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APR 14 2005

THOMAS F. MCFARLAND

April 13, 2005

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Finance Docket No. 34691, *Stockton Terminal & Eastern Railroad -- Acquisition and Operation Exemption -- Rail Line of Union Pacific Railroad Company in Stockton, California*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.41, for filing with the Board in the above referenced matter.

Also enclosed is Stockton Terminal & Eastern Railroad's check #8368 for \$1,500 for the filing fee.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Stockton Terminal
& Eastern Railroad

ENTERED
Office of Proceedings

APR 14 2005

Part of
Public Record

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BEFORE THE
SURFACE TRANSPORTATION BOARD

APR 14 2005
RECEIVED

STOCKTON TERMINAL & EASTERN)
RAILROAD -- ACQUISITION AND)
OPERATION EXEMPTION -- RAIL LINE) FINANCE DOCKET
OF UNION PACIFIC RAILROAD) NO. 34691
COMPANY IN STOCKTON,)
CALIFORNIA)

VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.41

STOCKTON TERMINAL & EASTERN RAILROAD
1330 North Broadway Avenue
Stockton, CA 95205

Applicant

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: April 14, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

STOCKTON TERMINAL & EASTERN	)	
RAILROAD -- ACQUISITION AND	)	
OPERATION EXEMPTION -- RAIL LINE	)	FINANCE DOCKET
OF UNION PACIFIC RAILROAD	)	NO. 34691
COMPANY IN STOCKTON,	)	
CALIFORNIA	)	

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. § 1150.41, *et. seq.*, STOCKTON TERMINAL & EASTERN RAILROAD (STE), a Class III rail carrier, provides notice of exemption from 49 U.S.C. § 10902 for its acquisition from Union Pacific Railroad Company (UP) and operation of a portion of UP's former Oakdale Branch between Milepost No. 91.83 and the end of track at California State Highway 99, Milepost 92.9, a distance of approximately 1.07 miles, in Stockton, San Joaquin County, California (the rail line). The rail line to be acquired and operated is shown on a map that is attached to this Notice as Appendix 1.

INFORMATION REQUIRED BY 49 C.F.R. § 1150.43

In accordance with 49 C.F.R. § 1150.43, STE submits the following in support of this Notice of Exemption.

(a) *The full name and address of the Class III rail carrier applicant;*

The full name and address of applicant is Stockton Terminal & Eastern Railroad, 1330 North Broadway Avenue, Stockton, CA 95205.

(b) *The name, address, and telephone number of the representative of the applicant who should receive correspondence;*

Applicant's representative to receive correspondence is Thomas F. McFarland, Thomas F. McFarland, P.C. 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

(c) *A statement that an agreement has been reached or details about when an agreement will be reached;*

Agreement has been reached between STE and UP for acquisition and operation of the rail line.

(d) *The operator of the property;*

STE will operate the involved rail line.

(e) *A brief summary of the proposed transaction, including:*

(1) *The name and address of the railroad transferring the subject property to the Class III rail carrier applicant;*

The seller of the involved rail line is:

Union Pacific Railroad Company
1400 Douglas Street
Stop 1580
Omaha, NE 68179

(2) *The proposed time schedule for consummation of the transaction;*

The proposed acquisition and operation will be consummated no sooner than seven days after the filing of this Notice of Exemption.

(3) *The mileposts of the subject property, including any branch lines;*

The rail line extends between Milepost Nos. 91.83 and 92.9 in Stockton, California.

(4) *The total route miles being operated;*

There are a total of 1.07 route miles to be operated.

(f) *A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and states;*

Map is attached as Appendix 1.

(g) *A certificate that applicant's projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under § 1150.45.*

STE so certifies. See verification attached as Appendix 2.

VERIFICATION

See Appendix 2.

ENVIRONMENTAL AND HISTORIC CONSIDERATIONS

The proposed transaction does not require environment or historic reporting or assessment. See 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.8(b)(1).

LABOR PROTECTION

Pursuant to 49 U.S.C. § 10902(d), labor protection requirements do not apply to the proposed transaction.

CAPTION SUMMARY

The caption summary required by 49 C.F.R. § 1150.44 is attached hereto as Appendix 3.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, within 30 days of the filing of this notice, the Director of the Office of Proceedings should publish a notice in the Federal Register of the filing of this Notice. *See* 49 C.F.R. § 1150.42(b).

Respectfully submitted,

STOCKTON TERMINAL & EASTERN RAILROAD
1330 North Broadway Avenue
Stockton, CA 95205

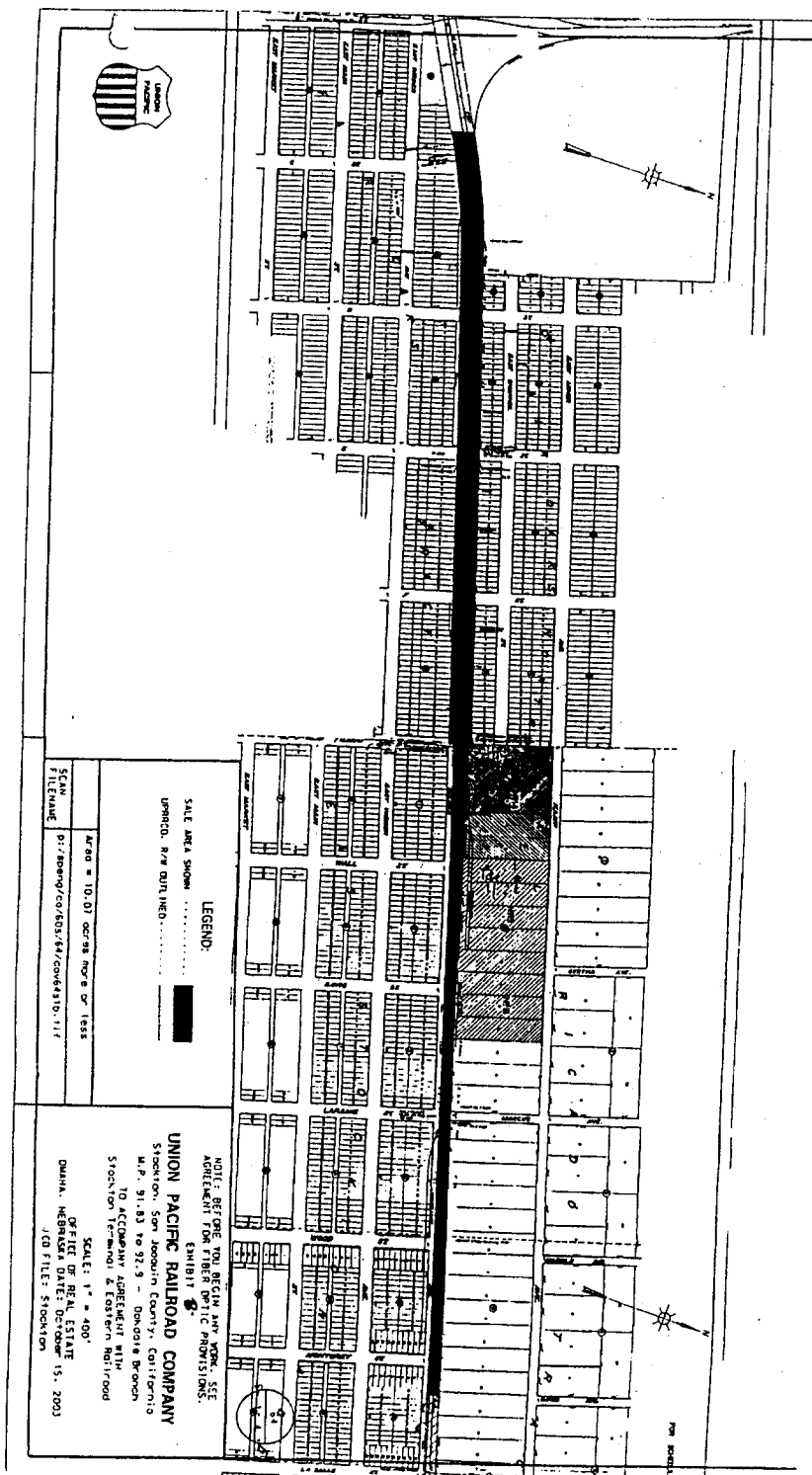
Applicant

Thomas F. McFarland

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: April 14, 2005



VERIFICATION

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

THOMAS F. McFARLAND, being duly sworn on oath, deposes and states that he has read the foregoing notice, that he knows the contents thereof, and that the facts therein stated are true and correct. Thomas F. McFarland certifies that the projected revenues as a result of the proposed lease and operation will not result in the creation of a Class II or Class I rail carrier.



Thomas F. McFarland
THOMAS F. McFARLAND

SUBSCRIBED AND SWORN to
before me this 13th day
of April, 2005.

Kathleen Lenihan
Notary Public

My Commission Expires: 1/29/2006

CAPTION SUMMARY

F.D. No. 34691

SURFACE TRANSPORTATION BOARD

Appendix 3

Notice of Exemption

STB Finance Docket No. 34691

*Stockton Terminal & Eastern Railroad --
Acquisition and Operation Exemption -- Rail Line of
Union Pacific Railroad Company,
in Stockton, California*

Stockton Terminal & Eastern Railroad (STE), a Class III rail carrier, has filed a notice of exemption for its acquisition from Union Pacific Railroad Company (UP) and operation of a portion of UP's former Oakdale Branch between Milepost No. 91.83 and the end of track at California State Highway 99, Milepost 92.9, a distance of approximately 1.07 miles, in Stockton, San Joaquin County, California (the rail line).

The above rail line to be acquired and operated totals 1.07 miles.

Comments must be filed with the Board and served on STE's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, 312-236-0204.

The 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.

By the Board
Vernon A. Williams, Secretary