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211728

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

FILED
AUG - 3 2004
SURFACE
TRANSPORTATION BOARD

Re: Finance Docket No. 34525, K. Earl Durden, Rail
Management Corporation, and Rail Partners, L.P. – Continuance
in Control Exemption – Riceboro Southern Railway, L.L.C.

Dear Secretary Williams:

Enclosed for filing in the referenced docket please find an original and 10 copies of the Verified Notice of Exemption of K. Earl Durden, Rail Management Corporation, and Rail Partners, L.P., together with a WordPerfect diskette containing the filing in electronic form. We are also submitting a check in the amount of \$1,000.00 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
An Attorney for K. Earl Durden, Rail Management
Corporation, and Rail Partners, L.P.

Enclosures

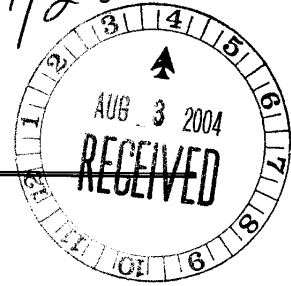
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Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

211728



K. EARL DURDEN, RAIL MANAGEMENT)
CORPORATION, AND RAIL PARTNERS,)
L.P. – CONTINUANCE IN CONTROL)
EXEMPTION – RICEBORO SOUTHERN)
RAILWAY, L.L.C.)

Finance Docket No. 34525

FEE RECEIVED

AUG - 3 2004

VERIFIED NOTICE OF EXEMPTION

FILED

AUG - 3 2004

SURFACE
TRANSPORTATION BOARD

SURFACE
TRANSPORTATION BOARD

Pursuant to 49 U.S.C. § 10502 and 49 C.F.R. Parts 1180.2(d)(2) and

1180.4(g), K. Earl Durden (“Durden”), Rail Management Corporation (“RMC”), and Rail Partners, L.P. (“Partners”) (collectively “Applicants”) file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. § 11323, et seq. in connection with Applicants’ continuance in control of the Riceboro Southern Railway, L.L.C. (“RSOR”) following RSOR’s assumption of Class III rail carrier status through its acquisition by purchase from CSX Transportation, Inc. (“CSXT”) and operation of approximately 18.8 miles of rail line between Ogeechee, GA (near Richmond Hill, GA) and Riceboro, GA (as well as incidental trackage rights).¹ Applicants’ proposed continuance in control of RSOR qualifies for an exemption under 49 C.F.R. Part

¹ RSOR’s acquisition is the subject of a separate Notice of Exemption under 49 C.F.R. Part 1150.31-34, filed in Finance Docket No. 34524, Riceboro Southern Railway, L.L.C. – Acquisition and Operation Exemption – Rail Line of CSX Transportation, Inc. Between Ogeechee and Riceboro, GA.

1180.2(d)(2), as RSOR's lines will not connect physically with any other railroad in Applicants' corporate family; the control of RSOR "is not part of a series of anticipated transactions that would connect" Applicants' rail lines; and the transaction involves no Class I rail carriers.

In support of this Notice, Applicants provide the following:

1. Correspondence Relating To This Notice
(49 C.F.R. § 1180.6 (a))

All correspondence relating to this Notice of Exemption should be addressed to:

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

2. Description Of Proposed Transaction
(49 C.F.R. § 1180.6 (a) (1) (i)-(iii))

a. Applicant Information

Durden is a citizen of the State of Florida, residing at 1804 Weakfish Way, Panama City, Florida 32411. Durden's telephone number is (850) 230-8331. Durden is not a railroad within the meaning of 49 U.S.C. § 11323.

RMC is a non-carrier holding company, formed as a Delaware corporation, controlled by Durden. RMC's principal place of business is 2605 Thomas Drive, Panama

City, Florida 32408. RMC's former corporate name was Rail Management & Consulting Corporation.

Durden, through RMC and various other entities that he controls, also controls Partners, a Delaware limited partnership.² Partners' principal place of business is at 2605 Thomas Drive, Panama City, Florida 32408.

Durden, RMC, and Rail Partners control fourteen (14) Class III railroads (the "RMC Rail Group"), located in Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, Texas and Wisconsin. These railroads include: (1) AN Railway, L.L.C.; (2) Atlantic & Western Railway, L.P.; (3) The Bay Line Railroad, L.L.C.; (4) Copper Basin Railway, Inc.; (5) East Tennessee Railway, L.P.; (6) Galveston Railroad, L.P.; (7) Georgia Central Railway, L.P.; (8) KWT Railway, Inc.; (9) Little Rock & Western Railway, L.P.; (10) M&B Railroad, L.L.C.; (11) Tomahawk Railway, L.P.; (12) Valdosta Railway, L.P.; (13) Western Kentucky Railway, L.L.C.; and (14) Wilmington Terminal Railroad, L.P. In most cases, RMC is the general or managing partner of the railroad, holding a 1% interest, while Partners is a limited partner holding the remaining 99% interest.³

² See Finance Docket No. 34306, K. Earl Durden, Rail Management Corp., and Rail Partners, L.P. – Corporate Family Exemption – Merger of Galveston Railway, Inc. and Asset Distribution of Emerald Coast Investments, L.L.C. (Notice of Exemption served January 22, 2003).

³ There are four exceptions: (1) KWT Railway, Inc., in which RMC controls 100% of the voting stock; (2) the Bay Line Railroad, L.L.C. and (3) Western Kentucky Railway, (continued...)

The Board's predecessor approved the acquisition of control of these railroads by Applicants, jointly with Green Bay Packaging, Inc. ("GBP").⁴ The Board then approved Durden's 1996 buyout of GBP's interests in Partners, RMC, and the RMC Rail Group, and his resultant assumption of 100% control.⁵

³(...continued)

L.L.C. in which Partners holds 97% of the voting stock and 3% is held by RMC, Durden, and Durden-controlled entities; and (4) the Copper Basin Railway, Inc., in which Partners holds 55% of the voting stock and Asarco, Inc., an unaffiliated entity, holds the minority 45% interest.

⁴ See Finance Docket No. 31869, Green Bay Packaging, Inc.; K. Earl Durden; Galveston Ry., Inc.; Rail Management and Consulting Corp.; and Rail Partners, L.P. – Continuance in Control Exemption – Galveston R.R., L.P.; LRW Ry., L.P.; ET Ry., L.P.; ATW Ry., L.P.; KWT Ry., Inc.; Copper Basin Ry., Inc.; & Wilmington Terminal R.R. (Notice of Exemption served July 5, 1991); Finance Docket No. 31948, K. Earl Durden, Green Bay Packaging, Inc., Rail Management and Consulting Corp., & Wilmington Terminal R.R., Inc. – Continuance in Control Exemption – Wilmington Terminal R.R., Inc. & Ga. Cent. Ry., L.P. (Notice of Exemption served Nov. 21, 1991); Finance Docket No. 31996, Rail Management and Consulting Corp., Green Bay Packaging, Inc., & K. Earl Durden – Continuance in Control Exemption – Tomahawk Ry., L.P. & Valdosta Ry., L.P. (Notice of Exemption served Jan. 29, 1992); Finance Docket No. 32436, Rail Management and Consulting Corp., Green Bay Packaging, Inc., K. Earl Durden, and Rail partners, L.P. – Continuance in Control Exemption – The Bay Line R.R., L.L.C. (Notice of Exemption served Jan. 24, 1994); and Finance Docket No. 32437 (Sub-No. 1), Rail Partners, L.P., Panama City Beach Office Park, Ltd., K. Earl Durden, Green Bay Packaging, Inc., and Rail Management and Consulting Corp. – Acquisition of Control Exemption – A&G R.R., L.L.C. (Decision served Sept. 30, 1994).

⁵ Finance Docket No. 32947 (Sub-No. 2), K. Earl Durden–Acquisitiion of Control Exemption–Rail Partners, L.P., Rail Management & Consulting Corporatioin, Atlantic & Western Railway, L.P., The Bay Line Railroad, L.L.C., Copper Basin Railway, Inc., East Tennessee Railway, L.P., Galveston Railroad, L.P., Georgia Central Railway, L.P., KWT Railway, Inc., Little Rock & Western Railway, L.P., Tomahawk Railway, L.P., Valdosta Railway, L.P., Western Kentucky Railway, L.L.C., and Wilmington Terminal Railroad, L.P. (Notice of Exemption served June 27, 1996).

Applicants' control of M&B Railroad, L.L.C., was the subject of an exemption invoked in Finance Docket No. 33435, K. Earl Durden, Rail Management and Consulting Corporation, and Rail Partners, L.P.–Acquisition of Control Exemption – Pennington Railroad, Inc. (Notice served August 22, 1997). Applicants control of AN Railway, L.L.C. was the subject of an exemption invoked in Finance Docket No. 32426, K. Earl Durden, Rail Management Corp. and Rail Partners, L.P. – Continuance in Control Exemption – AN Railway, L.L.C. (Notice of Exemption filed August 23, 2002). Finally, as indicated supra, the reorganization of the various Durden entities was the subject of an exemption invoked in Finance Docket No. 34306, K. Earl Durden, Rail Management Corp., and Rail Partners, L.P. – Corporate Family Exemption – Merger of Galveston Railway, Inc. and Asset Distribution of Emerald Coast Investments, L.L.C. (Notice of Exemption served January 22, 2003).

The business address and telephone number of Applicants is:

2605 Thomas Drive
Panama City, Florida 32408
(850) 230-8331

Questions regarding this Notice of Exemption may be directed to Applicants' counsel, Andrew B. Kolesar III of the law firm Slover & Loftus, at the address and telephone number shown in Section 1, above.

b. Summary and Purpose of Transaction

By the proposed transaction, Applicants will continue in control of RSOR once RSOR becomes a carrier through its purchase and operation of CSXT's line from milepost S512.2 at Ogeechee, GA (near Richmond Hill, GA) to milepost S531.0 at Riceboro, GA. RSOR will not connect with any other rail lines in the RMC Rail Group.

RSOR will interchange traffic with CSX Transportation, Inc. This interchange will occur at CSXT's Southover Yard in Savannah, GA, which CSXT controls and dispatches. RSOR's access to the Southover Yard will arise through the fourteen miles of incidental trackage rights from milepost S512.2 at Ogeechee, GA and milepost S498.0 at Savannah, GA that CSXT will grant as a part of the acquisition transaction. Through these trackage rights, RSOR will access the Southover Yard for purposes of interchange with CSXT from the south.

Applicants note that another carrier in the RMC Rail Group, i.e., the Georgia Central Railway, L.P. ("GC"), connects with CSXT's Southover Yard from the north. Significantly, however, there will be no physical connection between the lines of the RSOR and the GC, and the point at which the RSOR will access the Southover Yard (through its incidental trackage rights) and the point at which the GC accesses the Southover Yard are entirely separated by CSXT yard track, thus precluding a direct interchange between RSOR and GC. Moreover, there are no plans to interchange traffic even indirectly among the RSOR, CSXT, and the GC.

RSOR's acquisition of CSXT's line is not part of an anticipated series of transactions designed to link various railroads in the RMC Rail Group. Applicants' continued control of RSOR will allow the latter to benefit from Applicants' capital support and overall management and corporate direction and expertise. RSOR will continue handling freight for customers CSXT previously served, without material changes in the level or quality of transportation service provided.

c. Proposed Time Schedule

Applicants expect to consummate the transaction on or about August 25, 2004.

3. States In Which Applicants' Property Is Situated
(49 C.F.R. § 1180.6 (a)(5))

Applicants, through the RMC Rail Group, own or control property in the States of Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, Texas, and Wisconsin.

4. Map of Rail Lines, Connections, And Geographic Points
(49 C.F.R. § 1180.6 (a)(6))

See Exhibit 1.

5. Related Written Instruments
(49 C.F.R. § 1180.6 (a)(7)(ii))

There is no control agreement between Applicants and RSOR, so this term is not applicable.

6. Labor Protection
(49 C.F.R. § 1180.4 (g)(i))

Because this Notice of Exemption relates to a transaction “involving only Class III rail carriers,” the provisions of 49 U.S.C. § 11326 requiring employee protective conditions do not apply. See 49 U.S.C. § 11326(c).

7. Environmental Review
(49 C.F.R. § 1180.4 (g)(3))

Because this Notice of Exemption relates to a transaction that will “not result in significant changes in carrier operations,” the Board’s environmental review regulations do not apply. See 49 C.F.R. § 1105.6 (c)(2).

8. Historic Report
(49 C.F.R. § 1105.8 (b))

Because Applicants have no plans to dispose of or alter properties fifty years or older subject to the Board’s jurisdiction, Board regulations do not require an historic report in connection with the proposed transaction.

9. Costal Zone Management Act
(49 C.F.R. § 1105.9 (a))

Because this Notice of Exemption does not affect “land or water uses within a State coastal zone designated pursuant to the Coastal Zone Management Act,” the Board’s Coastal Zone Management Act regulations do not apply.

Respectfully submitted,

K. EARL DURDEN, RAIL MANAGEMENT
CORPORATION, AND
RAIL PARTNERS, L.P.
2605 Thomas Drive
Panama City Beach, FL 32408

OF COUNSEL:

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

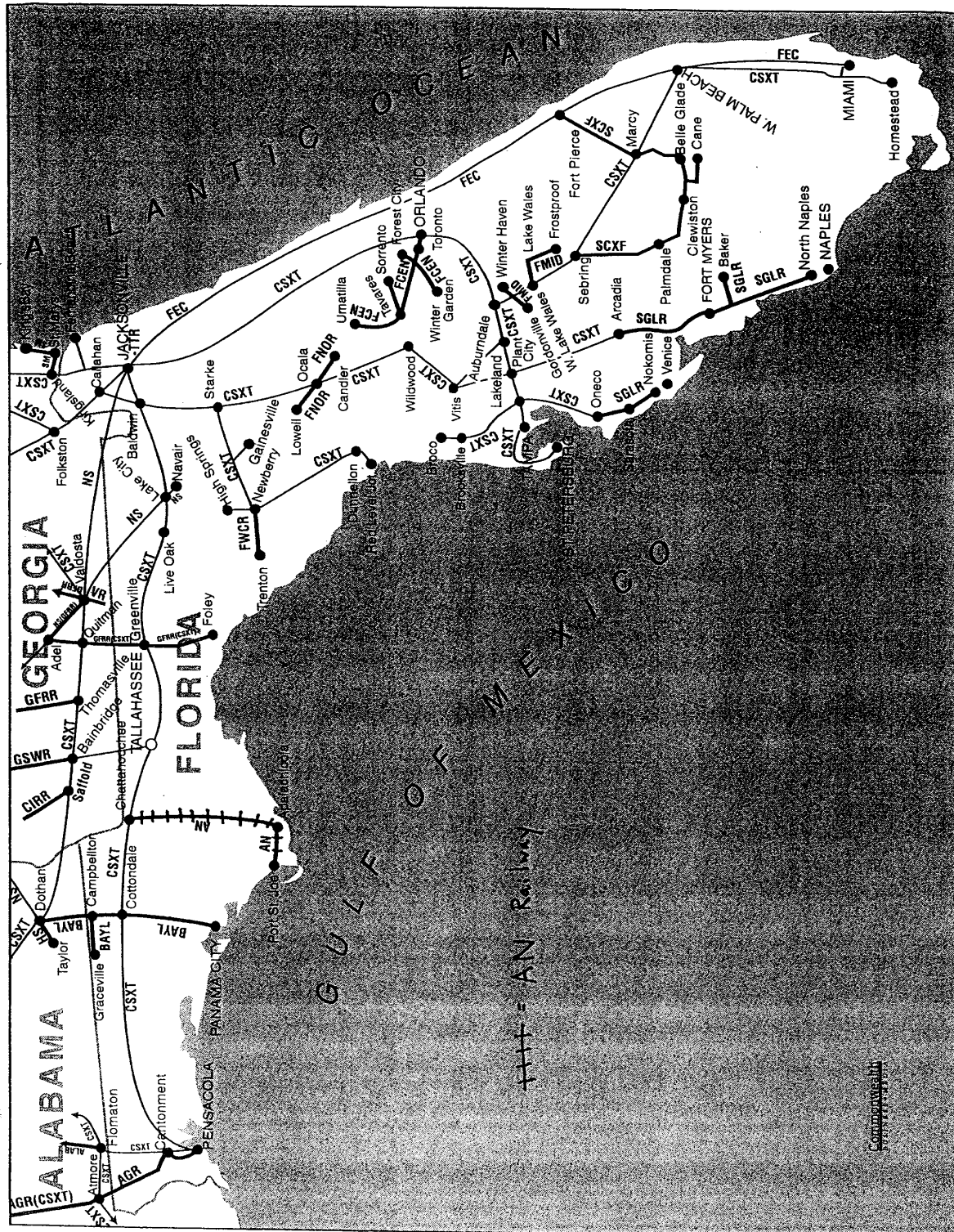
Dated: August 3, 2004

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

Attorneys & Practitioners

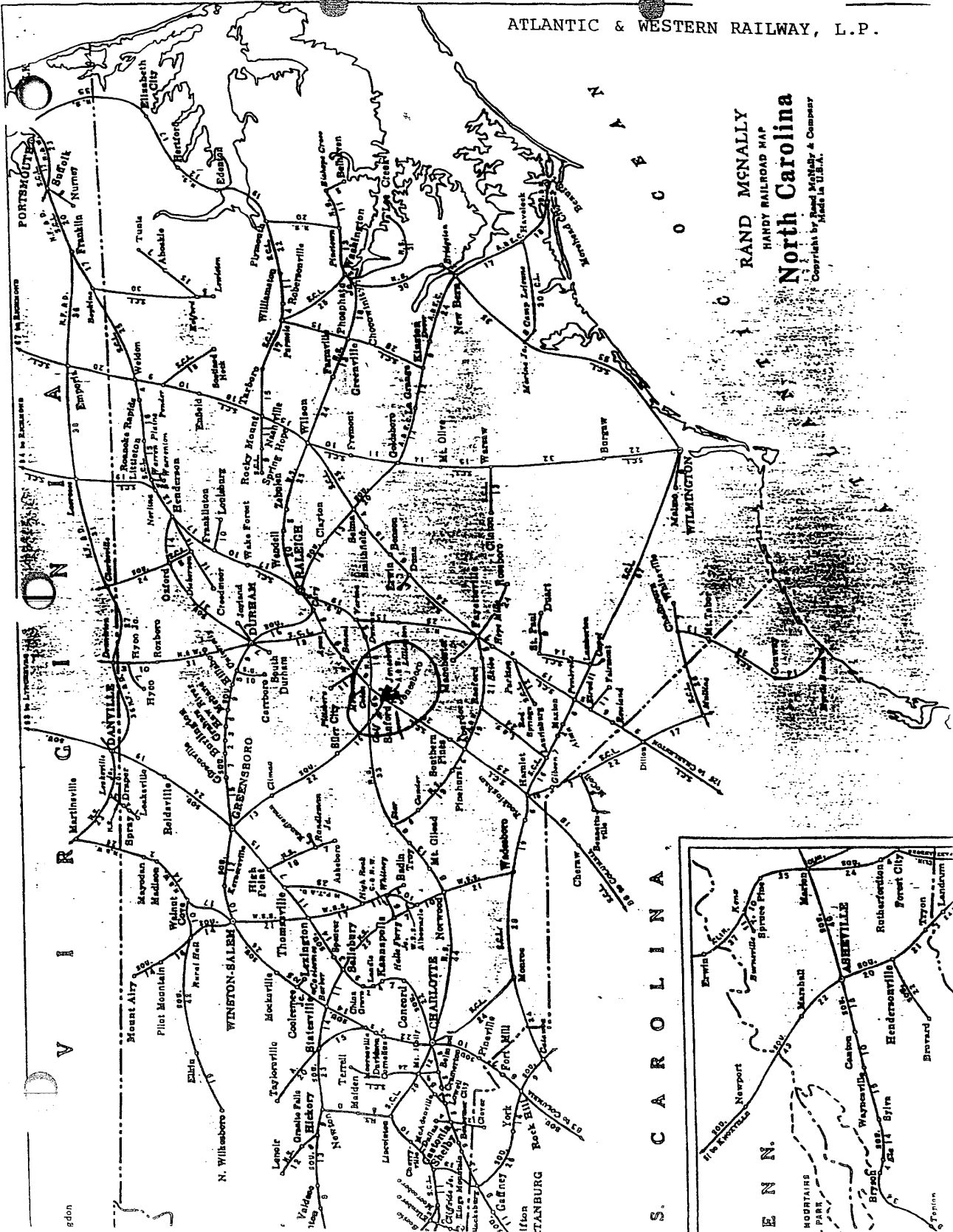
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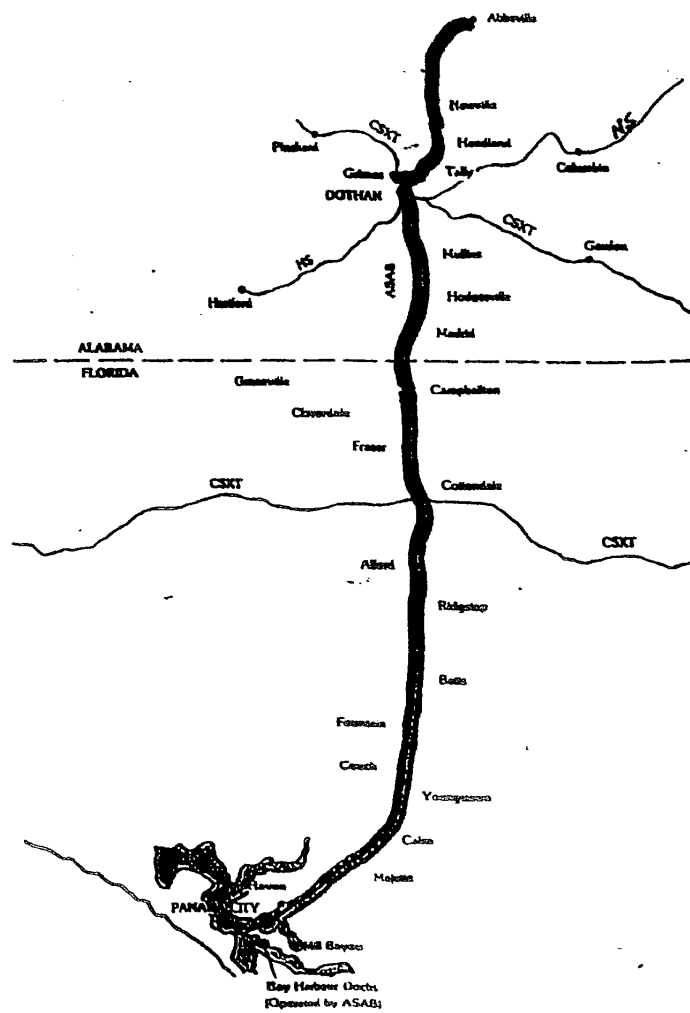


ATLANTIC & WESTERN RAILWAY, L.P.

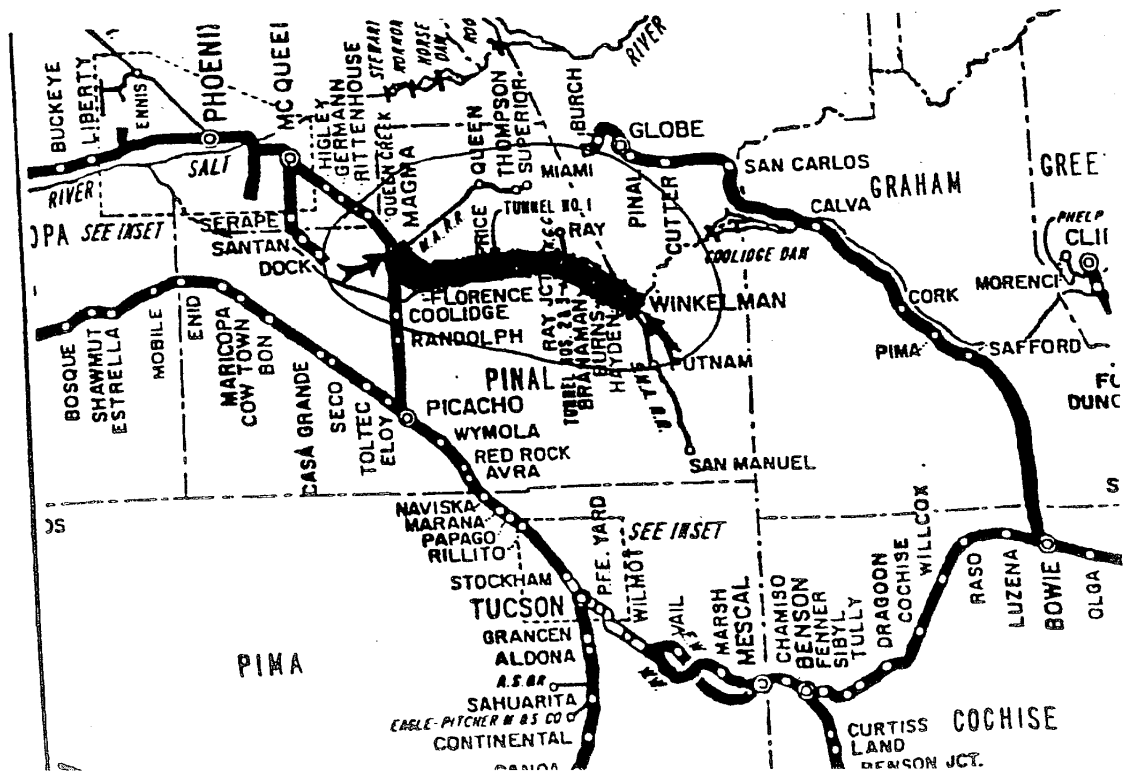
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HANDY RAILROAD MAP
North Carolina
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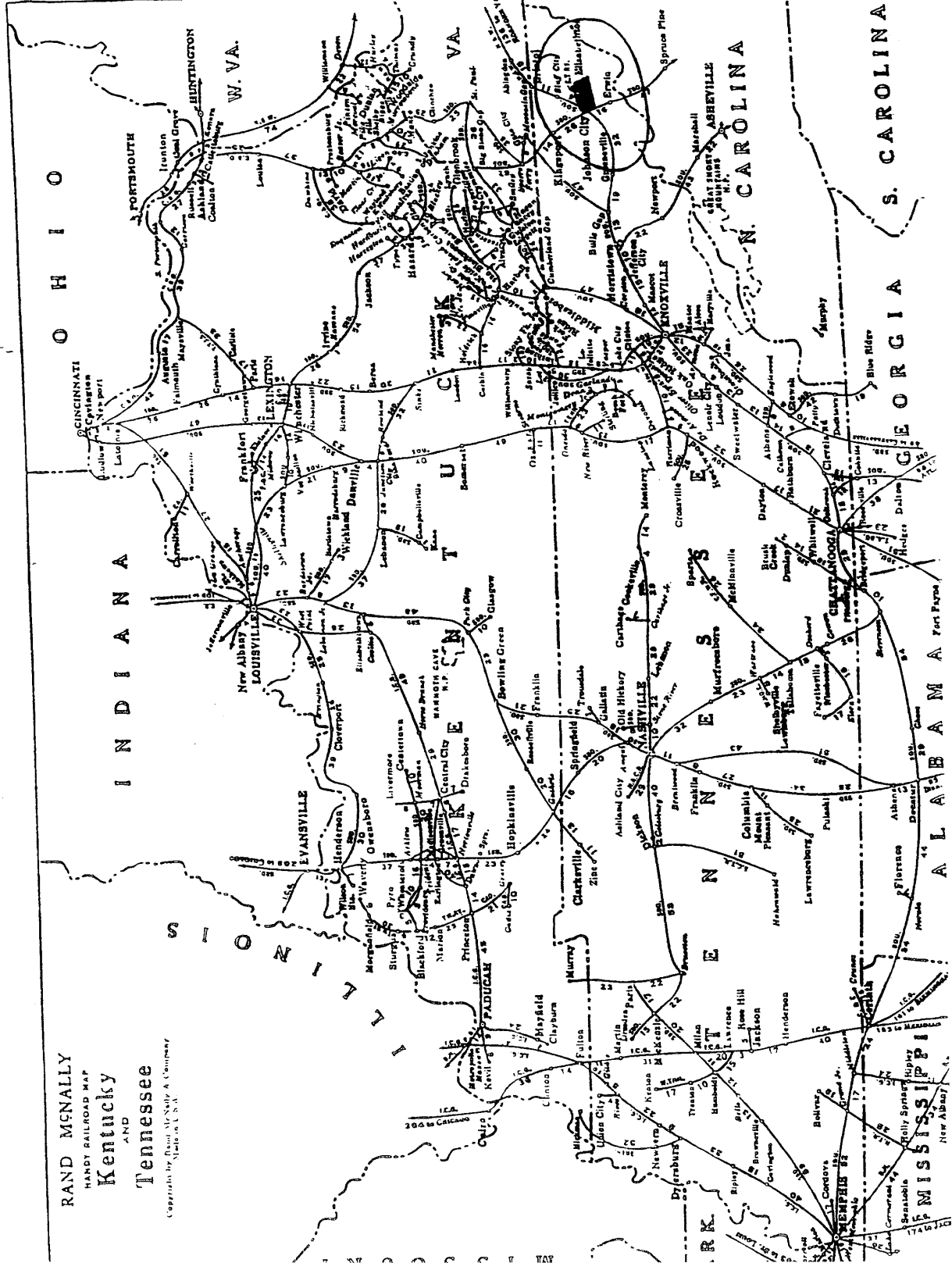
THE BAY LINE RAILROAD, L.L.C. SYSTEM MAP 1997

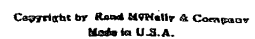


COPPER BASIN RAILWAY, INC.



RAND McNALLY
HANDY RAILROAD MAP
Kentucky
AND
Tennessee
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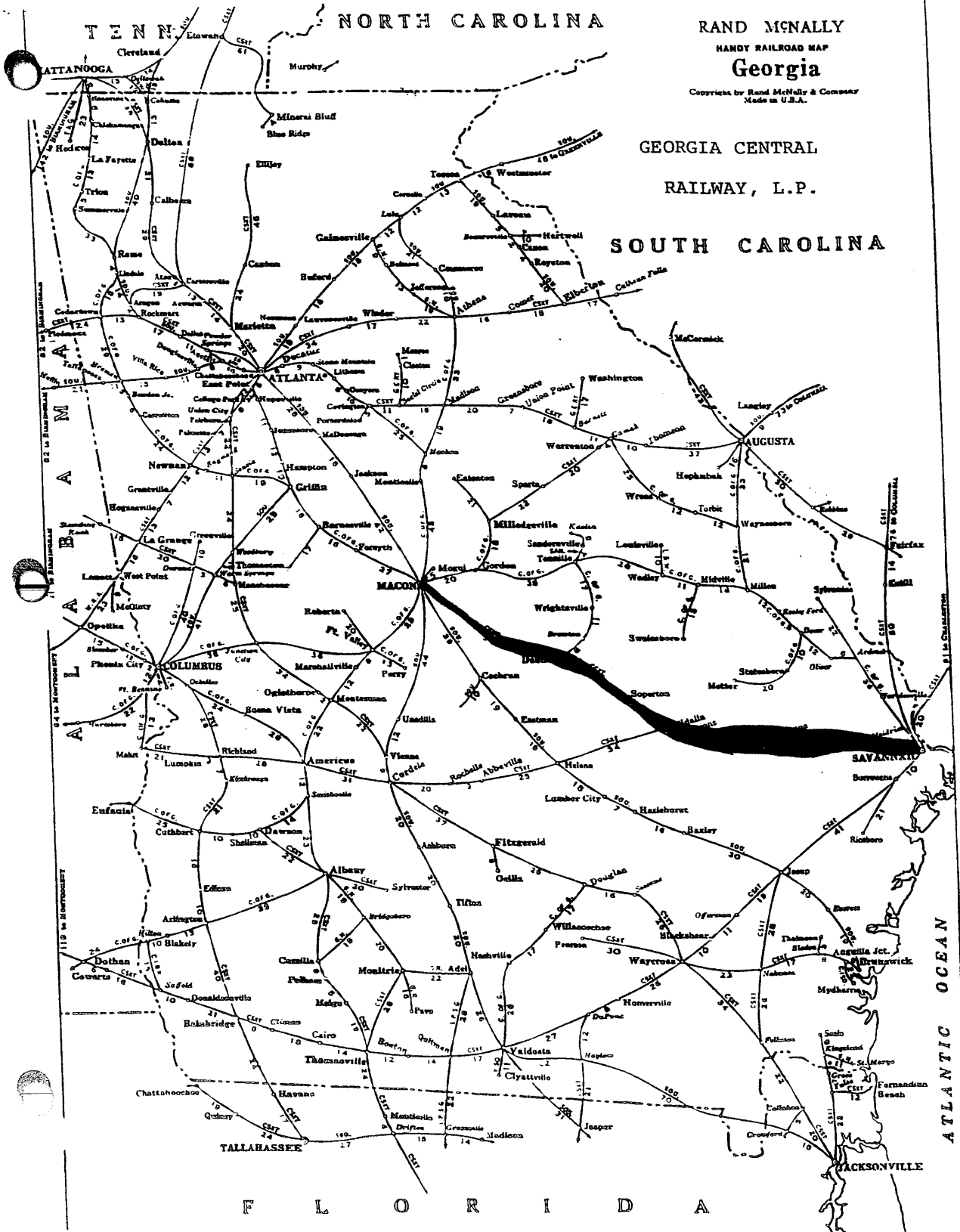




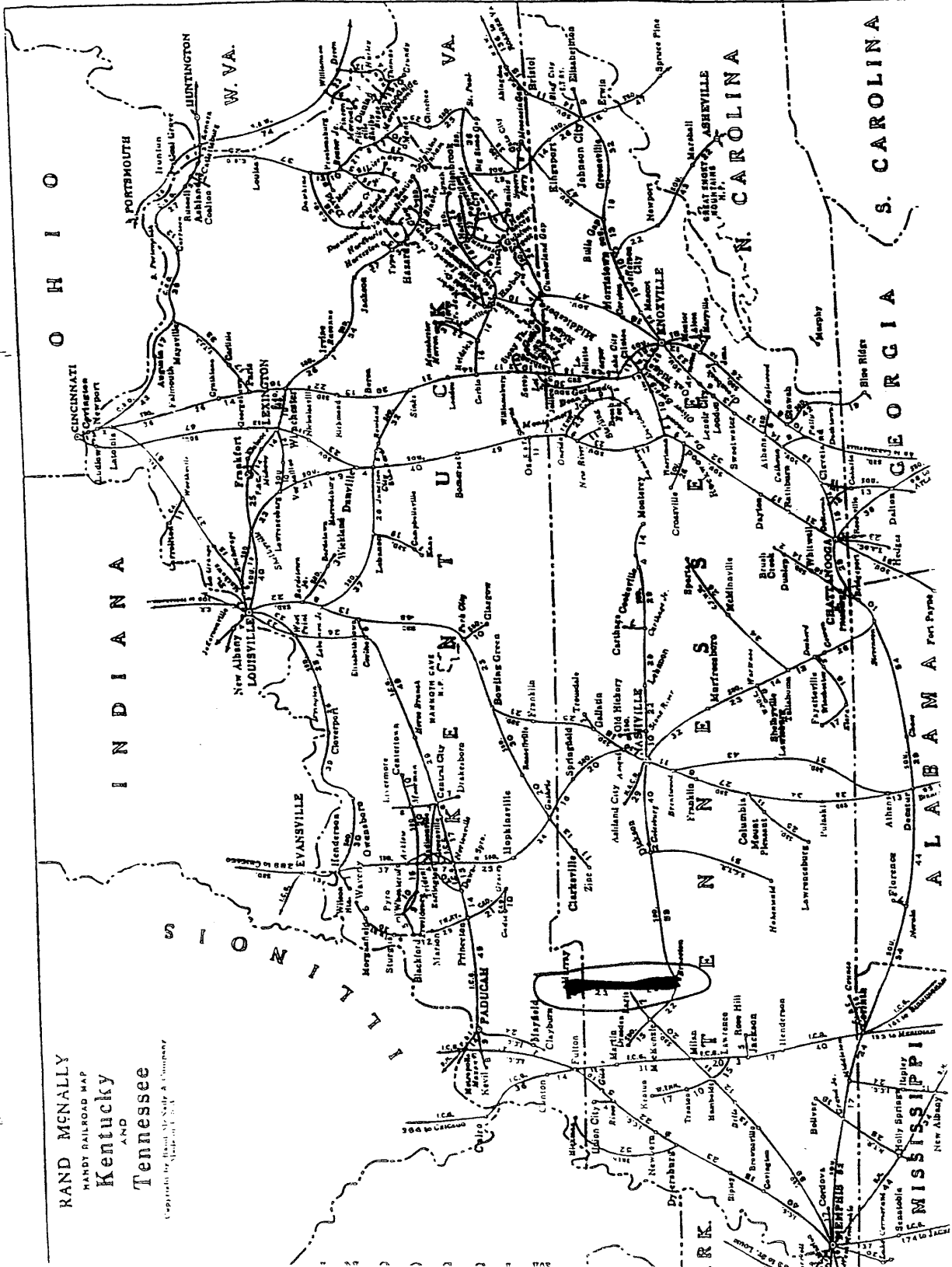
RAND McNALLY
HANDY RAILROAD MAP
Georgia
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GEORGIA CENTRAL
RAILWAY, L.P.

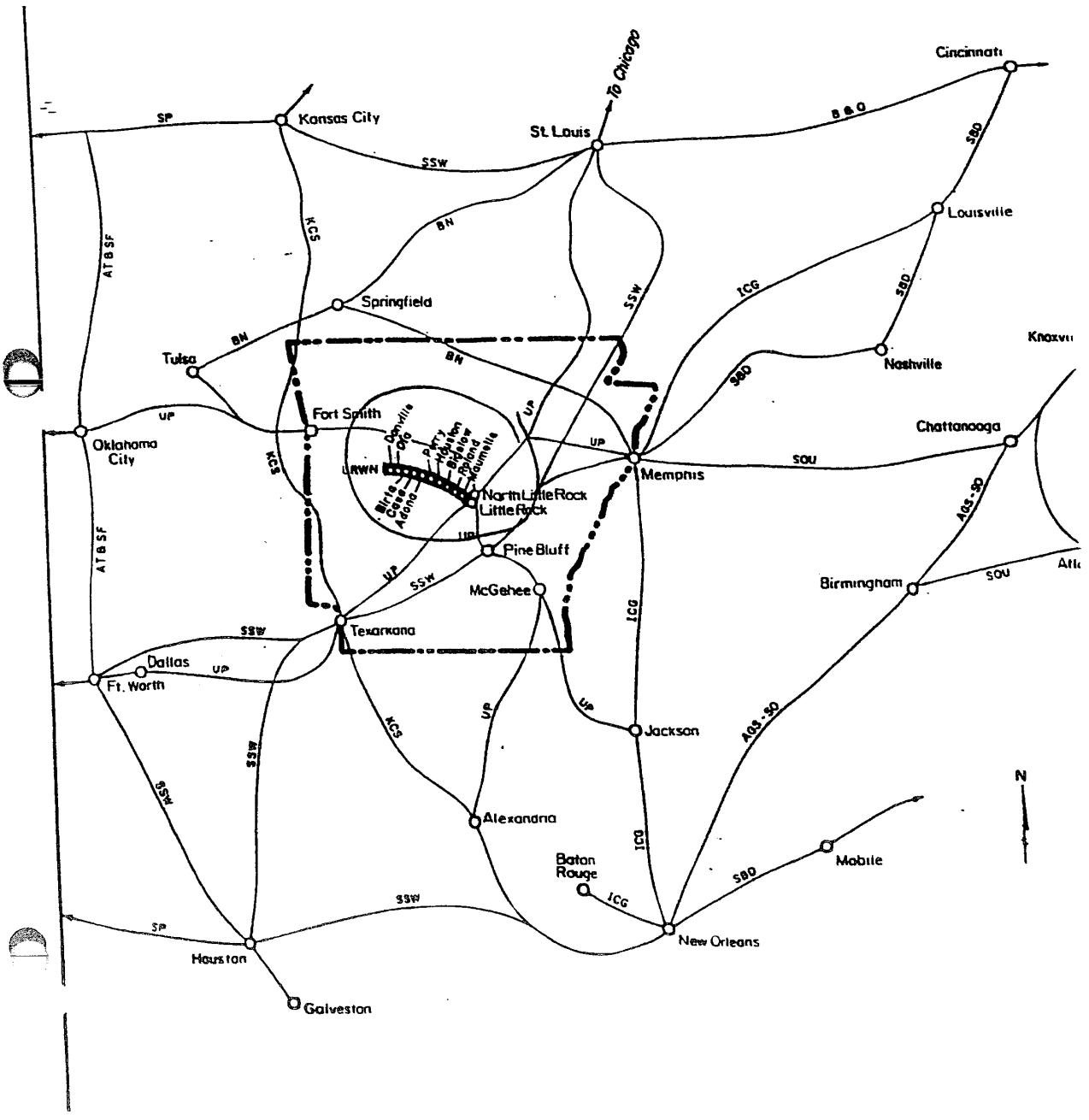
SOUTH CAROLINA



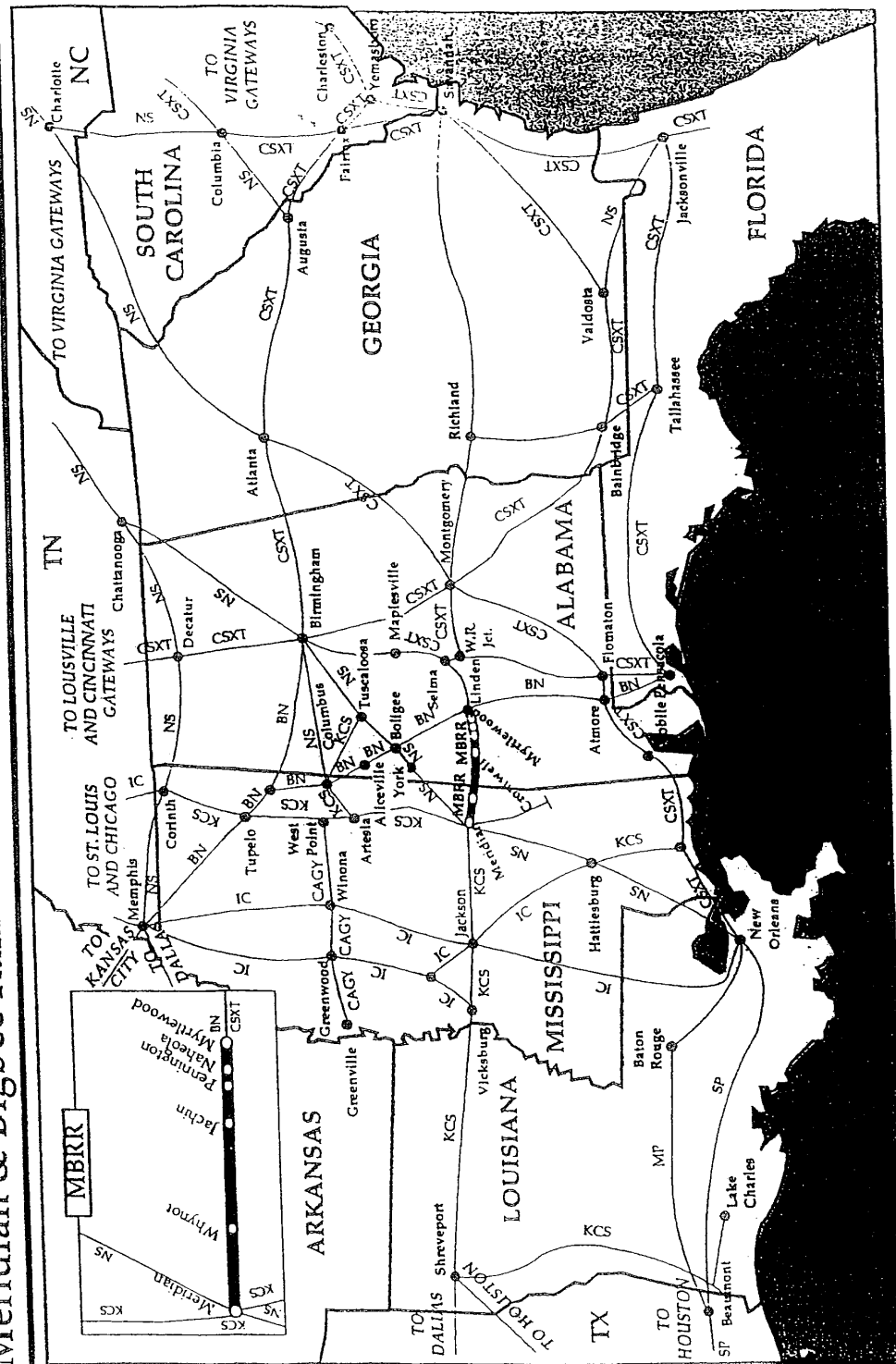
KWT RAILWAY, INC.



LITTLE ROCK & WESTERN RAILWAY, L.P.



Meridian & Bigbee Railroad



RICEBORO SOUTHERN RAILWAY, L.L.C.

Page 11 of 15

This Railroad Station Map Exhibit Graphically Represents A
 Station Location. It May Not Reflect Current
 Conditions. It May Not Reflect Current
 Features. All Dimensions, Offset Distances, Area Calculations
 And Measurement Notations, Shown On This Exhibit Are
 Approximate.

LIBERTY COUNTY
 LONG COUNTY

END
 RICEBORO BRANCH
 MP S 531

RICEBORO

MCINTOSH COUNTY
 LIBERTY COUNTY

364 +/- ACRES
 18.8 MILES

RICHMOND HILL

BRYAN COUNTY
 CHATHAM COUNTY

BEGIN
 RICEBORO BRANCH
 MP S 512.2

LIBERTY COUNTY
 BRYAN COUNTY

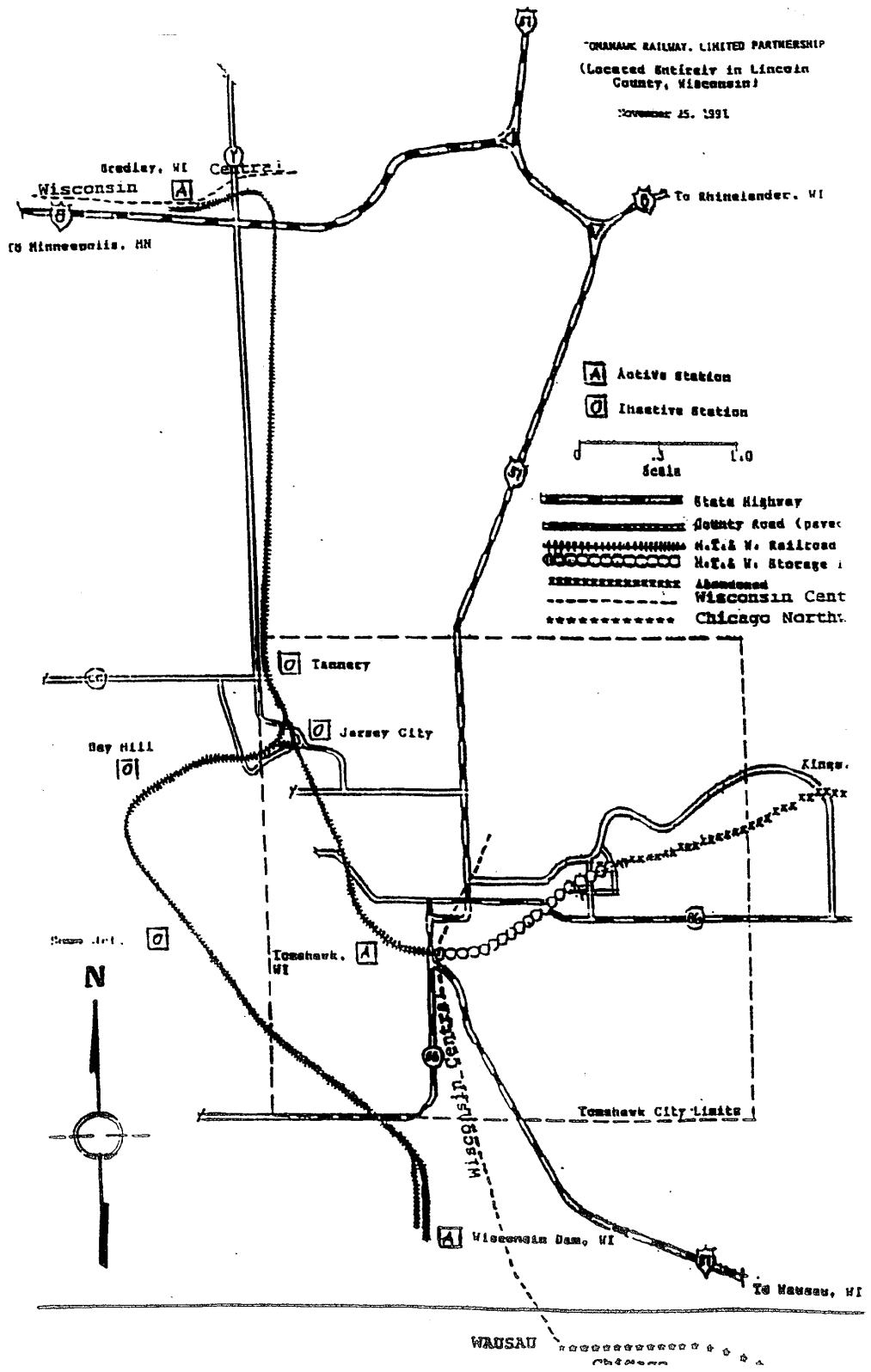
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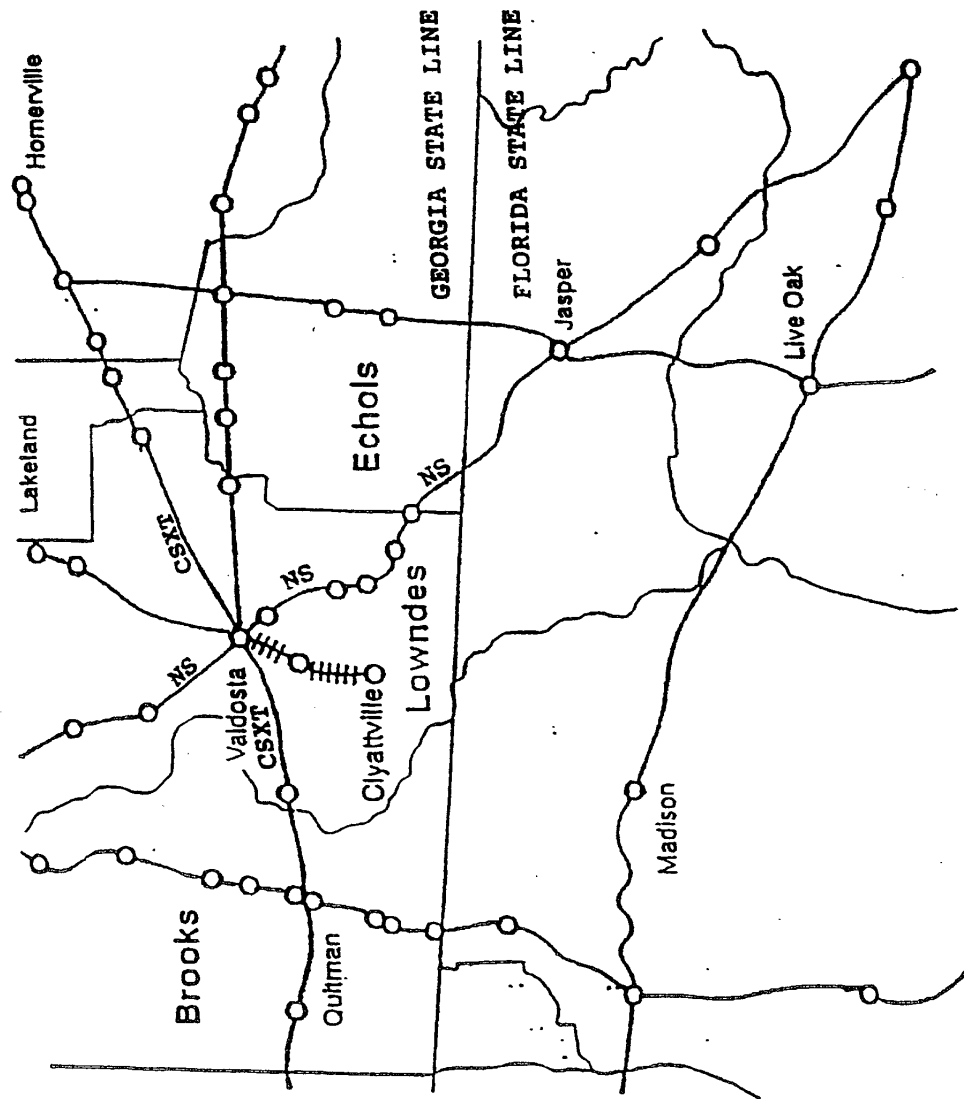
JACKSONVILLE DIVISION
 SAVANNAH SUBDIVISION
 RICEBORO BRANCH
 MILEPOST S 512 TO S 531

S:\PIN\GA13\GA029\ 029-005\GA-029-1000182\GA-029-1000182.DGN

CSX TRANSPORTATION, INC.		DATE: 05-10-04	CITY: RICHMOND HILL TO RICEBORO	VAL. SECT.: GIS NUMBERS:	PIN NUMBERS:
RICEBORO BRANCH		SCALE: 1"=6000'	STATE: GA	05453	3179-0003 13029-0003
SITE ID GA-029-1000182		DRAWN BY: CLP	FIPS: 13029	05454	3179-0004 13029-0004
NETWORK RATIONALIZATION		REVISED:	DWG #: GA-029-1000182	05455	3179-0006 13029-0007
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				05457	3179-0016
				05458	

MAP NO:
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 8.8A

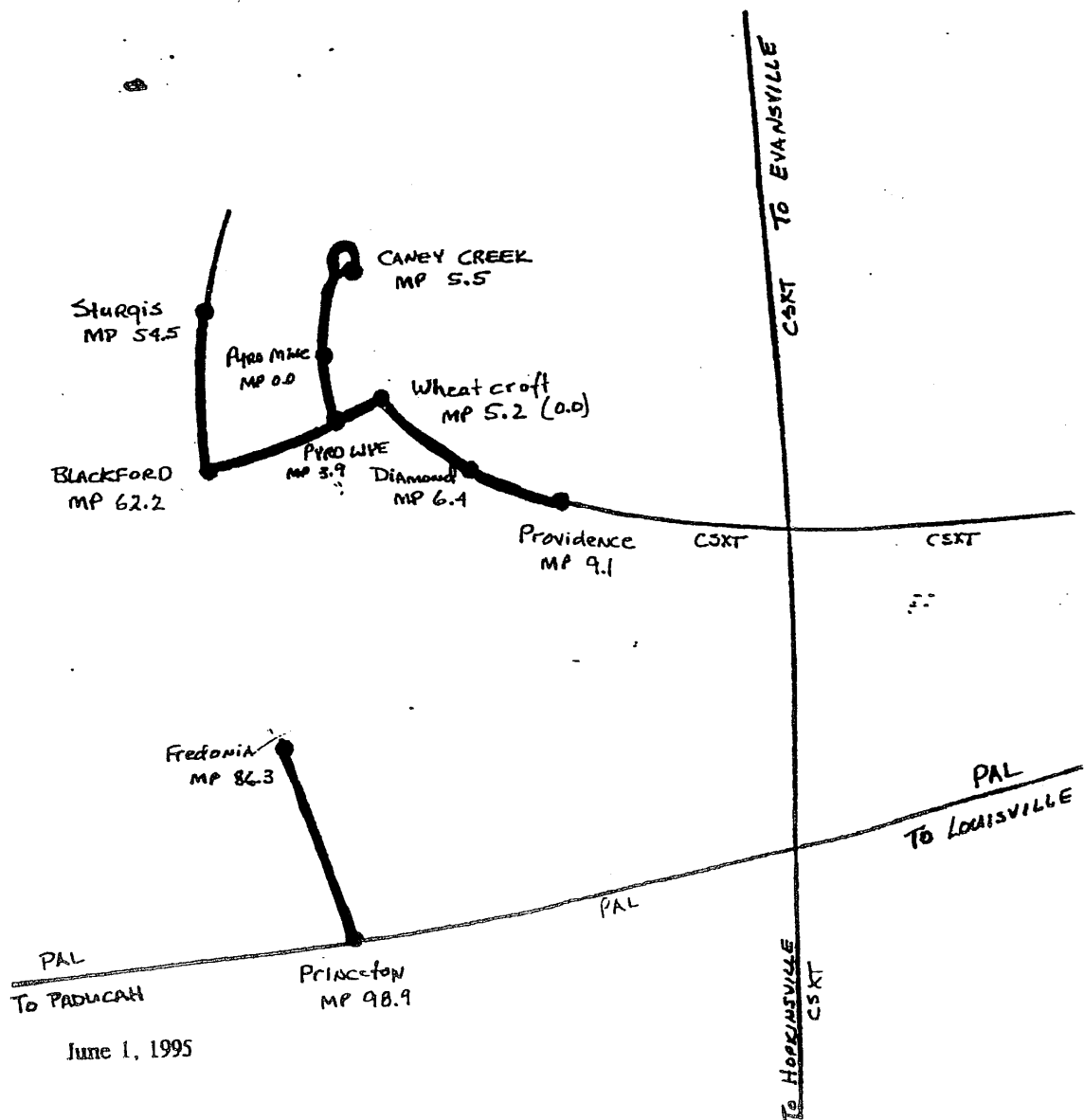




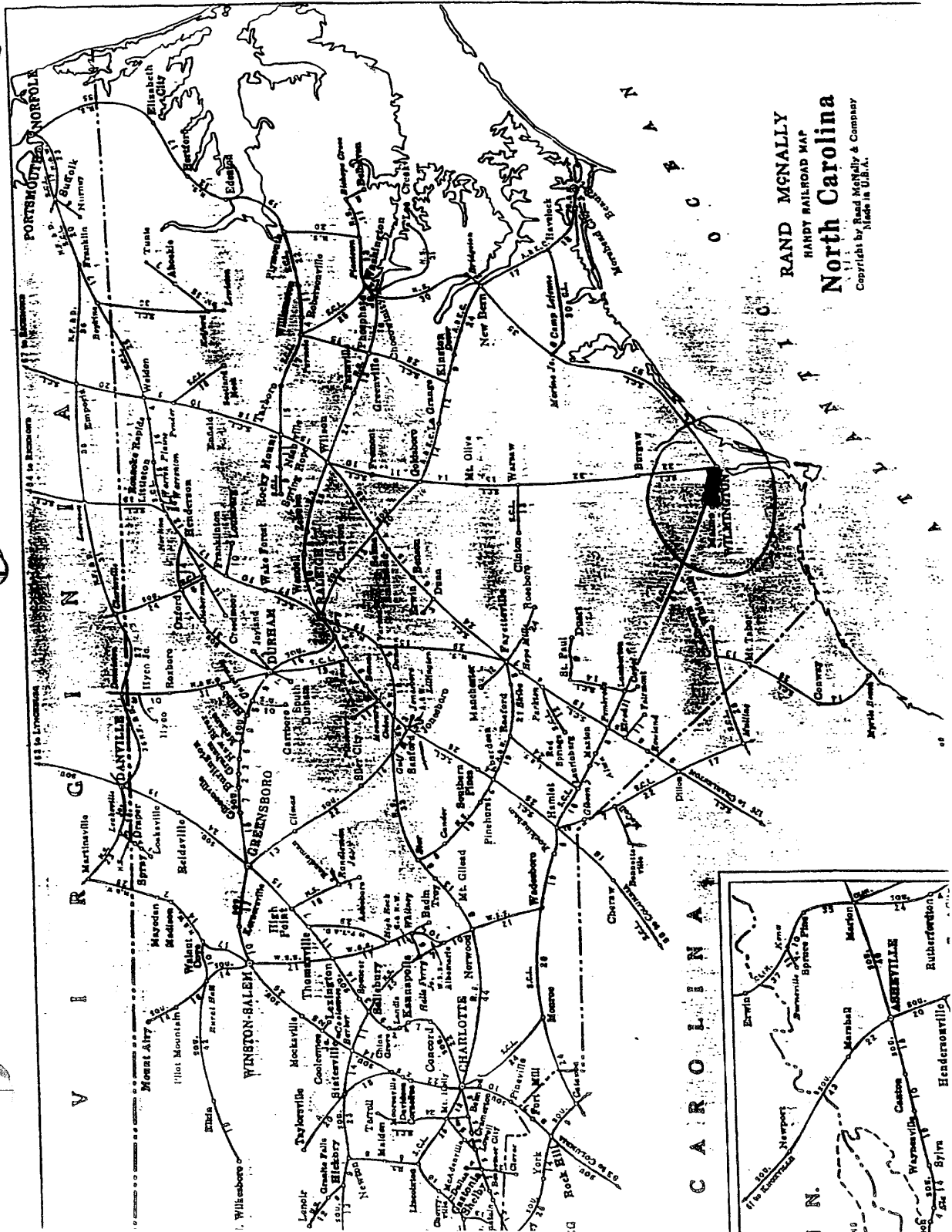
Valdo: Mill

Western Kentucky Railway, L.L.C. Sturgis, Kentucky

Map Of Railroad



WILMINGTON TERMINAL RAILROAD, L.P.

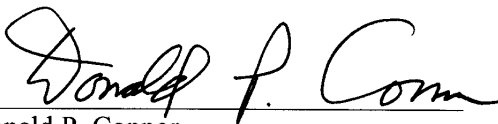


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 HANDY RAILROAD MAP
North Carolina
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VERIFICATION

STATE OF FLORIDA)
)
) SS:
COUNTY OF BAY)

Donald P. Connor, being duly sworn, deposes and says that he is Vice
Chairman, 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