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Office of Proceedings

KARL MORELL
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June 1, 2005

BY HAND DELIVERY

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



Re: STB Finance Docket No. 34710, CG Railway, Inc. – Lease and
Operation Exemption – Port of New Orleans, Louisiana

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 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

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34710

CG RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
PORT OF NEW ORLEANS, LOUISIANA

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

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

Attorney for:
CG RAILWAY, INC.

Dated: June 1, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34710

CG RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
PORT OF NEW ORLEANS, LOUISIANA

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

CG Railway, Inc. ("CGR"), 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 CGR to lease certain rail lines from the Port of New Orleans ("Port"), an agency of the State of Louisiana.

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

- (a) Full name and address of applicant:

CG Railway, Inc.
650 Poydras Street, Suite 1700
New Orleans, LA 70130

- (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:

CGR will shortly enter into an agreement with the Port for the lease of the rail lines.

(d) The operator of the property:

Operations on the leased lines will be performed by CGR either directly or through the use of a contract agent.

(e) Summary of proposed transaction:

CGR is proposing to lease and operate the involved rail lines from the Port in order to facilitate CGR's planned intermodal operations in New Orleans, LA, including the interchange of traffic with at least four Class I railroads serving the New Orleans area.

(1) The name and address of the entity leasing the subject property is:

Port of New Orleans
980 Port of New Orleans Place
New Orleans, LA 70130

(2) CGR's lease of the rail lines is expected to be consummated on or shortly after June 8, 2005.

(3) CGR is proposing to lease the Port's North Yard which includes track numbers 1, 2, 3, 4, 5, 6, and 7 in New Orleans. In addition, CGR will lease from the Port the Elaine Street Lead between Milepost G1.2 and Milepost G2.4, which will enable CGR to interchange traffic directly with CSX Transportation, Inc., in New Orleans.

(4) The length of the rail lines being leased is approximately 3.4 miles.

(f) A map of the rail lines being leased is attached as Exhibit A.

(g) CGR hereby certifies that CGR's projected revenues as a result of this transaction will not result in CGR becoming a Class II or Class I rail carrier. CGR further certifies that its projected annual rail freight revenues from operation of the leased lines, when combined with CGR's projected revenues from current rail freight operations, will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

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

ENVIRONMENTAL AND HISTORIC IMPACTS

CGR is leasing the lines from the Port for continued rail operations. Further Surface Transportation Board ("Board") approval is required for CGR 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).

CGR'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. CGR'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,

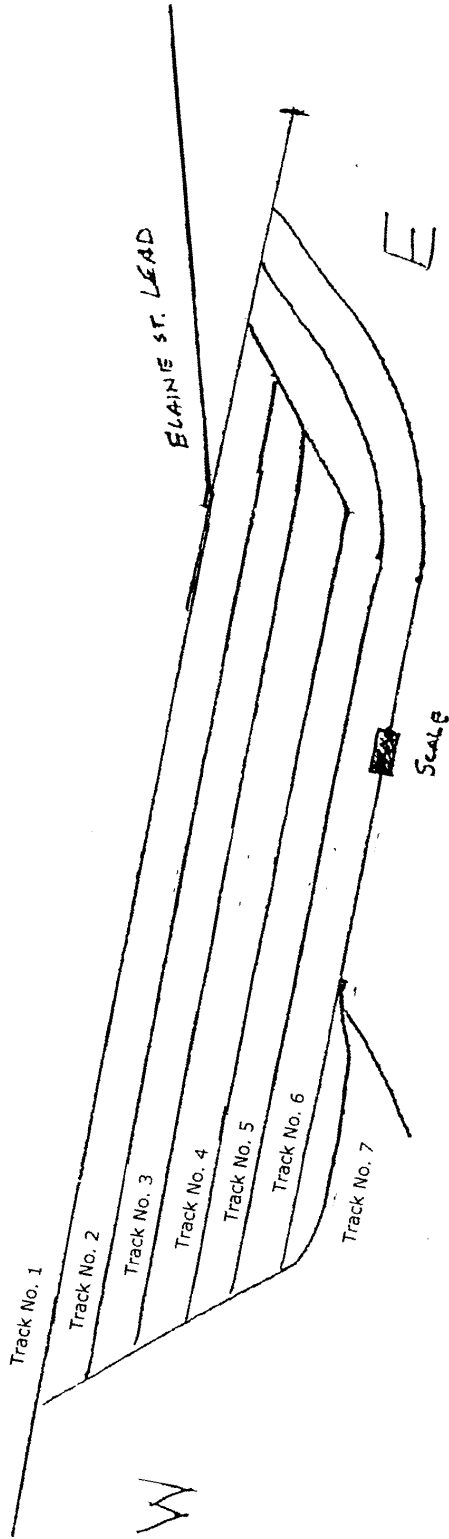
A handwritten signature in cursive script, appearing to read "Karl Morell", written over a horizontal line.

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

Attorney for:
CG RAILWAY, INC.

Dated: June 1, 2005

EXHIBIT A



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34710

CG RAILWAY, INC.
--LEASE AND OPERATION EXEMPTION--
PORT OF NEW ORLEANS, LOUISIANA

CG Railway, Inc. ("CGR"), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease from the Port of New Orleans ("Port"), an agency of the State of Louisiana, rail lines located in New Orleans, LA. CGR will be leasing the Port's North Yard, including Track Nos. 1, 2, 3, 4, 5, 6, and 7, and the Elaine Street Lead between Mileposts G1.2 and Milepost G2.4.

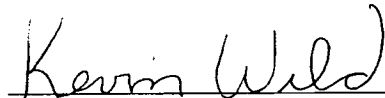
Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANI LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

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 LOUISIANA)
) ss.
PARISH OF ORLEANS)

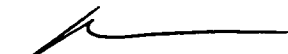
I, Kevin M. Wild, being duly sworn depose and state that I am Vice President of the C G Railway, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Kevin M. Wild

SUBSCRIBED AND SWORN TO before me this 31st day of May, 2005, in the Parish of Orleans, State of Louisiana.

My Commission Expires: At Death



Notary Public

**H. HUGHES GREHAN
NOTARY PUBLIC
State of Louisiana
My Commission Is Issued For Life
La. Bar Roll No. 20839**