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December 2, 2004

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BY HAND DELIVERY

The Honorable Vernon Williams
Surface Transportation Board
1925 K Street, N.W., Suite 700
Washington, DC 20423-0001

FILED

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SURFACE
TRANSPORTATION BOARD

Re: Finance Docket No. 34616, Kettle Falls International Railway, LLC
- Acquisition and Lease Exemption - The Burlington Northern And
Santa Fe Railway Company

Dear Secretary Williams:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. 1150.31 and a check covering the \$1,500.00 filing fee. Also enclosed is a 3.5-inch diskette containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely,

Karl Morell

Karl Morell

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34616

KETTLE FALLS INTERNATIONAL RAILWAY, LLC
--ACQUISITION AND LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

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SURFACE
TRANSPORTATION BOARD

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Office of Proceedings
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Federal Railroad

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
KETTLE FALLS INTERNATIONAL
RAILWAY, LLC

Dated: December 2, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34616

KETTLE FALLS INTERNATIONAL RAILWAY, LLC
--ACQUISITION AND LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Kettle Falls International Railway, LLC ("KFR"), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit KFR to acquire and lease from The Burlington Northern and Santa Fe Railway Company ("BNSF") rail lines located in the state of Washington. As part of this transaction, KFR will also acquire incidental trackage rights over a segment of rail line owned by BNSF.

In support of this Notice of Exemption, KFR submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant:

Kettle Falls International Railway, LLC
50 South Steele Street
Suite 250
Denver, CO 80209

(b) Applicant's Representative:

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) Statement of Agreement:

KFR has entered into agreements with BNSF for the acquisition and lease of the rail lines and the acquisition of the incidental, overhead trackage rights.

(d) The operator of the property:

KFR will be the operator of the acquired and leased lines.

(e) Summary of proposed transaction:

(1) The name and address of the company selling and leasing the subject property:

The Burlington Northern and Santa Fe Railway Company
2650 Lou Menk Drive
Fort Worth, Texas 76131

(2) The involved transaction is expected to be consummated on or shortly after December 10, 2004.

(3) The rail line that KFR is acquiring is located between Milepost 4.7, near West Kettle Falls, Washington, and Milepost 77.14, at San Poil, Washington. While the termini of this line are located in the state of Washington, the segment of the line located between Mileposts 34.375 and 48.79 is located in British Columbia. Consequently, the Board has

jurisdiction only over the acquisition of the two segments of this line located between Milepost 4.7, near West Kettle Falls, Washington, and Milepost 34.375, at the United States-Canadian border and between Milepost 48.79, at the United States-Canadian border, and Milepost 77.14, at San Poil, Washington.

The rail lines that KFR is leasing are located: (1) between Milepost 61.0, near Chewelah, Washington, and Milepost 144.0, near Columbia Gardens, British Columbia; and (2) between Milepost 0.0, near Kettle Falls, Washington, and Milepost 4.7, near West Kettle Falls, Washington. The segment of the Chewelah-Columbia Gardens line between Mileposts 139.71 and 144.0 is located in British Columbia. Consequently, the Board has jurisdiction only over the lease of the segment of the line between Milepost 61.0, near Chewelah, Washington, and Milepost 139.71, at the United States-Canadian border.¹

The incidental, overhead trackage rights KFR is acquiring are located between Milepost 0.0, near Kettle Falls, Washington, and Milepost 4.7, near West Kettle Falls, Washington.²

¹ BNSF is retaining restricted trackage rights over the segment of the line KFR is leasing between Milepost 61.0, near Chewelah, Washington, and Milepost 96.0, near Kettle Falls, Washington.

² KFR is acquiring the incidental trackage rights to ensure continued access to BNSF for interchange at Kettle Falls from the rail line KFR is acquiring in the event the lease of the line between Kettle Falls and West Kettle Falls expires or is terminated.

(4) The length of the rail line being acquired is approximately 72.44 miles, of which approximately 58.025 miles are located in the United States. The length of the rail lines being leased is approximately 87.7 miles, of which approximately 83.41 miles are located in the United States. The length of the incidental trackage rights being acquired is approximately 4.7 miles.

(f) A map of the rail line being acquired, the rail lines being leased and the incidental trackage rights being acquired is attached as Exhibit A.

(g) KFR hereby certifies that KFR's projected revenues as a result of this transaction will not result in KFR becoming a Class II or Class I rail carrier. KFR further certifies that the projected annual revenue of KFR will not exceed \$5 million.

Accordingly, the requirements of 49 C.F.R. § 1150.32(e), do not apply to this transaction.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

KFR is acquiring and leasing the lines from BNSF for continued rail operations. Further Board approval is required for KFR to abandon or discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older.

Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

KFR's acquisition and lease of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard

activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. KFR's acquisition and lease of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

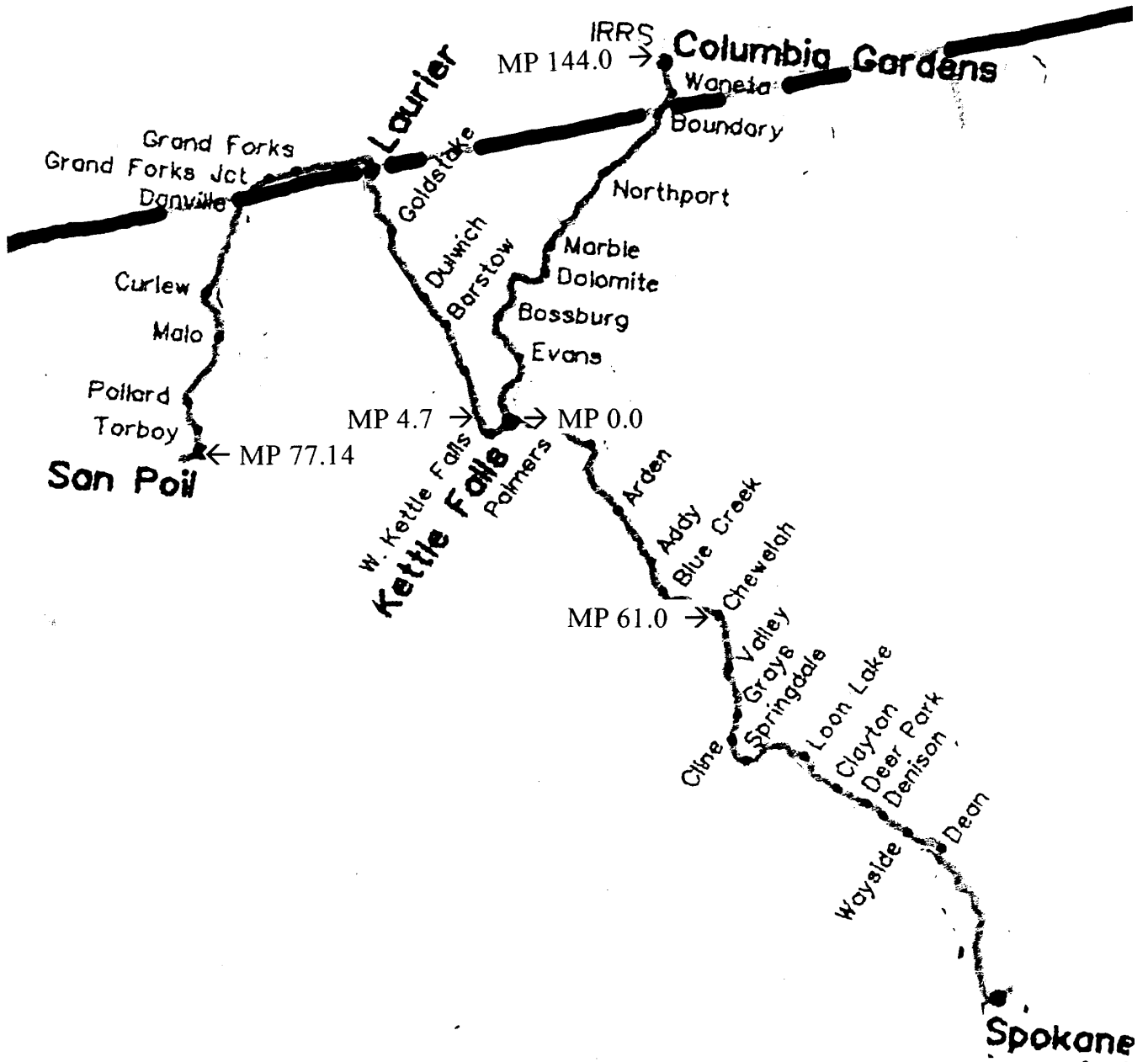


KARL MORELL
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Suite 225
1455 F Street, N.W.
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(202) 638-3307

Attorney for:
KETTLE FALLS INTERNATIONAL RAILWAY,
LLC.

Dated: December 2, 2004

EXHIBIT A



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34616

KETTLE FALLS INTERNATIONAL RAILWAY, LLC
--ACQUISITION AND LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

Kettle Falls International Railway, LLC ("KFR"), a non-carrier, has filed a notice of exemption to acquire and lease from The Burlington Northern and Santa Fe Railway Company ("BNSF") rail lines in the state of Washington. The two segments of the rail line being acquired that are located within the United States are between: (1) Milepost 4.7, near West Kettle Falls, Washington, and Milepost 34.375, at the United States-Canadian border; and (2) Milepost 48.79, at the United States-Canadian Border, and Milepost 77.14, at San Poil, Washington. The rail lines being leased are located: (1) between Milepost 0.0, near Kettle Falls, Washington, and Milepost 4.7, near West Kettle Falls, Washington; and (2) between Milepost 61.0, near Chewelah, Washington, and Milepost 139.71, at the United States-Canadian border. In conjunction with the acquisition and lease of the rail lines, KFR will acquire incidental, overhead trackage rights over the rail line located between Milepost 0.0, near Kettle Falls, Washington, and Milepost 4.7, near West Kettle Falls, Washington.

This transaction is related to STB Docket No. 34617, Patrick D. Broe and OmniTRAX, Inc. – Continuance In Control Exemption – Kettle Falls International Railway, LLC, wherein Mr. Broe and OmniTRAX, Inc., have concurrently filed a verified notice to continue in control of KFR upon KFR becoming a Class III rail carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF COLORADO

)

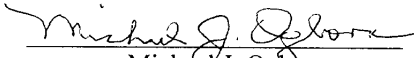
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ss.

CITY AND COUNTY OF DENVER

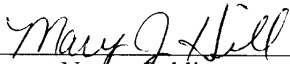
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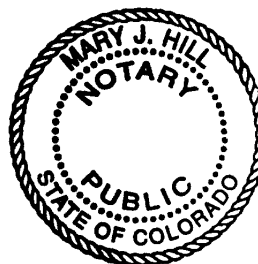
I, Michael J. Ogborn, being duly sworn depose and state that I am Manager of Kettle Falls International Railway, LLC, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Michael J. Ogborn

SUBSCRIBED AND SWORN TO before me this 22 day of November, 2004, in the City and County of Denver, State of Colorado.

My Commission Expires: 11/01/08


Notary Public



My Commission Expires 11/01/2008