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THOMAS F. MCFARLAND

March 17, 2004

By UPS overnight mail

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

Re: Finance Docket No. 34485, *Carrizo Gorge Railway, Inc. -- Operation Exemption*
-- *Rail Line of San Diego and Arizona Eastern Railway Company between*
Division and Plaster City, CA

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 Carrizo Gorge Railway, Inc.'s check #6524 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.

Very truly yours,

ENTERED
Office of Proceedings

MAR 18 2004

RECEIVED

Tom McFarland

Thomas F. McFarland
Attorney for Carrizo Gorge Railway, Inc.

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FILED

MAR 18 2004

SURFACE
TRANSPORTATION BOARD

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MAR 18 2004

SURFACE
TRANSPORTATION BOARD

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BEFORE THE
SURFACE TRANSPORTATION BOARD

CARRIZO GORGE RAILWAY, INC. --)
OPERATION EXEMPTION -- RAIL LINE) FINANCE DOCKET
OF SAN DIEGO AND ARIZONA) NO. 34485
EASTERN RAILWAY COMPANY)
BETWEEN DIVISION AND PLASTER)
CITY, CA)



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

ENTERED
Office of Proceedings

MAR 18 2004

Part of
Public Record

CARRIZO GORGE RAILWAY, INC.
8929 Gardena Way
Lakeside, CA 92040

Applicant

FILED
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SURFACE
TRANSPORTATION BOARD

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SURFACE
TRANSPORTATION BOARD

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 18, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD



CARRIZO GORGE RAILWAY, INC. --)
OPERATION EXEMPTION -- RAIL LINE) FINANCE DOCKET
OF SAN DIEGO AND ARIZONA) NO. 34485
EASTERN RAILWAY COMPANY)
BETWEEN DIVISION AND PLASTER)
CITY, CA)

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

Pursuant to 49 C.F.R. § 1150.41, CARRIZO GORGE RAILWAY, INC. (CZRY), a Class III rail carrier, hereby provides a verified notice of its exemption from 49 U.S.C. § 10902 for its operation of a rail line between Milepost 59.60 at Division, CA and Milepost 129.51 near Plaster City, CA, a distance of approximately 70.01 miles.

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

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

Applicant is Carrizo Gorge Railway, Inc., 8929 Gardena Way, Lakeside, CA.

(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;

An operating agreement has been reached between CZRY, San Diego and Arizona Eastern Railway Company (SD&AE), Metropolitan Transit Development Board (MTDB) and

San Diego & Imperial Valley Railroad, Inc. (SDIY) for CZRY's operation of SD&AE's "Desert Line" between the United States-Mexico border at Division, CA and a point near Plaster City, CA, a distance of about 70 miles.

(d) The operator of the property;

The operator of the property will be CZRY.

(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 owner of the Desert Line is San Diego and Arizona Eastern Railway Company, c/o Metropolitan Transit Development Board, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490.

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

The transaction will be consummated not sooner than seven days after filing of this notice with the Board.

(3) The mile-posts of the subject property, including any branch lines, and

The rail line extends between Milepost 59.60 at Division, CA and Milepost 129.61 near Plaster City, CA.

(4) The total route miles being acquired;

A total of approximately 70.01 route miles will be operated.

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

Attached to this notice as Appendix 1 is a map on which the rail line to be operated has been shaded in yellow.

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

Attached to this notice as Appendix 2 is a certificate that CZRY's projected revenues would not result in creation of a Class I or II rail carrier.

VERIFICATION

Attached to this notice as Appendix 3 is a verification of the statements made in this amended Notice.

ENVIRONMENTAL AND HISTORIC CONSIDERATIONS

Pursuant to 49 C.F.R. § 1105.6(c)(2), no environmental documentation or report is required for the proposed transactions. Pursuant to 49 C.F.R. § 1105.7(b)(1), no historic documentation or report is required for the proposed transactions.

LABOR PROTECTION

Pursuant to 49 U.S.C. § 10902(d), no labor protection is required for the proposed transactions.

CAPTION SUMMARY

Attached to this notice as Appendix 4 is a caption summary required by 49 C.F.R. § 1150.44.

LAND GRANT RIGHT-OF-WAY

CZRY is not aware of any land grant right-of-way in the rail line.

CONCLUSION

WHEREFORE, the Board should publish this amended notice of the exemption in the *Federal Register* within 30 days of its filing.

Respectfully submitted,

CARRIZO GORGE RAILWAY, INC.
8929 Gardena Way
Lakeside, CA 92040

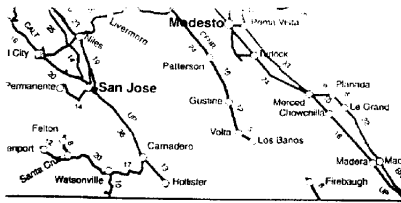
Applicant

Thomas F. McFarland

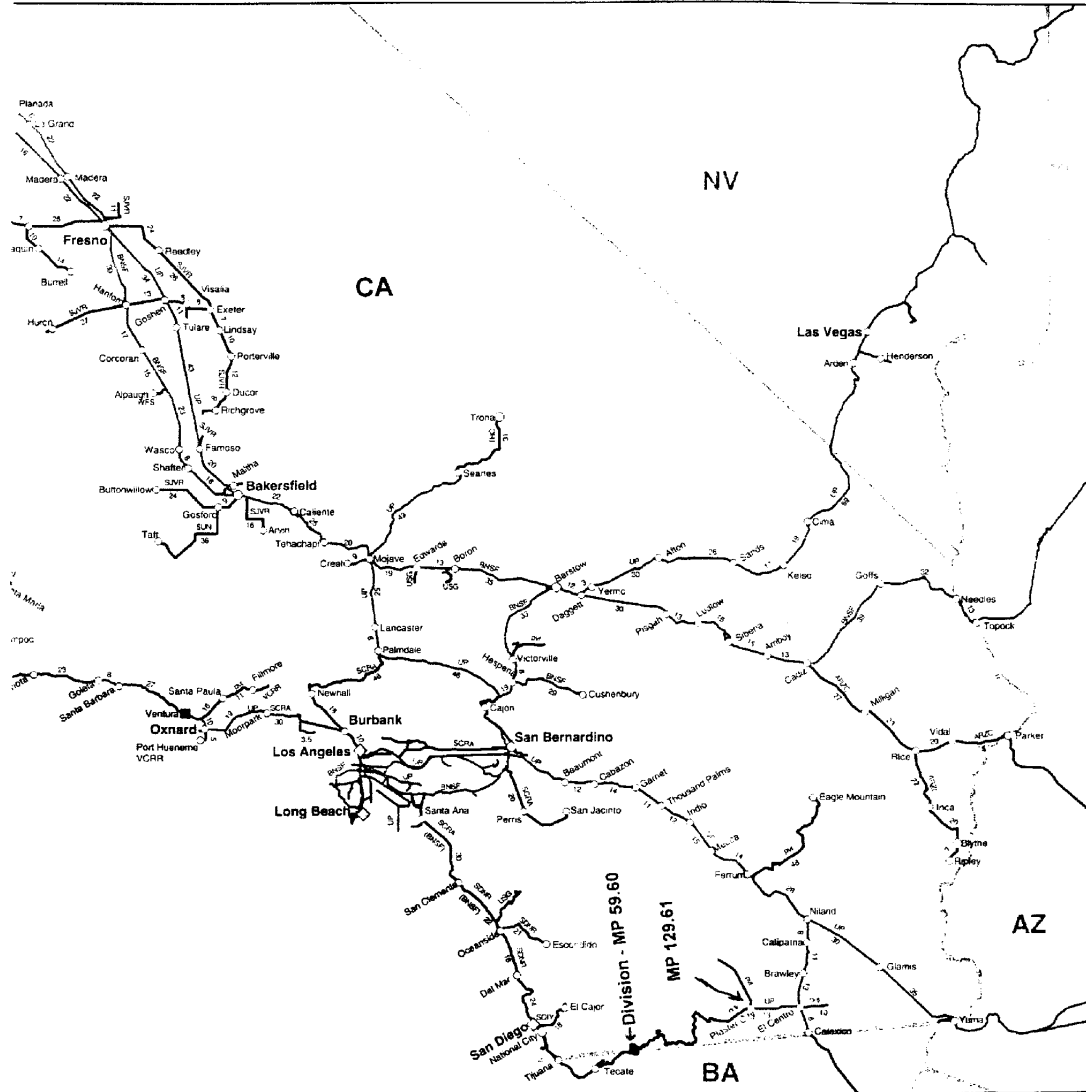
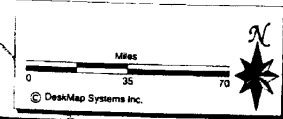
THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: March 18, 2004



F.D. No. 34485
Appendix 1



CALIFORNIA

CERTIFICATION

THOMAS F. McFARLAND, on oath, states that CZRY's projected revenues would not result in creation of a Class I or Class II rail carrier.



Thomas F. McFarland

Thomas F. McFarland

SUBSCRIBED and SWORN
to before me this 17th
day of March, 2004.

Kathleen Lenihan

Notary Public

My commission expires: 1/23/2006

VERIFICATION

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

THOMAS F. McFARLAND, being duly sworn on oath, deposes and states that he has read the foregoing notice, that he knows the contents thereof, and that the facts therein stated are true and correct.



Thomas F. McFarland
Thomas F. McFarland

SUBSCRIBED and SWORN
to before me this 17th
day of March, 2004.

Kathleen Lenihan
Notary Public

My commission expires: 1/29/2006

CAPTION SUMMARY

**SURFACE TRANSPORTATION BOARD
NOTICE OF EXEMPTION**

(Finance Docket No. 34485)

*CARRIZO GORGE RAILWAY, INC.
-- OPERATION EXEMPTION --
RAIL LINE OF SAN DIEGO AND ARIZONA
EASTERN RAILWAY COMPANY BETWEEN
DIVISION AND PLASTER CITY, CA*

Carrizo Gorge Railway, Inc. (CZRY), a Class III rail carrier, has filed a notice of exemption from 49 U.S.C. § 10902 to operate a rail line between Milepost 59.60 at Division, CA and Milepost 129.61 near Plaster City, CA, a distance of approximately 70.01 miles.

The transaction was proposed to be consummated not sooner than seven days after the filing of this notice of exemption.

Any comments must be filed with the Board and must be served on Applicant's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

This notice of exemption 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.

(SEAL)

By the Board