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LAW OFFICE
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CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
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mcfarland@aol.com

THOMAS F. MCFARLAND



March 5, 2004

By UPS overnight mail
(Monday delivery)

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

MAR 08 2004

Part of
Public Record

FILED

MAR 08 2004

Re: Finance Docket No. 33476, *Progressive Rail, Incorporated -- Acquisition and Operation Exemption -- Rail Lines of Union Pacific Railroad Company, in Dakota and Scott Counties, MN*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.41, for filing with the Board in the above referenced matter.

Also enclosed is Progressive Rail Incorporated's check #6544 in the amount of \$1,400 for the filing fee.

Kindly acknowledge receipt by date stamping the enclosed duplicate copy of this letter and return in the self-addressed stamped envelope.

FEE RECEIVED

MAR 08 2004

SURFACE
TRANSPORTATION BOARD

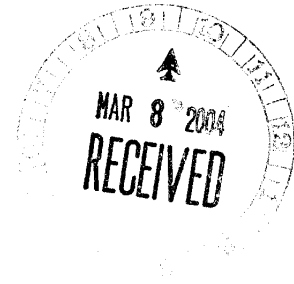
Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Progressive Rail, Incorporated

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BEFORE THE
SURFACE TRANSPORTATION BOARD



PROGRESSIVE RAIL, INCORPORATED)
-- ACQUISITION AND OPERATION) FINANCE DOCKET
EXEMPTION -- RAIL LINES OF UNION) NO. 34476
PACIFIC RAILROAD COMPANY, IN)
DAKOTA AND SCOTT COUNTIES, MN)

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.41**

PROGRESSIVE RAIL, INCORPORATED
Airlake Industrial Park
21778 Highview Avenue
Lakeville, MN 55044

Applicant

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: March 8, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

PROGRESSIVE RAIL, INCORPORATED)
-- ACQUISITION AND OPERATION) FINANCE DOCKET
EXEMPTION -- RAIL LINES OF UNION) NO. 34476
PACIFIC RAILROAD COMPANY, IN)
DAKOTA AND SCOTT COUNTIES, MN)

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.41**

Pursuant to the class exemption at 49 C.F.R. § 1150.41, *et seq.*, PROGRESSIVE RAIL, INCORPORATED (PGR), a Class III rail carrier, hereby provides verified notice of exemption from 49 U.S.C. § 10902 for its proposed acquisition by lease from UNION PACIFIC RAILROAD COMPANY (UP) and operation of (1) the Cannon Falls Branch, between Milepost No. 58.1 at or near Northfield, MN, and Milepost No. 73.7 at or near Cannon Falls, MN, a distance of approximately 15.6 miles; and (2) the Faribault Industrial Lead, between Milepost Nos. 44.4 and 45.8 at or near Faribault, MN, a distance of approximately 1.4 miles ("the rail lines"). The rail lines consist of a total of approximately 17.0 miles in Dakota and Scott Counties, Minnesota. As an incidental matter, the transaction also includes assignment by UP to PGR of (1) UP's trackage rights over Canadian Pacific Railway Company (CP) between Northfield, MN and Comus, MN; and (2) UP's trackage rights over Iowa, Chicago and Eastern Railroad Corp. (ICE) between Comus, MN and Faribault, MN.

INFORMATION REQUIRED BY 49 C.F.R. § 1150.43

(a) The full name and address of the Class III rail carrier applicant;

Applicant is Progressive Rail, Incorporated, Airlake Industrial Park, 21778 Highview Avenue, Lakeville, MN 55044.

(b) The name, address, and telephone number of the representative of the applicant who should receive correspondence;

Applicant's representative is Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

(c) A statement that an agreement has been reached or details about when an agreement will be reached;

PGR and UP have reached agreement on a lease for PGR's operation of the rail lines.

(d) The operator of the property;

PGR will operate the rail lines.

(e) A brief summary of the proposed transaction, including:

(1) The name and address of the railroad transferring the subject property to the Class III rail carrier applicant;

The railroad leasing the rail lines to PGR is Union Pacific Railroad Company, 1416 Dodge Street, Omaha, NE 68179.

(2) The proposed time schedule for consummation of the transaction;

The lease and operation will be consummated on or about March 15, 2004.

(3) The mileposts of the subject property, including any branch lines;

The mileposts of the rail lines are as follows:

- (i) the Cannon Falls Branch, between Milepost No. 58.1 at or near Northfield,

MN, and Milepost No. 73.7 at or near Cannon Falls, MN, a distance of approximately 15.6 miles;

- (ii) the Faribault Industrial Lead, between Milepost Nos. 44.4 and 45.8 at or near Faribault, MN, a distance of approximately 1.4 miles;
- (iii) assignment of incidental UP trackage rights over CP and ICE as identified above.

(4) The total route miles being acquired;

There are a total of approximately 17.0 miles of rail line proposed to be leased and operated.

(f) A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and states; and

A map of the rail lines is attached to this notice as Appendix 1.

(g) A certificate that applicant's projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under Sec. 1150.45.

The required certificate is attached as Appendix 2.

CAPTION SUMMARY

The caption summary required by 49 C.F.R. § 1150.44 is attached as Appendix 3.

VERIFICATION

A verification of the facts in this notice is attached as Appendix 4.

ENVIRONMENTAL AND HISTORIC COMPLIANCE

Pursuant to 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.8(b)(1), no environmental or historic report is required in conjunction with this notice.

EMPLOYEE PROTECTION

Pursuant to 49 U.S.C. § 10902(d), employee protective conditions are not to be imposed in conjunction with this notice.

WHEREFORE, within 30 days of the filing of this notice, the Board should publish a notice in the Federal Register of the filing of this notice.

Respectfully submitted,

PROGRESSIVE RAIL, INCORPORATED
Airlake Industrial Park
21778 Highview Avenue
Lakeville, MN 55044

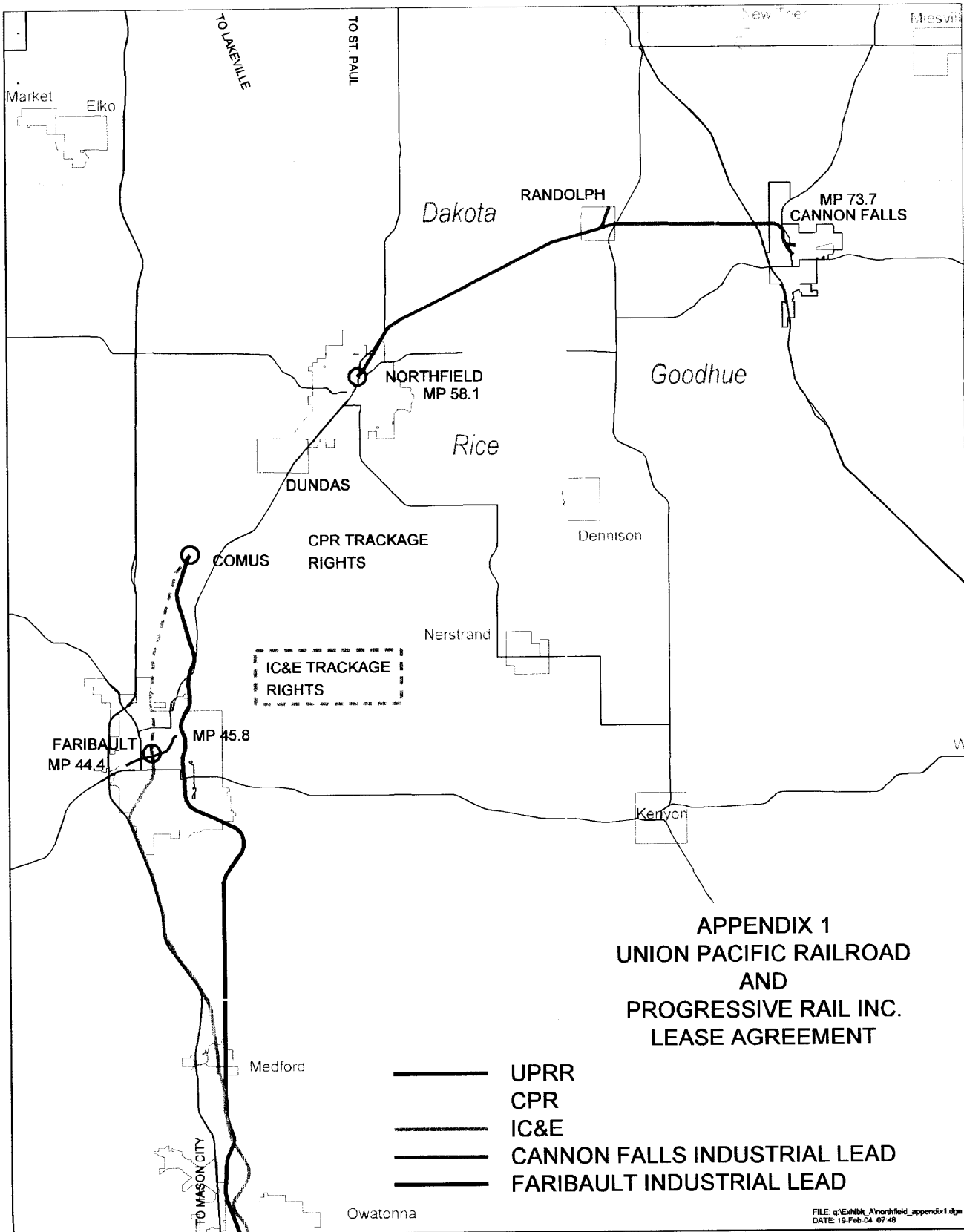
Applicant

Thomas F. McFarland

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: March 8, 2004



**APPENDIX 1
UNION PACIFIC RAILROAD
AND
PROGRESSIVE RAIL INC.
LEASE AGREEMENT**

- UPRR
- CPR
- IC&E
- CANNON FALLS INDUSTRIAL LEAD
- FARIBAULT INDUSTRIAL LEAD

FILE: q:\Exhibit_A\northfield_appendix1.dgn
DATE: 19-Feb-04 07:48

Appendix 2

CERTIFICATION UNDER 49 C.F.R. § 1150.43(g)

Progressive Rail, Incorporated hereby certifies under 49 C.F.R. § 1150.43(g), that the projected revenues from the operation proposed in this matter do not exceed those that would qualify it as a Class III rail carrier, and that such revenues will not exceed \$5 million annually.



Thomas F. McFarland

Thomas F. McFarland
*Authorized Representative of
Progressive Rail, Incorporated*

SUBSCRIBED and SWORN to
before me this 5th day of
March, 2004

Kathleen Lenihan
Notary Public

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

Notice of Exemption

FINANCE DOCKET NO. 34476,

***PROGRESSIVE RAIL, INCORPORATED --
ACQUISITION AND OPERATION EXEMPTION --
RAIL LINES OF UNION PACIFIC RAILROAD COMPANY
IN DAKOTA AND SCOTT COUNTIES, MN***

Progressive Rail, Incorporated (PGR), a Class III rail carrier, has filed a Notice of Exemption to acquire from Union Pacific Railroad Company (UP), by lease, and operate (1) the Cannon Falls Branch, between Milepost No. 58.1 at or near Northfield, MN, and Milepost No. 73.7 at or near Cannon Falls, MN, a distance of approximately 15.6 miles; and (2) the Faribault Industrial Lead, between Milepost Nos. 44.4 and 45.8 at or near Faribault, MN, a distance of approximately 1.4 miles. As an incidental matter, the transaction also includes assignment by UP of its trackage rights (1) over Canadian Pacific Railway Company (CP) between Northfield, MN and Comus, MN; and (2) over Iowa, Chicago and Eastern Railroad Corp. (ICE) between Comus, MN and Faribault, MN. Comments must be filed with the Board and be served on PGR's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

The Notice is filed under 49 C.F.R. § 1150.41. 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 transaction.

By the Board

(SEAL)

Vernon A. Williams, Secretary

VERIFICATION

STATE OF ILLINOIS)
)
COUNTY OF COOK)

Thomas F. McFarland, being duly sworn, states that he is attorney for Progressive Rail, Incorporated (PGR); that he is familiar with the factual allegations made in the foregoing Notice of Exemption in behalf of PGR; and that such allegations are true as stated.



Thomas F. McFarland
Thomas F. McFarland

SUBSCRIBED and SWORN to
before me this 5th day of
March, 2004.

Kathleen Lenihan
Notary Public