

WSFR[®]

WATSON, STEVENS, FIORILLA & RUTTER, LLP

Attorneys At Law

Representing clients with vigor and integrity.



November 18, 2002

Vernon A. Williams, Office of the Secretary
Surface Transportation Board Via Federal Express
1925 K Street, N.W.
Washington, DC 20423

206680

Re: In the Matter of Morristown & Erie Railway Company
Authority to Operate the Somerset Terminal Railroad Corporation
Finance Docket No. FD-34267
FILING OF AMENDED VERIFIED NOTICE OF EXEMPTION

Dear Mr. Williams:

This firm represents the Morristown & Erie Railway Company of Morristown, New Jersey. Enclosed please find for filing an original and ten copies of an Amended Verified Notice of Exemption of the Morristown & Erie Railway for authority to operate the Somerset Terminal Railroad Corporation. The original Notice was filed with the Board on October 5, 2002.

Since the original filing fee was remitted with our letter of the original filing of October 4 no further fee is enclosed. A disc with a copy of the Amended Verified Notice of Exemption is enclosed in Word Perfect format.

Also enclosed are two additional copies to be stamped filed and returned to me in the self-addressed stamped envelope enclosed. Your prompt attention to this matter is kindly appreciated.

Sincerely,

John K. Fiorilla

Cc: Gordon R. Fuller, COO M& E Railway- w/enc.
Eric Strohmeier- Somerset Terminal Railroad-w/enc.
Joseph Horner-w/enc.
Jonathan M. Broder, Esq. - Consolidated Rail Corporation-w/enc.
John Edwards, Esq.- Norfolk Southern Railway-w/enc.
Richard Wisneski- N.J. Transit-w/enc.
Michael E. Allen- Standard Terminal Railroad-w/enc.
John F. McHugh, Esq -w/enc.

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beisenstadt@WSFR.net
Member also PA Bar

Russell E. Watson (1909-1970)
A. Dudley Watson (1917-1990)
Edward L. Webster, Jr. (1950-1987)

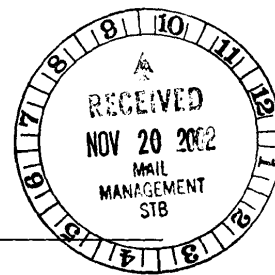
ENTERED
Office of Proceedings

NOV 20 2002

Part of
Public Record

206680

Before the
Surface Transportation Board



Finance Docket No:

FD-34267

In the Matter
of
MORRISTOWN & ERIE RAILWAY, INC.
Authority to Operate the
SOMERSET TERMINAL RAILROAD CORPORATION
Between Milepost 57.25 and 58.50, Somerset County, New Jersey

ENTERED
Office of Proceedings

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Part of
Public Record

AMENDED VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41

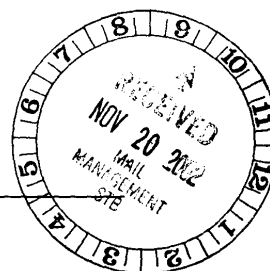
CAPTION

Morristown & Erie Railway, Inc. has filed an Amended Notice of Exemption to Operate the Somerset Terminal Railroad Corporation between Milepost 57.25 and 58.50 in Somerset County, New Jersey. Comments must be filed with the Board and served upon John K. Fiorilla, Esq. Watson, Stevens, Fiorilla & Rutter LLP, 390 George Street, P O Box 1185, New Brunswick, N.J. 08903.

This Notice is filed under 49 CFR §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.

November 13, 2002.

Before the
Surface Transportation Board



Finance Docket No:

FD-34267

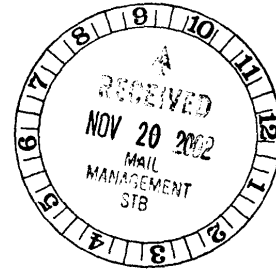
In the Matter
of
MORRISTOWN & ERIE RAILWAY, INC.
Authority to Operate the
SOMERSET TERMINAL RAILROAD CORPORATION
Between Milepost 57.25 and 58.50, Somerset County, New Jersey

AMENDED VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41

John K. Fiorilla
Watson, Stevens, Fiorilla & Rutter, LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
732-545-2250
Jfiorilla @ wsfr.net

ATTORNEYS FOR
MORRISTOWN & ERIE RAILWAY, INC.

Dated: November 13, 2002



Before the
Surface Transportation Board

Finance Docket No:

FD-34267

In the Matter
of
MORRISTOWN & ERIE RAILWAY, INC.
Authority to Operate the
SOMERSET TERMINAL RAILROAD CORPORATION
Between Milepost 57.25 and 58.50, Somerset County, New Jersey

AMENDED VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41

The Morristown & Erie Railway, Inc., a class III carrier, (M&E) hereby files this Verified Notice of Exemption under 49 C.F.R. § 1150.41 for authority to operate the Somerset Terminal Railroad Corporation, ("STRC") a Class III carrier, between milepost 57.25 at the Manville Yard and milepost 58.50 at a junction with New Jersey Transit's commuter line, in the Township of Bridgewater and the Borough of Manville, Somerset County, NJ, as provided in an assignment of contracts agreement dated October 1, 2002 between the M & E and the STRC.

M & E will begin operation of the STRC once all of the contingencies contained in the assignment of contracts dated October 1, 2002, are met. A copy of the Assignment of Contracts is attached hereto as Exhibit B. These contingencies include the consent of the owner, Joseph C. Horner, as delineated in a Land Use Agreement dated May 1, 2000, between Joseph C. Horner and STRC.

Pursuant to 49 C.F.R. § 1150.43, M & E submits the following information:

NAME OF ENTITY ACQUIRING

The Morristown & Erie Railway, Inc., a class III carrier, located at 49 Abbett Avenue, P.O. Box 2206, Morristown, New Jersey 07962-2206, has filed a Notice of Exemption pursuant to 49 CFR § 1150.41(c) to operate the Somerset Terminal Railroad Corporation.

TYPE OF TRANSACTION

The STRC has assigned to M & E rights under certain contracts which will permit the M & E to operate the STRC between milepost 57.25 at the Manville Yard and milepost 58.50 at a junction with New Jersey Transit's commuter line, in the Township of Bridgewater and the Borough of Manville, Somerset County, NJ. A copy of the Assignment of these trackage rights is attached hereto as Exhibit B.

THE TRANSFEROR ENTITY

The transferor entity and current operator of the property is the STRC, a class III railroad carrier, located at 568 Central Avenue, Bridgewater, New Jersey 08807, telephone number, (908) 240-2339.

DESCRIPTION OF LINE TO BE OPERATED

The proposed transaction involves the assignment of trackage rights from the Somerset Terminal Railroad Corporation to the Morristown & Erie Railway, Inc., for the approximately 1.25 miles of rail line located in the Township of Bridgewater and the Borough of Manville, Somerset County, NJ, and is part of a rail line known as the Reading Company New York branch (also known as the Raritan Valley Connecting

Track) and identified as Line Code 0326, between milepost 57.25 at Manville Yard and milepost 58.50 at a junction with New Jersey Transit's commuter line. STRC has also assigned the right to operate a railroad bridge it owns crossing the Raritan River which connects the properties on which it has its easement.

PETITIONER'S REPRESENTATIVE

Comments must be filed with the Board and served on John K. Fiorilla, Esq., Watson, Stevens, Fiorilla & Rutter, LLP, 390 George Street, P.O. Box 185, New Brunswick, New Jersey 08903, telephone number (732) 545-2250.

LINE CONNECTIONS

The Morristown & Erie Railway, Inc., proposes to operate the line to connect with CSX Transportation, Inc. ("CSXT") and Norfolk Southern Railway Company ("NS") at points of intersection on the rail line.

VERIFICATION

The Morristown & Erie Railway, Inc., hereby certifies as attached that its projected revenues do not exceed those that would qualify it as a Class III carrier and that its projected annual revenues will not exceed \$5,000,000.00.

MAP

A map of STRC, is attached hereto as Exhibit A.

The full name and address of the applicant is:

Gordon Fuller, COO
Morristown & Erie Railway, Inc.
49 Abbett Avenue
P.O. Box 2206
Morristown, New Jersey 07962-2206

Any questions concerning this Notice should be sent to the Morristown & Erie Railway, Inc., representative at the following address:

John K. Fiorilla
Watson, Stevens, Fiorilla & Rutter, LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
732-545-2250
jfiorilla@wsfr.net

November 13, 2002

Respectfully Submitted,



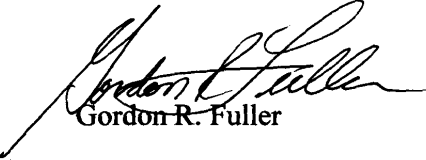
John K. Fiorilla, Esq.
Watson Stevens Fiorilla & Rutter, LLP
390 George Street
P O Box 1185
New Brunswick, N.J. 08903
(732) 545-2250
Jfiorilla @ wsfr.net

Attorney for Morristown & Erie
Railway, Inc.

CERTIFICATION

I, Gordon R. Fuller hereby certifies that I have read the foregoing Notice of Exemption and I know the facts asserted therein, and that the same are true as stated to the best of my knowledge. I am aware that if any of the foregoing statements are willfully false, that I am subject to punishment.

November 13, 2002



Gordon R. Fuller

Before the
Surface Transportation Board

IN THE MATTER OF
MORRISTOWN & ERIE RAILWAY, INC.
FINANCE DOCKET NO.: FD-34267
BETWEEN MILEPOST 57.25 AND 58.50
AS SHOWN BELOW:

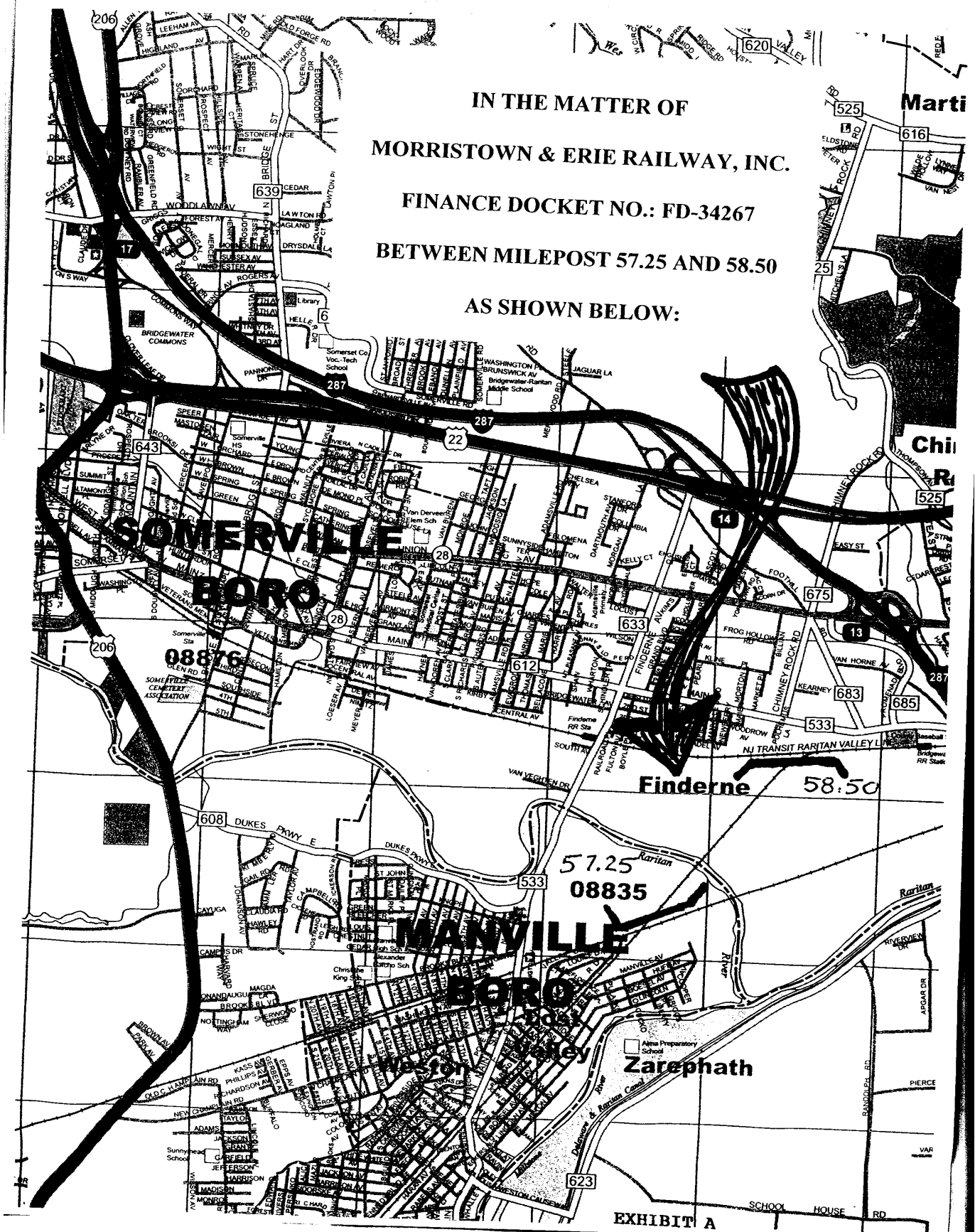


EXHIBIT A

Assignment of Contracts

State of New Jersey

County of Morris

This assignment is made between the Somerset Terminal Railroad Corporation, a New Jersey Corporation with offices at 568 Central Avenue, Township of Bridgewater, County of Somerset, State of New Jersey which is designated in this instrument as "Assignor" and the Morristown & Erie Railway Inc., a New Jersey Corporation with offices at 49 Abbett Avenue, Town of Morristown, County of Morris, State of New Jersey designated in this instrument as "Assignee".

EXHIBIT B

Recitals and Conditions of Assignment

A. Assignor is a Class III Railroad carrier which currently holds an easement dated May 1, 2000 to operate a railroad over the properties of Joseph Horner of 15 Polehemus Lane, Township of Bridgewater, County of Somerset over which it operates its railroad dated and recorded in the Somerset County Clerk's Office at Book 2351, Page 841 attached hereto as Exhibit A.

Assignor also is the party to a Land Use Agreement with Joseph Horner dated May 1, 2000 attached hereto as Exhibit B.

B. Assignor desires to assign to assignee all its right title and interest in said easement and contracts for an initial term of fifteen years with the right of the Assignee to renew at its sole option such assignments for three five year periods upon expiration of the initial term.

C. Assignor also desires to assign to assignee all its right title and interest in a sidetrack Agreement and a Team-Track Lease Agreement between it and Waste Solutions Group of Somerset LLC both of which are dated March 22,

2002 for an initial term of fifteen years with the right of the Assignee to renew at its sole option the Assignments of these contracts for three five year periods upon the expiration of the initial term of the Assignment. These agreements are attached hereto as Exhibits "C" and Exhibit "D" respectively..

D. Assignor and Assignee understand that this assignment is subject to the following conditions all of which must be fulfilled for this assignment to be effective:

1. That Assignor possesses all the rights that it wishes to assign and that the question of whether or not it currently possesses the rights it wishes to assign will be decided in a legal action currently pending in the Superior Court of New Jersey, Chancery Division, Somerset County entitled *Somerset Terminal Railroad Company v Joseph Horner, et al.* bearing docket no. C-12068-02

2. ^{WIL} That the Assignor obtains from Joseph Horner written consent to assign the Land Use Agreement dated May 1, 2000 pursuant to Section 14 of that Agreement.

3. That the Assignor give written notice to Waste Solutions Group of Somerset LLC that the Team-Track Lease Agreement and Side Track Agreement both dated March 22, 2002 have been assigned to the assignee.

Agreement

Section 1

Contracts Assigned

Subject to the conditions noted above, Assignor assigns all its right title and interest to the Assignee in the following four contracts and Assignee agrees to be responsible for all obligations under these contracts until the assigned agreements are terminated by their terms or until this assignment is terminated pursuant to Section III below:

1. Deed of Easement made May 1, 2000 between Joseph Horner and Assignor recorded at Book 2351 Page 841 in the office of clerk of Somerset County, New Jersey attached hereto as Exhibit A.

2. Land Use Agreement made May 1, 2000 between Joseph Horner and Assignor for certain property in the Township of Bridgewater and in the Borough of Manville, New Jersey attached hereto as Exhibit B.

3. Sidetrack Agreement between the Assignor and Waste Solutions Group of Somerset LLC dated March 22, 2002 and attached hereto as Exhibit "C."

4. Team track Lease Agreement between Assignor and Waste Solutions Group of Somerset LLC dated March 22, 2002 and attached hereto as Exhibit "D."

Section II

Consideration Paid

In Consideration of this Assignment, Assignee agrees, upon the fulfillment of all conditions noted above necessary to effectuate this assignment, to pay on behalf of the Assignor the outstanding account payables of Assignor totaling \$7,022.83 as noted on Exhibit "E" attached hereto.

The Assignee also agrees as further compensation after the fulfillment of all the conditions mentioned above to pay to Assignor six per cent (6%) of the net revenue per year for the freight and miscellaneous charges collected from its customer Bridgewater Resource Inc. and/or its successors and assigns.

The net revenue to be determined by the sum of all freight and miscellaneous charges collected from its customer Bridgewater Resources, Inc. and/or its successors or assigns minus the sum of the costs of any local or state taxes paid, locomotives, fuel, wages and fringes of crews, administration and track and bridge maintenance costs required to handle freight traffic from Bridgewater Resources, Inc and/or its successors and assigns.

Section III

Term of Assignment

This assignment shall be in effect for an initial term of fifteen (15) years. At the conclusion of the initial fifteen year term which shall run from the date all the conditions above are met, the Assignee shall have the exclusive option to renew the assignment for three consecutive five year periods by giving notice no later than one month before the expiration of the assignment or any

extension of the assignment of its intent to so renew the assignment.

Assignees failure to so give notice to renew this assignment will terminate this assignment and all rights assigned herein which will then become the property and responsibility of the Assignor. Likewise at the end of the final five year renewal period, if applicable, this assignment will terminate and all rights and responsibilities thereunder will return to the Assignor. Assignee shall give to Assignor a letter designating the exact date upon which all conditions were met and this date will be the date when this Assignment is effective.

Section IV

Notices

All notices given under this agreement shall be sent as follows:

To the Assignor: Eric S. Strohmeyer, President
Somerset Terminal Railroad Corporation
568 Central Avenue
Bridgewater, New Jersey 08807

To the Assignee Gordon R. Fuller- CEO
Morristown & Erie Railway, Inc.
49 Abbett Avenue
P O Box 2206
Morristown, N.J. 07962-2206

In witness thereof I have executed this Assignment on behalf of the Somerset
Terminal Railroad Corporation at On October 1, 2002

Signed in the Presence of

Eric B. Strohmeyer *Eric B. Strohmeyer*
Secretary Eric Strohmeyer, President
Somerset Terminal Railroad Corporation

State of New Jersey
County of Morris

Be it remembered that on this / Day of *October* 2002 there personally
appeared *Eric Strohmeyer* who is the Secretary of the Somerset Terminal
Railroad Corporation and who attests that Eric Strohmeyer is the President of
said corporation and has the power invested in him by the Board of Directors
of said corporation to execute the above Assignment.

Lucille A. Siebold

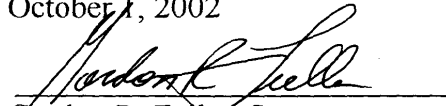
LUCILLE A SIEBOLD
NOTARY PUBLIC, BERGEN COUNTY, NJ
MY COMMISSION EXPIRES MAY 15, 2005

Acceptance of Assignee

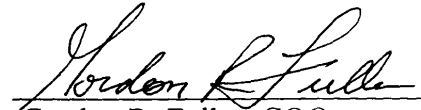
I Gordon R. Fuller, Chief Operating Officer, Executive V.P. and Secretary of the Morristown & Erie Railway, Inc. accept on behalf of that company the assignment of the above noted contracts. Morristown & Erie Railway, Inc. agrees to perform all obligations to be performed by the Assignor under the assigned contracts for the for the duration of this assignment and to

indemnify the assignor against any liability arising from the performance or nonperformance of such obligations.

October 1, 2002



Gordon R. Fuller, Secretary
State of New Jersey
County of Morris



Gordon R. Fuller, COO

Be it remembered that on this/ Day of *October* 2002 their personally appeared Gordon R. Fuller who is the Secretary of the Morristown & Erie Railway, Inc. and who attests that he is also the Chief Operating officer and Executive VP of said corporation and has the power invested in him by the Board of Directors of said corporation to Execute the above Acceptance of Assignment.



LUCILLE A SIEBOLD
NOTARY PUBLIC, BERGEN COUNTY, NJ
MY COMMISSION EXPIRES MAY 15, 2005