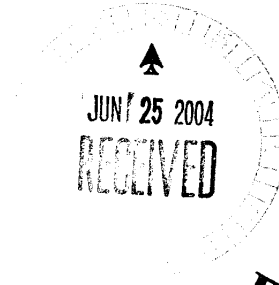


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WEINER BRODSKY SIDMAN KIDER PC

1300 19TH STREET, NW
FIFTH FLOOR
WASHINGTON, DC 20036-1609
TEL 202 628 2000
FAX 202 628 2011

June 25, 2004



BY HAND DELIVERY

The Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

FEE RECEIVED

JUN 28 2004

**SURFACE
TRANSPORTATION BOARD**

FILED
JUN 28 2004
**SURFACE
TRANSPORTATION BOARD**

Re: STB Finance Docket No. 34451, Atlantic & Pacific Railroad and
Transportation Company – Lease and Operation Exemption – Line of
Kansas & Oklahoma Railroad

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of the notice of exemption of Atlantic & Pacific Railroad and Transportation Company. Attached is a check in the amount of \$1,400 to cover the filing fee for this proceeding.

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Sincerely,

Troy W. Garris

Enclosures

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**ENTERED
Office of Proceedings**

JUN 28 2004

**Part of
Public Record**

211435

BEFORE THE
SURFACE TRANSPORTATION BOARD

ATLANTIC & PACIFIC RAILROAD AND TRANSPORTATION COMPANY
- LEASE AND OPERATION EXEMPTION -
LINE OF KANSAS & OKLAHOMA RAILROAD

STB FINANCE DOCKET NO. 34451

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31

JUN 25 2004
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JUN 28 2004
SURFACE
TRANSPORTATION BOARD

Atlantic & Pacific Railroad and Transportation Company ("APR"), hereby files this
Verified Notice of Exemption to lease from Kansas & Oklahoma Railroad ("KO") that line of
railroad and related properties described below ("Subject Line").

1. Applicant's name and current mailing address:

Atlantic & Pacific Railroad and Transportation Company
5101 River Road #207
Bethesda, Maryland 20816

FEE RECEIVED

JUN 28 2004

SURFACE
TRANSPORTATION BOARD

2. Applicant's representative to receive correspondence:

Troy W. Garris
Weiner Brodsky Sidman Kider PC
1300 19th Street, NW
Fifth Floor
Washington, D.C. 20036-1609
(202) 628-2000

ENTERED
Office of Proceedings

JUN 28 2004

Part of
Public Record

3. Information concerning the agreement:

APR, a non-carrier, and KO (a subsidiary of Watco Companies, Inc.) are close to
reaching an agreement whereby APR will lease the Subject Line from KO.

4. Operator of the property:

APR will provide for operations on the Subject Line, and grant back to KO local and overhead trackage rights.

5. Brief summary of the proposed transaction:

APR and KO expect to consummate the transaction on or after July 2, 2004. APR will lease from KO the Subject Line, an approximately 4-mile long rail line, extending from the point of interchange with KO's line at approximately milepost ("m.p.") 87.0 (at or near Chase, KS) to the point of interchange with KO's line at approximately m.p. 91.0 (at or near Silica, KS). A map of the Subject Line is attached hereto as Exhibit A.

6. Related proceedings:

In connection with this proceeding, KO is expected to file a notice of exemption in STB Finance Docket No. 34520, pursuant to 49 CFR § 1180.2(d)(7), to acquire trackage rights over the Subject Line.

7. Environmental Issues:

Pursuant to the Interstate Commerce Commission's decision in *Ex Parte* No. 55 (Sub-No. 22A), *Implementation of Environmental Laws*, 7 I.C.C.2d 807 (1991) ("*Environmental Laws*"), environmental documentation normally need not be prepared for a transaction that does not involve the diversion from rail to motor carriage of more than (A) 1,000 rail carloads a year, or (B) an average of 50 rail carloads per mile per year for any part of the affected line (49 C.F.R. § 1105.7(e)(4)), on the one hand, or that does not involve (A) an increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, (B) an increase in rail yard activity of at least 100 percent

(measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment (49 C.F.R. § 1105.7(e)(5)), on the other hand. *See* 49 C.F.R. § 1105.6(c)(2).

The subject transaction will not result in changes in carrier operations that exceed the above-listed thresholds. Accordingly, no environmental documentation is required for this Verified Notice of Exemption.

Pursuant to the *Environmental Laws* decision, transactions involving a sale, lease or transfer of a rail line for the purpose of continued rail operations are exempt from the historic report requirements of 49 C.F.R. § 1105.8(a) if termination of such operations requires further approval by the Surface Transportation Board (the “Board”) and there are no plans to dispose of or alter properties subject to the Board’s jurisdiction that are 50 years old or older. *See* 49 C.F.R. § 1105.8(b)(1).

Common carrier service on the Subject Line will be continued. There are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 or more years old. Therefore, a historic report is not required for this transaction.

8. Certificate of projected revenue:

In accordance with 49 C.F.R. § 1150.33(g), a certificate of projected revenue is attached hereto as Exhibit B.

Respectfully submitted,



Troy W. Garris
Weiner Brodsky Sidman Kider PC
1300 Nineteenth Street, NW
Fifth Floor
Washington, D.C. 20005-4797
(202) 628-2000

Attorneys for:

ATLANTIC & PACIFIC RAILROAD AND
TRANSPORTATION COMPANY

Dated: June 25, 2004

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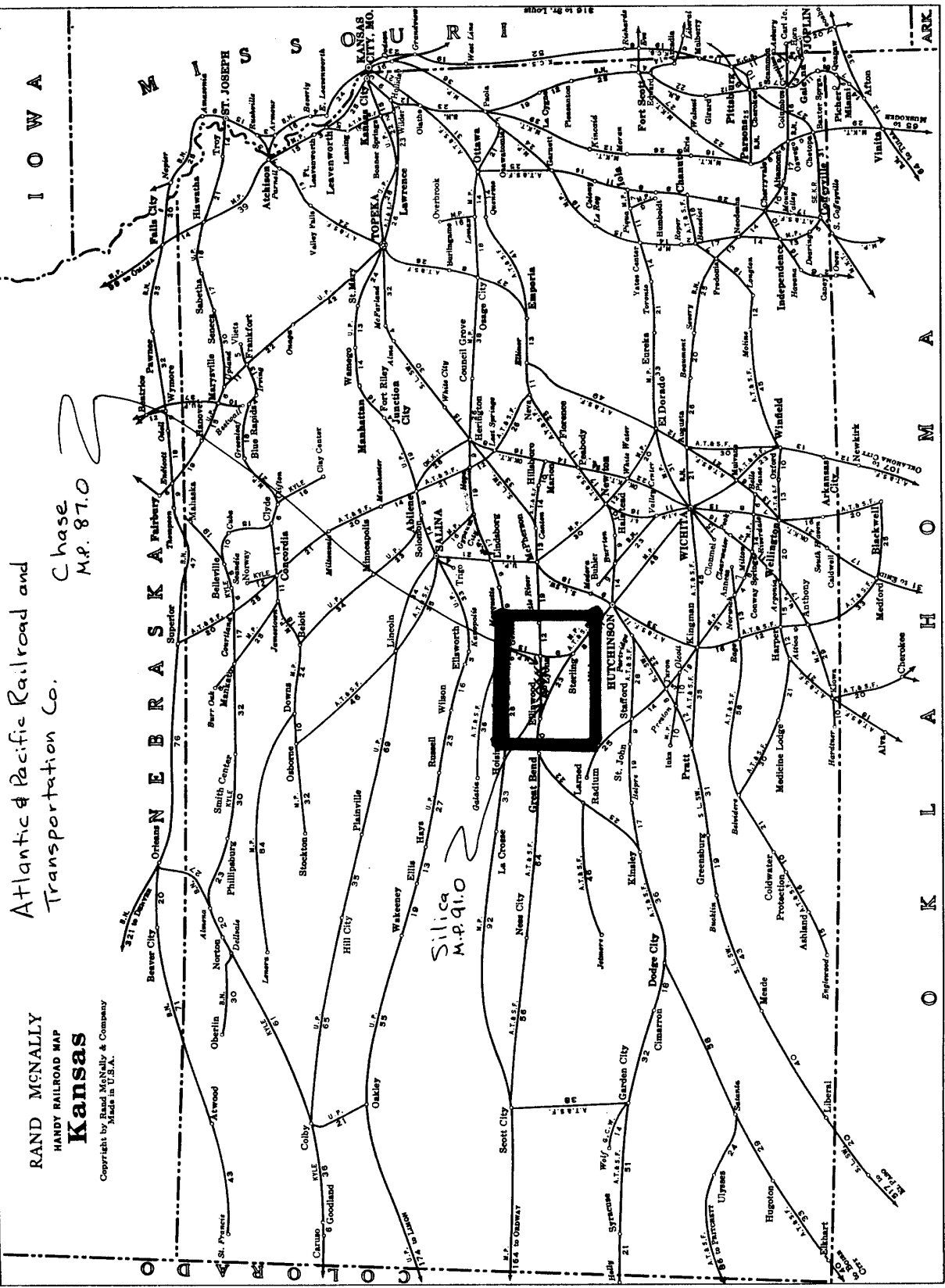
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**ATLANTIC & PACIFIC RAILROAD AND TRANSPORTATION COMPANY
– LEASE AND OPERATION EXEMPTION –
LINE OF KANSAS & OKLAHOMA RAILROAD**

STB FINANCE DOCKET NO. 34451

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

**EXHIBIT A
MAP OF SUBJECT LINE**



I O W A

Atlantic & Pacific Railroad and
Transportation Co.

Chase
M.P. 87.0

RAND McNALLY
HANDY RAILROAD MAP
Kansas
Copyright by Rand McNally & Company
Made in U.S.A.

Silica
M.P. 91.0

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**ATLANTIC & PACIFIC RAILROAD AND TRANSPORTATION COMPANY
– LEASE AND OPERATION EXEMPTION –
LINE OF KANSAS & OKLAHOMA RAILROAD**

STB FINANCE DOCKET NO. 34451

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

**EXHIBIT B
CERTIFICATION OF REVENUE**

The undersigned hereby certifies that the projected revenues of Atlantic & Pacific Railroad and Transportation Company (“APR”) do not exceed that which qualify it as a class III carrier, nor will they exceed the \$5 million threshold that would require APR to provide a 60-day notice to employees pursuant to CFR § 1150.32(e).



Carl Rowan, Jr.

President
Atlantic & Pacific Railroad and Transportation Company

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**ATLANTIC & PACIFIC RAILROAD AND TRANSPORTATION COMPANY
– LEASE AND OPERATION EXEMPTION –
LINE OF KANSAS & OKLAHOMA RAILROAD**

STB FINANCE DOCKET NO. 34451

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31**

CAPTION SUMMARY

Atlantic & Pacific Railroad and Transportation Company (“APR”), a non-carrier Virginia corporation, has filed a notice of exemption to lease from Kansas & Oklahoma Railroad (“KO”) an approximately 4-mile long rail line, extending from the point of interchange with KO’s line at approximately milepost (“m.p.”) 87.0 (at or near Chase, KS) to the point of interchange with KO’s line at approximately m.p. 91.0 (at or near Silica, KS). (the “Subject Line”).

Comments must be filed with the Surface Transportation Board and served on Troy W. Garris, Weiner Brodsky Sidman Kider PC, 1300 Nineteenth Street, NW, Fifth Floor, Washington, D.C. 20036-1609.

In a related proceeding, class III railroad, KO, is expected to file a notice of exemption in STB Finance Docket No. 34520, pursuant to 49 CFR § 1180.2(d)(7), to acquire trackage rights over the Subject Line.

This notice is filed under 49 CFR § 1150.31. 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.

Dated:

By the Board,

VERIFICATION

I, Carl Rowan, Jr., certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this Verified Notice of Exemption.



Carl Rowan, Jr.
President
Atlantic & Pacific Railroad and Transportation Company

Dated: June 25, 2004