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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. FD-34340

VERMILION VALLEY RAILROAD COMPANY, INC.
-- OPERATION EXEMPTION --
FNG LOGISTICS CO.
VERMILLION AND WARREN COUNTIES, INDIANA

ENTERED
Office of Proceedings

VERIFIED PETITION FOR EXEMPTION
PURSUANT TO 49 C.F.R. §1150.31

APR 23 2003

Part of
Public Record

NOTICE OF OPERATION OF RAIL LINES
INFORMATION REQUIRED BY 49 C.F.R. §1150.31

FEE RECEIVED

APR 23 2003

SURFACE
TRANSPORTATION BOARD

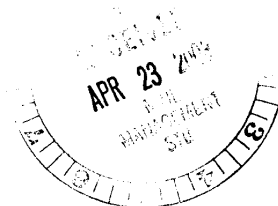
Daniel A. LaKemper, Esq.
LaKemper Law Office
P.O. Box 185
Morton, Illinois 61550
Tel.: (309) 678-6048
Fax: (309) 263-7516

Attorney for VVRR

Dated: April 16, 2003.

FILED

APR 23 2003



BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. FD=34340

VERMILION VALLEY RAILROAD COMPANY, INC.
--OPERATION EXEMPTION--
FNG LOGISTICS CO.
VERMILLION AND WARREN COUNTIES, INDIANA

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR §1150.31

NOTICE OF OPERATION OF RAIL LINES
INFORMATION REQUIRED BY 49 C.F.R. §1150.31

Name and Address of Applicant **49 C.F.R. §1150.33(a)**

Vermilion Valley Railroad Company, Inc.
916 Vine Street
Connersville, Indiana 47331

Applicant's Representative **49 C.F.R. §1150.33(b)**

Daniel A. LaKemper, Esq.
LaKemper Law Office
P.O. Box 185
Morton, Illinois 61550
(309) 678-6048

Statement of Agreement(s) **49 C.F.R. §1150.33[©]**

Vermilion Valley Railroad Company, Inc. (`VVR') intends to
enter into an operating agreement with FNG Logistics, Co. (`FNG'),

which acquired the subject line from New York Central Lines, L.L.C., as designee of its parent corporation, Flex-N-Gate Corporation, as part of an abandonment and offer of financial assistance proceeding (See AB 565 4X).

Total Route Miles

49 C.F.R. §1150.33(c)(4)

The lines to be operated by VVRG consist of approximately 5.19 miles of railroad.

Operator of the Property

49 C.F.R. §1150.33(d)

VVRC will enter into an agreement with FNG to provide service to the subject property as a common carrier. The parties anticipate the contract will be concluded on or before April 30, 2003.

Brief Summary of Transaction

49 C.F.R. §1150.33(e)

VVRR, an Indiana corporation, is currently a non-carrier. VVRR proposes to operate the subject rail line as a Class III shortline rail carrier. VVRR will operate approximately 5.91 miles of railroad, owned by FNG Logistics Co. The line in question runs from Olin (near Covington), Warren County, Indiana (MP 11.09) to the Indiana-Illinois State Boundary Line, in Vermillion County, Indiana (MP 5.18), near Danville, Illinois. It was originally part of the Peoria & Eastern Railway, operated by the old New York

Central System, and more recently was operated by Conrail, and subsequently transferred to New York Central Lines, L.L.C. as part of the Conrail transaction (See FD 333888 0, Decided July 20, 1998). NYC filed for abandonment authority in AB 565 4X (New York Central Lines, L.L.C., and CSX Transportation, Inc., Abandonment Exemption in Vermillion and Warren Counties, Indiana, Decided September 19, 2001), and FNG's parent made an offer of financial assistance which ultimately resulted in the agreement for sale and the Board dismissed the abandonment and authorized the sale (See AB 565 4X, Decided September 16, 2002).

Under the Agreement between FNG's parent and NYC all rights and interests of NYC (except retained fiber optics rights) were transferred to FNG (See accompanying substitution of offeror filed in AB 565 4X).

This transaction qualifies for a class exemption under 49 C.F.R. §1150.31, *et. seq.*, because it involves the operation by a newly created Class III carrier of a line of railroad. See, 49 C.F.R. §1150.31 *et. seq.*, and *Class Exemption - Acq. L. & Oper. of R.R. Lines Under 49 U.S.C. 10901*, 1 I.C.C.2d 810 (1985). Issuance of a class exemption under 49 C.F.R. §1150.31 will permit VRRRC to serve the shippers on the Line.

VVRR currently owns no railroad lines and conducts no rail operations subject to the Board's jurisdiction, nor does FNG or FNG's parent company, Flex-N-Gate Corporation. As noted above,

the parties propose to consummate the subject transaction on or about April 30, 2003.

Map

49 C.F.R. §1150.33(f)

A map depicting the area to be served is attached as Exhibit A.

Certificate of Carrier Classification **49 C.F.R. §1150.33(g)**

VVRR hereby certifies that its projected revenues will not exceed those that would qualify its as a Class III rail carrier.

Caption Summary

49 C.F.R. §1150.34

A caption summary in the prescribed form is attached as Exhibit B to this Notice.

Environmental and Historic Preservation Data **49 C.F.R. §1105**

Pursuant to 49 C.F.R. §1105.6(c)(2), the proposed transaction is exempt from environmental review under 49 CFR 1105(c)(2)(I), because the proposed action will not cause any operating changes that exceed the thresholds established in Section 1105.7(e)(4) or (5).

In addition, this transaction is exempt from historic review under Section 1105.8(b)(1). Under that Section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for any of the parties to this transaction to abandon service, and there are no plans to dispose of or alter properties subject to Board jurisdiction. Accordingly, no historic report is required.

Respectfully submitted,

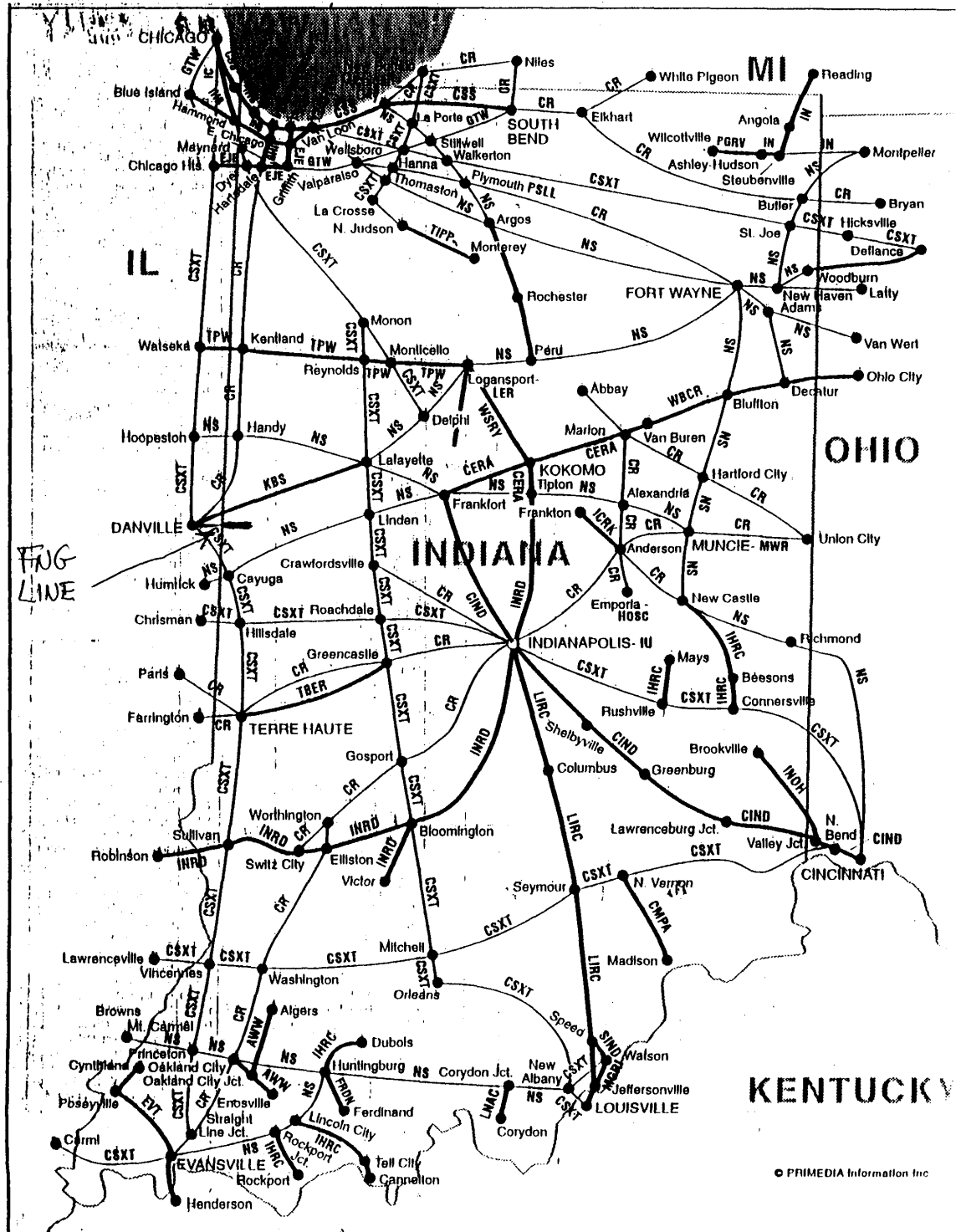


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Fax: (309) 263-7516

Attorneys for Petitioner

April 16, 2003.

EXHIBIT A
MAP



CAPTION SUMMARY
EXHIBIT B

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. FD-34340

VERMILION VALLEY RAILROAD COMPANY, INC.
-- OPERATION EXEMPTION --
FNG LOGISTICS CO.
VERMILLION AND WARREN COUNTIES, INDIANA

VERIFIED PETITION FOR EXEMPTION
PURSUANT TO 49 C.F.R. §1150.31

Vermilion Valley Railroad Company, Inc. (`VVR`), a non-carrier, has filed a Verified Notice of Exemption under 49 CFR 1150.31 to operate as a class III shortline rail carrier, a line of railroad currently owned by FNG Logistics Co. (`FNG`), extending from Milepost 11.09 at Olin (near Covington), Warren County, Indiana, to Milepost 5.18 at the Indiana-Illinois State Line (near Danville, Illinois), in Vermillion County, Indiana. This trackage is about 5.91 miles in length.

This transaction is related to STB Docket No. AB-565 (Sub-No. 4X), wherein FNG has moved to be substituted for its parent, Flex-N-Gate Corporation, as the acquirer of the Line under 49 U.S.C. §10904. VVR anticipates entering into a contract with FNG.

Comments must be filed with the Surface Transportation Board and served on:

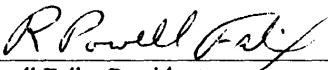
Daniel A. LaKemper, Esq.
LaKemper Law Office
P.O. Box 185
Morton, Illinois 61550
Attorney for VVR

Dated: April 16, 2003.

VERIFICATION

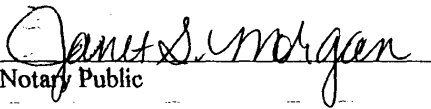
STATE OF INDIANA)
)^{ss}
COUNTY OF Fayette)

R. POWELL FELIX, President of Vermilion Valley Railroad Company, Inc., having been duly sworn according to law, hereby deposes and states that he is authorized to make this Verification, has read the foregoing document, and knows the facts asserted therein are true and accurate as stated, to the best of his knowledge, information and belief.



R. Powell Felix, President
Vermilion Valley Railroad Company, Inc.

Subscribed and sworn to
before me this 4th day
of April, 2003.



Notary Public