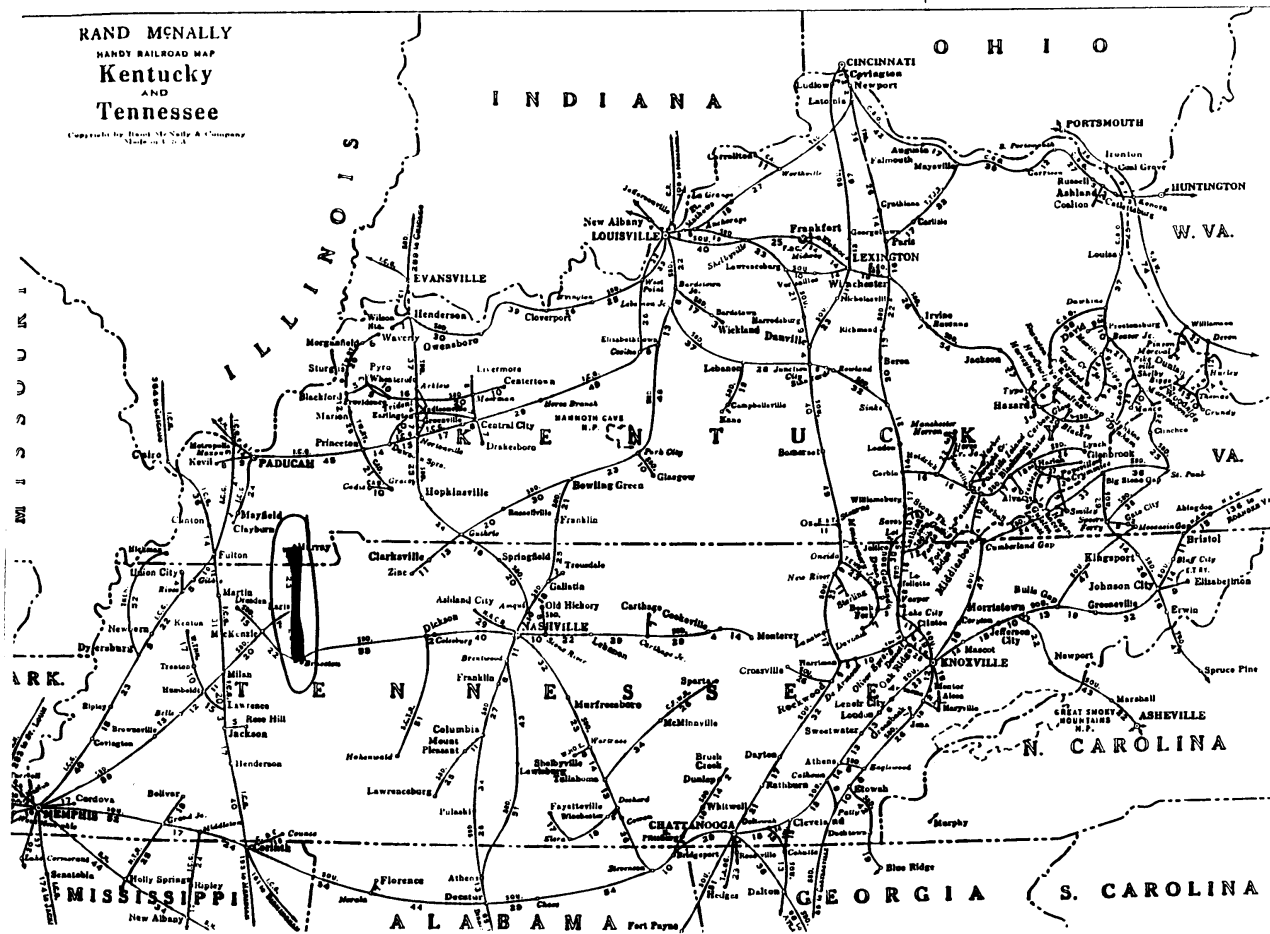
RAILWAY, L.P.

SOUTH CAROLINA



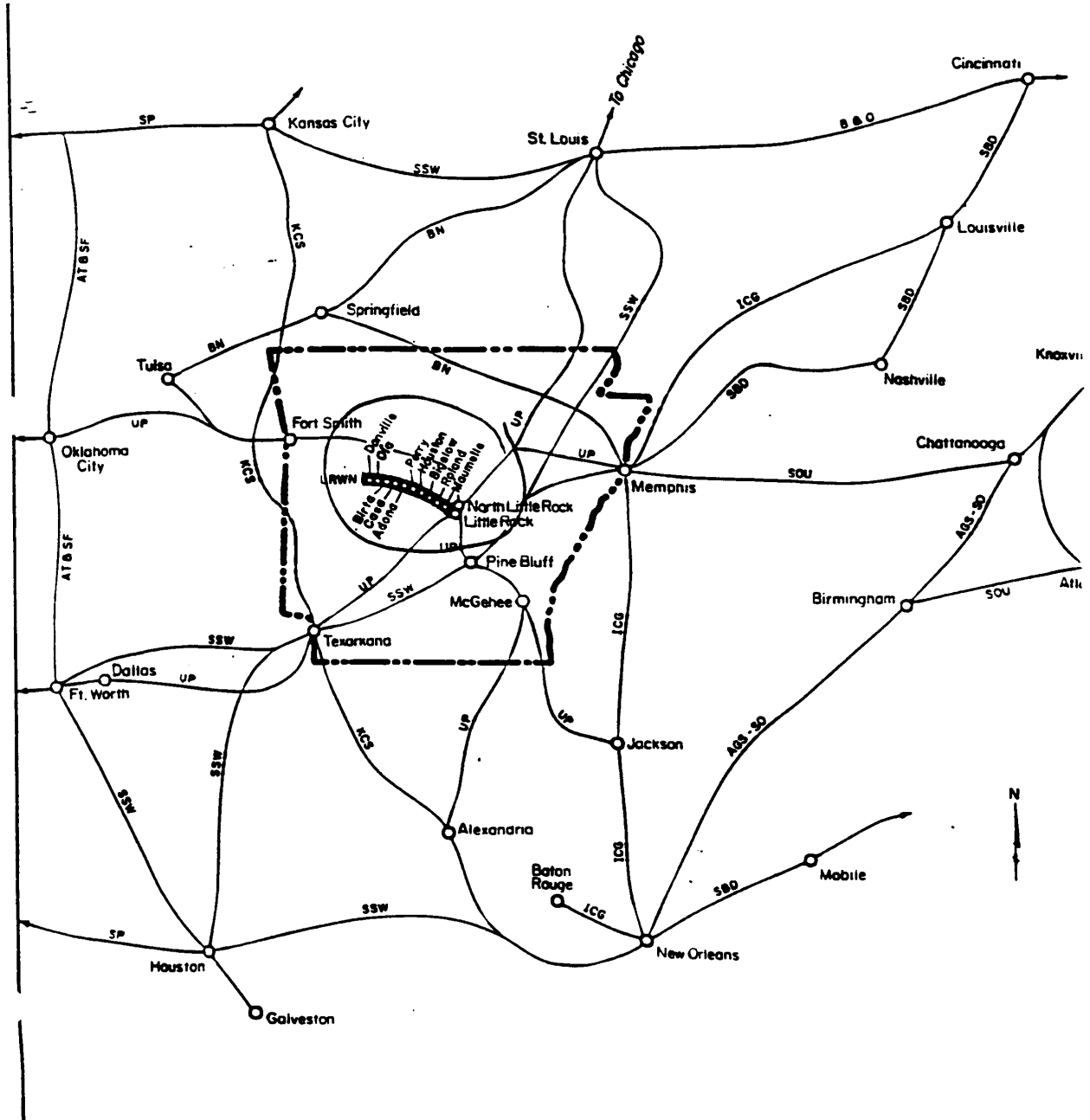
RAND McNALLY
HANDY RAILROAD MAP
Kentucky
AND
Tennessee

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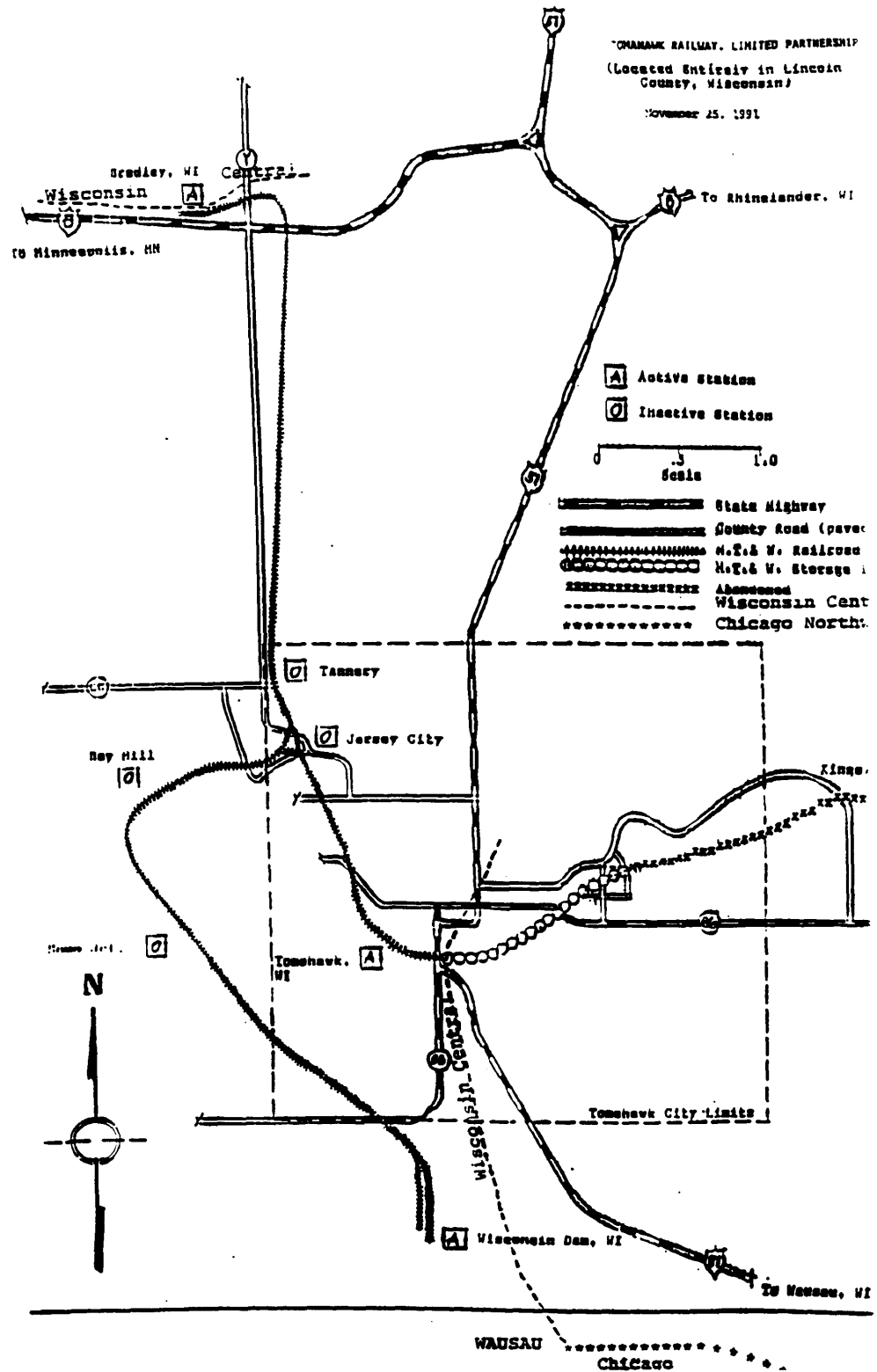


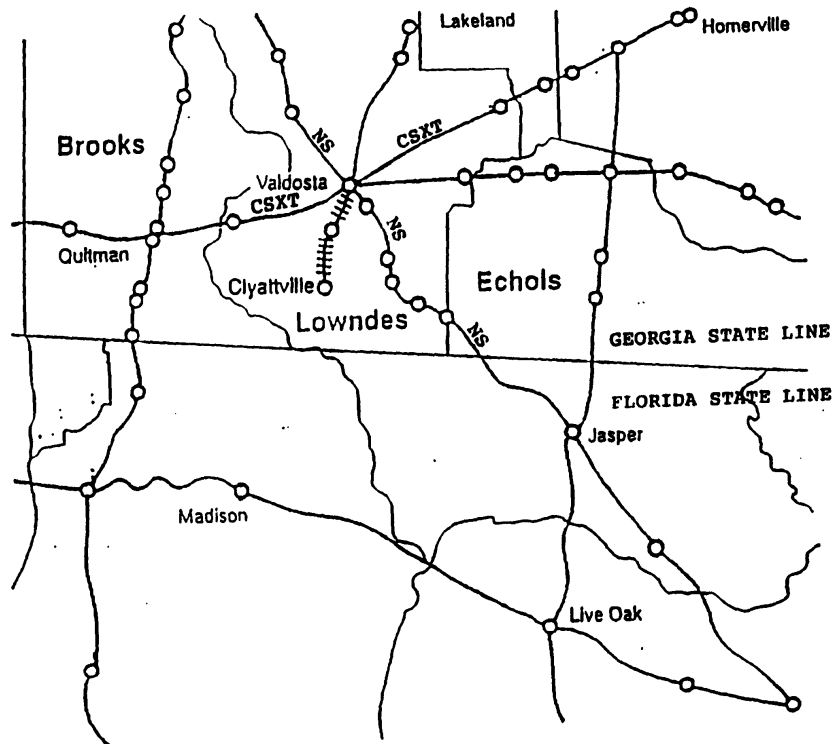
KENTUCKY RAILWAY, INC.

LITTLE ROCK & WESTERN RAILWAY, L.P.



TOMAHAWK RAILWAY, L.P.



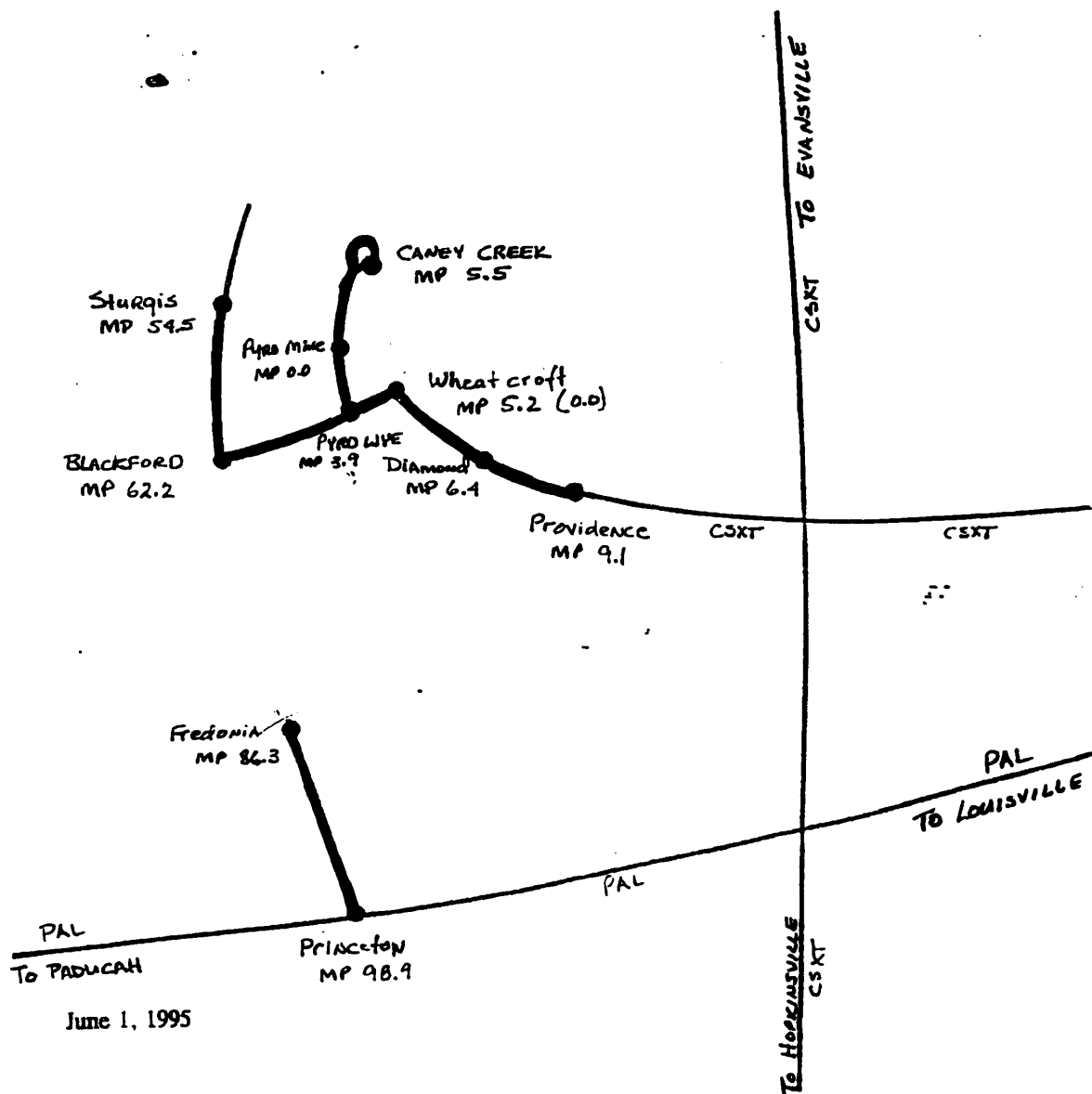


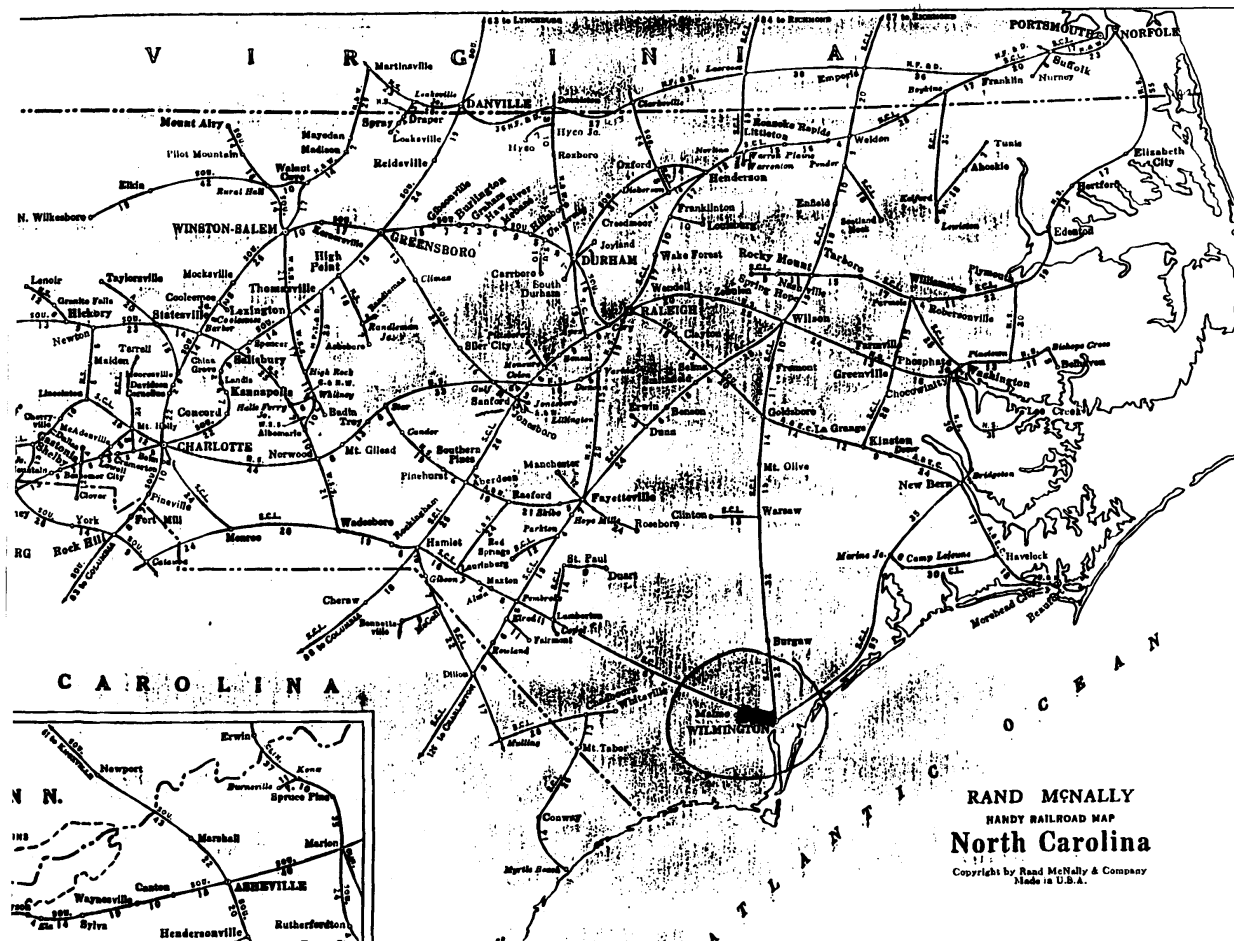
VALDOSTA RAILWAY, L.P.

11 of 13

Western Kentucky Railway, L.L.C.
Sturgis, Kentucky

Map Of Railroad





WILMINGTON TERMINAL RAILROAD, L.P.

VERIFICATION

STATE OF FLORIDA

)
)
)
)
)
)

SS:

COUNTY OF BAY

K. Earl Durden, being duly sworn, deposes and says that he has read the foregoing Notice of Exemption, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.

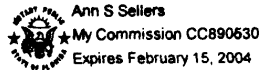
K. Earl Durden

SUBSCRIBED AND SWORN TO before me this 23rd day of August, 2002.

Ann S Sellers

Notary Public

My Commission Expires: 2-15-04



Verification