

BALL JANIK LLP

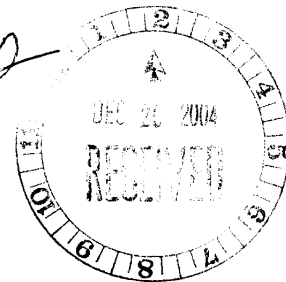
A T T O R N E Y S

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WASHINGTON, D.C. 20005

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TELEPHONE 202-638-3307
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KARL MORELL
Of Counsel



kmorell@bjllp.com

December 20, 2004

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

RECEIVED
Surface Transportation Board
December 20, 2004

**RE: Finance Docket No. 34610, Stillwater Central Railroad, Inc. --
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. § 1150.41 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 yours,

Karl Morell
Karl Morell

Enclosures

RECEIVED
DEC 20 2004

TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34610

STILLWATER CENTRAL RAILROAD, INC.
--LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

2/28/2

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

Attorney for:
STILLWATER CENTRAL
RAILROAD, INC.

Dated: December 20, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34610

STILLWATER CENTRAL RAILROAD, INC.
--LEASE EXEMPTION--
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

The Stillwater Central Railroad, Inc. ("SLWC"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit SLWC to lease from The Burlington Northern and Santa Fe Railway Company ("BNSF") approximately 12.6 miles of rail lines in Oklahoma. As part of this transaction, SLWC will also acquire incidental trackage rights over rail lines owned by BNSF.

In support of this Notice of Exemption, SLWC submits the following information as required by 49 C.F.R. § 1150.43:

- (a) Full name and address of applicant:

Stillwater Central Railroad, Inc.
315 West Third Avenue
Pittsburg, KS 66762

(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:

SLWC will shortly enter into an agreement with BNSF for the lease of the rail lines and acquisition of the incidental trackage rights.

(d) The operator of the property:

SLWC will become the operator of the lines being leased.

(e) Summary of proposed transaction:

(1) The name and address of the railroad transferring the subject property is:

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

(2) SLWC's lease of the rail line^S_U is expected to be consummated on or shortly after December 28, 2004, which is at least 60 days after SLWC certified to the Surface Transportation Board ("Board") SLWC's compliance with the notice requirements of 49 C.F.R. § 1150.42(e).

(3) The rail lines being leased by SLWC are located between: (1) milepost 549.01, at Wheatland, Oklahoma, and milepost 542.0, at Oklahoma City, Oklahoma, including the Dayton Lead in Wheatland; (2) milepost 540.0, west of the BNSF North Yard, in Oklahoma City, Oklahoma, and milepost

536.4, in Oklahoma City, Oklahoma, including the North Yard; and (3) Milepost 0.0, on the Packing Town Lead, and a point 500 feet west of the wye connecting the Packing Town Lead with BNSF's Red Rock Subdivision, in Oklahoma City, Oklahoma.¹ In conjunction with the lease of these rail lines, SLWC will acquire incidental overhead trackage rights between: (1) milepost 384.6 and milepost 390.0, on the Red Rock Subdivision, in Oklahoma City, Oklahoma; and (2) a point 500 feet west of the wye connecting the Packing Town Lead and the point of connection between the Packing Town Lead and BNSF's Red Rock Subdivision.

- (4) The length of the lines being leased is approximately 12.6 miles. The length of the incidental trackage rights being acquired is approximately 5.5 miles.

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

(g) SLWC hereby certifies that SLWC's projected revenues as a result of this transaction will not result in SLWC becoming a Class II or Class I rail carrier.

SLWC further certifies that its projected annual revenues from operation of the leased lines, when combined with SLWC's projected annual revenue, will exceed \$5 million. Consequently, SLWC has complied with the notice requirements of 49 C.F.R. § 1150.42(e), and certified its compliance to the Board on October 29, 2004. A copy of SLWC's letter to the Board is attached as Exhibit B.

¹ BNSF is retaining overhead trackage rights over the leased rail lines.

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

SLWC is leasing the rail lines from BNSF for continued rail operations. Further Board approval is required for SLWC to 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).

SLWC's lease 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. SLWC's 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,

A handwritten signature in cursive script, appearing to read "Karl Morell", written over a horizontal line.

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

Attorney for:
STILLWATER CENTRAL RAILROAD, INC.

Dated: December 20, 2004

EXHIBIT A

Oklahoma City

UP

North Yard

ODOT

AOK

Packing Town Lead

Dayton Lead

Wheatland

Flynn Yard

Legend

— Lease

— Track Rights

— Subdivisions

UP Trackage

— BNSF Trackage

0 10 20 40 60 80 Miles

KLC 10/12/2004 H:\010197.810 Oklahoma City Area.mxd

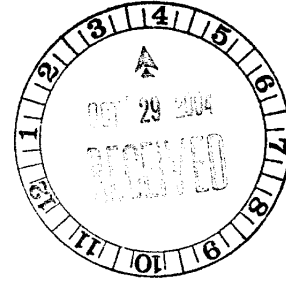
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FACSIMILE 202-783-6947



kmorell@bjllp.com

KARL MORELL

October 29, 2004

EXHIBIT B

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

Re: Finance Docket No. 34610, Stillwater Central Railroad, Inc. – Lease
Exemption – The Burlington Northern and Santa Fe Railway Company

Dear Secretary Williams:

Stillwater Central Railroad, Inc. ("SLWC"), hereby certifies that on October 29, 2004, SLWC had posted the attached Notice at the workplace of the employees on the rail lines that are the subject of this transaction and on October 29, 2004, SLWC served a copy of the Notice on the national offices of all labor unions with employees on the affected line.

Please time and date stamp the extra copy of this letter and return it with our messenger.

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell

Enclosure

NOTICE

Stillwater Central Railroad, Inc. ("SLWC"), an Oklahoma Corporation, will be leasing from The Burlington Northern and Santa Fe Railway Company ("BNSF") the following rail lines: (1) the Chickasha Subdivision between Milepost 549.01, at Wheatland, OK, and Milepost 542, at Oklahoma, OK, including the Dayton Lead in Wheatland; (2) the Sooner Subdivision between Milepost 540, west of the BNSF's North Yard in Oklahoma City, OK, and Milepost 536.4, in Oklahoma City, including the North Yard. SLWC will also acquire overhead trackage rights: (1) over the Red Rock Subdivision between Milepost 384.6 and Milepost 385.7, in Oklahoma City, OK; and (2) over the Red Rock Subdivision between Milepost 385.7 and Milepost 390, in Oklahoma City, OK.

As a result of the lease of the BNSF lines, SLWC expects to have employment opportunities in the following areas:

Transportation Specialists:

Approximately 6 positions located in Oklahoma City, OK. These positions require the following minimum skills and/or qualifications:

- **Transportation Specialist II.**
Must possess the skills/qualifications for Transportation Specialist I, plus the following:
At least 1 year experience as a Locomotive Engineer. Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above. Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

Stillwater Central Railroad, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762
(620) 231-2230

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34610

STILLWATER CENTRAL RAILROAD, INC.

--LEASE EXEMPTION--

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

Stillwater Central Railroad, Inc. (SLWC), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease approximately 12.6 miles of rail lines owned by The Burlington Northern and Santa Fe Railway Company (BNSF). The lines being leased are located between: (1) milepost 549.01, at Wheatland, Oklahoma, and milepost 542.0, at Oklahoma City, Oklahoma, including the Dayton Lead in Wheatland; (2) milepost 540.0, west of the BNSF North Yard, in Oklahoma City, Oklahoma, and milepost 536.4, in Oklahoma City, Oklahoma, including the North Yard; and (3) Milepost 0.0, on the Packing Town Lead, and a point 500 feet west of the wye connecting the Packing Town Lead with BNSF's Red Rock Subdivision, in Oklahoma City, Oklahoma. In conjunction with the lease of these rail lines, SLWC will acquire incidental overhead trackage rights between: (1) milepost 384.6 and milepost 390.0, on the Red Rock Subdivision, in Oklahoma City, Oklahoma; and (2) a point 500 feet west of the wye connecting the Packing Town Lead with BNSF's Red Rock Subdivision and the point of connection between the Packing Town Lead and BNSF's Red Rock Subdivision.

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. 1150.41. 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

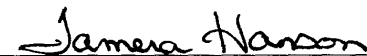
STATE OF KANSAS)
) **ss.**
COUNTY OF CRAWFORD)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Stillwater Central Railroad, Inc., 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 to the best of my knowledge, information, and belief.


Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this 15th day of December, 2004, in the County of Crawford, State of Kansas.

My Commission Expires: 11/12/2008


Notary Public