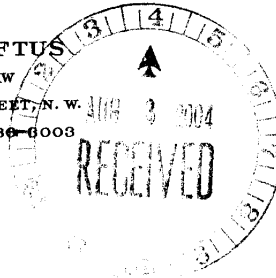


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WASHINGTON, D. C. 20036-6003



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(202) 347-7170

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(202) 347-3619

WRITER'S E-MAIL:
abk@sloverandloftus.com

August 3, 2004

BY HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, D.C. 20423-0001

211727

Re: Finance Docket No. 34523, KWT Railway, Inc.
Acquisition and Operation Exemption – Rail Line
of CSX Transportation, Inc. in Weakley and Carroll
Counties, TN

FILED
AUG - 3 2004
SURFACE
TRANSPORTATION BOARD

Dear Secretary Williams:

Enclosed for filing in the referenced docket please find an original and 10 copies of the Verified Notice of Exemption of KWT Railway, Inc., together with a WordPerfect diskette containing the filing in electronic form. We are also submitting a check in the amount of \$1,400.00 to cover the requested filing fee.

An additional copy of the Notice also is enclosed. Kindly indicate receipt of the filing by time-stamping this extra copy and returning it to the bearer of this letter.

Thank you for your consideration in this matter.

Sincerely,

Andrew B. Kolesar III

Andrew B. Kolesar III
An Attorney for KWT Railway, Inc.

ENTERED
Office of Proceedings

AUG - 3 2004

Part of
Public Record

Enclosures

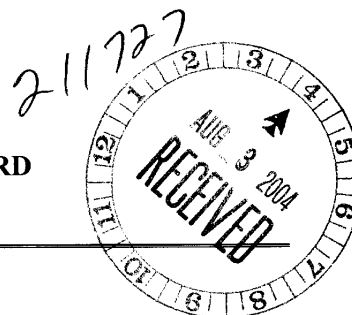
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TRANSPORTATION BOARD

FILED

AUG - 3 2004

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



KWT RAILWAY, INC. – ACQUISITION)
AND OPERATION EXEMPTION – RAIL)
LINE OF CSX TRANSPORTATION, INC.)
IN WEAKLEY AND CARROLL)
COUNTIES, TN)

Finance Docket No. 34523

ENTERED
Office of Proceedings

AUG - 3 2004

VERIFIED NOTICE OF EXEMPTION

Part of
Public Record

Pursuant to 49 U.S.C. § 10902 and the Board's implementing regulations set forth at 49 C.F.R. Part 1150.41, et seq., KWT Railway, Inc. ("KWT"), a Class III carrier, files this Verified Notice of Exemption to permit KWT to extend its existing lines through the acquisition by purchase from CSX Transportation, Inc. ("CSXT") of approximately 12.8 miles of rail line from Milepost OND 116.8 at McKenzie, TN (Valuation Station 6166+68) to Milepost OND 129.6 at Dresden, TN (Valuation Station 6848+78.8) in Weakley and Carroll Counties, TN. The transaction also includes incidental trackage rights granted by CSXT to KWT over approximately twenty-three miles of CSXT's mainline from milepost OND 116.8 at McKenzie, TN to milepost OND 93.8 at CSXT's Bruceton, TN yard limit. The projected annual revenues of KWT following the subject acquisition do not exceed \$5 million.¹

¹ Although KWT is controlled by Rail Management Corporation (RMC), which also currently controls 13 other Class III carriers, KWT is not operated as part of a system of railroads and no change in control of KWT will result from the subject acquisition.

(continued...)

FEE RECEIVED

AUG - 3 2004

**SURFACE
TRANSPORTATION BOARD**

In support hereof, KWT shows as follows:

a. Full Name and Address of Applicant

KWT Railway, Inc.
2605 Thomas Drive
Panama City Beach, FL 32408

b. Name and Address of Applicant's Representative

Andrew B. Kolesar III
Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

c. Statement Regarding Agreement

Agreement as to all essential terms has been reached between KWT and CSXT with respect to KWT's acquisition of the subject Line.

d. Operation of the Property

Following the effective date of the exemption noticed hereby, KWT will be the operator of the subject Line.

e. Summary of the Transaction

KWT will purchase from CSXT approximately 12.8 miles of rail line from Milepost OND 116.8 at McKenzie, TN (Valuation Station 6166+68) to Milepost OND

¹(...continued)

Accordingly, KWT's revenues are not consolidated with those of RMC's other carriers for classification purposes, and a companion Notice of Exemption under 49 C.F.R. § 1180.2(d) is not required.

129.6 at Dresden, TN (Valuation Station 6848+78.8) in Weakley and Carroll Counties, TN. The transaction also includes incidental trackage rights granted by CSXT to KWT over approximately twenty-three miles of CSXT's mainline from milepost OND 116.8 at McKenzie, TN to milepost OND 93.8 at CSXT's Bruceton, TN yard limit.

The subject transaction (and the associated incidental trackage rights) will extend the existing line of the KWT and will facilitate interchange at CSXT's Bruceton Yard from the west. KWT will purchase both the subject Line and the underlying right-of-way through this transaction.²

Pursuant to Board regulations, KWT states that CSXT's corporate address is 500 Water Street, Jacksonville, Florida 32202. The total number of additional route miles to be acquired and operated by KWT is approximately 12.8 miles.

It is contemplated that the acquisition of the subject Line will take place within thirty (30) days of the effectiveness of the exemption noticed hereby.

f. Map

See Exhibit No. 1.

² In recent years, the subject Line has been utilized principally to transport clay, with limited additional traffic involving bricks, paper, and other commodities.

g. Certificate of Projected Revenue

Pursuant to 49 C.F.R. Part 1150.43(g), KWT certifies that its projected revenues as a result of this transaction will not result in the creation of a Class I or a Class II rail carrier, nor will they exceed \$5 million.

h. Environmental and/or Historical Documentation

The proposed transaction qualifies under 49 C.F.R. Part 1105.6(c)(2), and as such, no environmental documentation is required. Likewise, KWT has no plans to alter or dispose of any assets that are fifty (50) years old or older, and as such, the transaction does not require an historic report. 49 C.F.R. Part 1105.8(b).

i. Caption Summary

See Exhibit No. 2.

Respectfully submitted,

KWT RAILWAY, INC.
2605 Thomas Drive
Panama City Beach, FL 32408

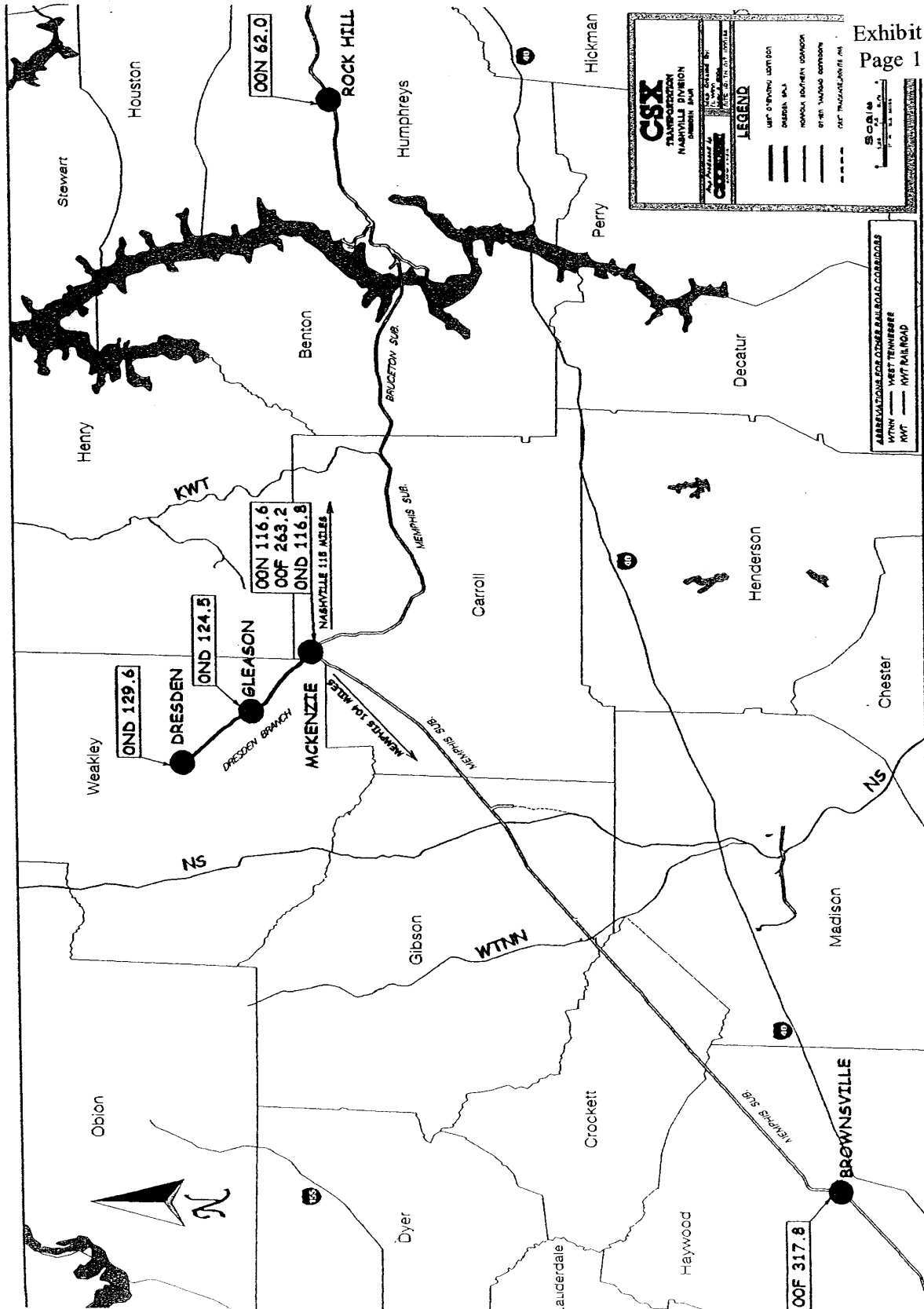
By: Kelvin J. Dowd
Andrew B. Kolesar III 
Slover & Loftus
1224 17th Street, N.W.
Washington, D.C. 20036
(202) 347-7170

OF COUNSEL:

SLOVER & LOFTUS
1224 17th Street, N.W.
Washington, D.C. 20036

Dated: August 3, 2004

Attorneys & Practitioners



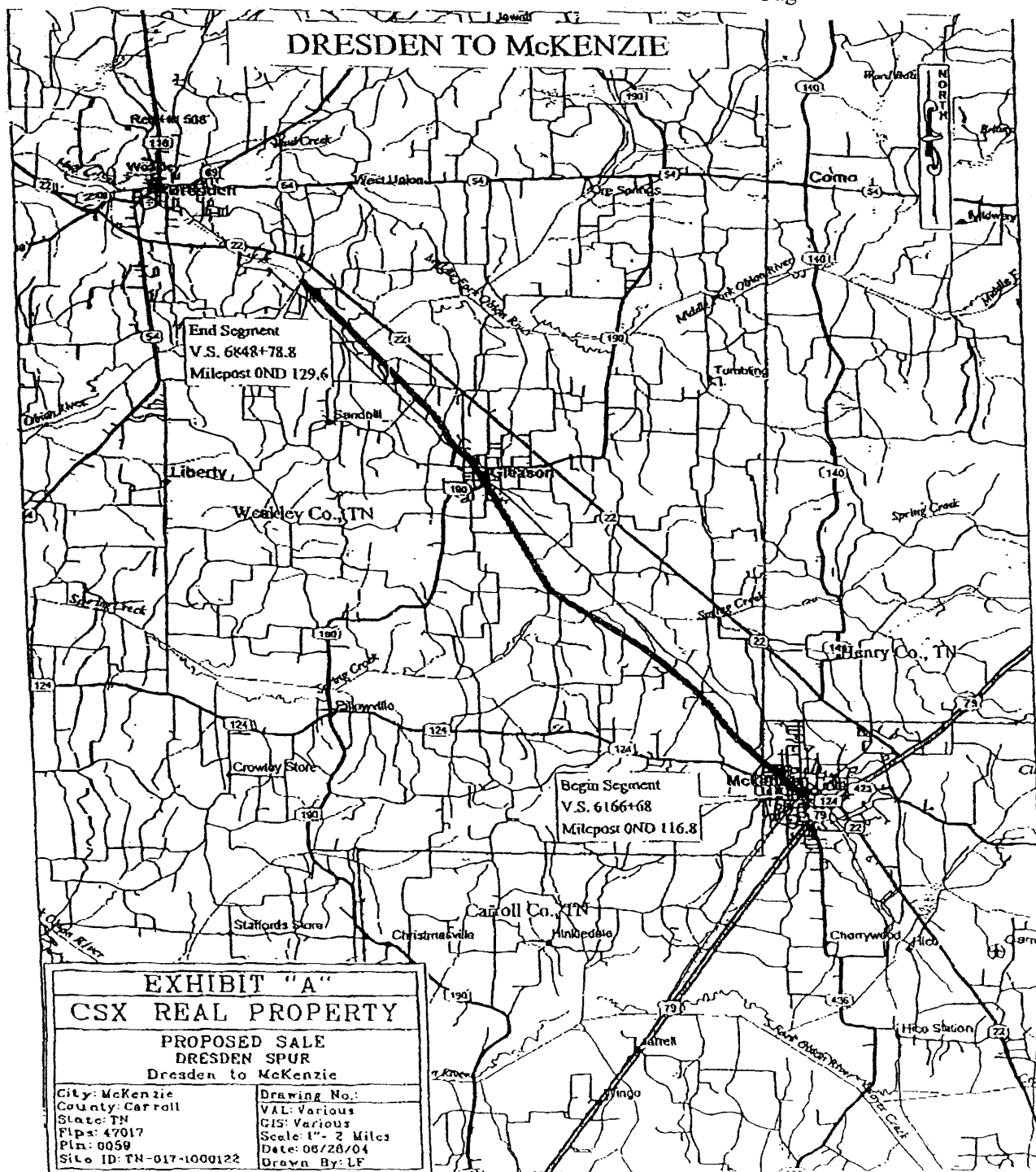


Exhibit No. 2

Finance Docket No. 34523

**KWT RAILWAY, INC.
– ACQUISITION AND OPERATION EXEMPTION –
RAIL LINE OF CSX TRANSPORTATION, INC.
IN WEAKLEY AND CARROLL COUNTIES, TN**

KWT Railway, Inc. (“KWT”), a Class III rail carrier, has filed a Verified Notice of Exemption to acquire by purchase from CSX Transportation, Inc. and to operate an additional 12.8 route miles of rail line from approximately Milepost OND 116.8 at McKenzie, TN (Valuation Station 6166+68) to Milepost OND 129.6 at Dresden, TN (Valuation Station 6848+78.8) in Weakley and Carroll Counties, TN. The transaction also includes incidental trackage rights granted by CSXT to KWT over approximately twenty-three miles of CSXT’s mainline from milepost OND 116.8 at McKenzie, TN to milepost OND 93.8 at CSXT’s Bruceton, TN yard limit. Comments must be filed with the Board and served on Andrew B. Kolesar III, Slover & Loftus, 1224 Seventeenth St., N.W., Washington, D.C. 20036 (202) 347-7170.

This Notice is filed under 49 C.F.R. Part 1150.41, et seq. 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.

VERIFICATION

STATE OF FLORIDA

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)
)
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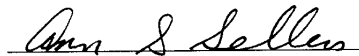
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COUNTY OF BAY

Donald P. Connor, being duly sworn, deposes and says that he is Vice Chairman of KWT Railway, Inc., that he has read the foregoing Notice and knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.


Donald P. Connor

Sworn and subscribed before me
this 2 day of August 2004

 Notary Public

My Commission expires: 2-15-08



Ann S. Sellers
My Commission DD269737
Expires February 15, 2008