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Office of Proceedings

NOV 30 2005

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Reply to Minneapolis Office

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November 28, 2005



ST. PAUL
444 Cedar Street Suite 2100
St. Paul, MN 55101-2136
651 222 6321 Fax 651 222 8905

215221

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

RE: Finance Docket No. 34781
Mohall Central Railroad, Inc. and Gregg Haug – Continuance in Control Exemption
Our File No. TBD

Dear Secretary Williams:

Enclosed for filing in the above captioned docket are:

1. An original verified Notice of Exemption and supporting information;
2. Ten copies of the Notice of Exemption;
3. Twenty additional copies of the map (Exhibit 1) unbound;
4. A diskette formatted for Word containing the previously described information; and
5. A check in the amount of \$1,100 payable to the Surface Transportation Board in payment of the filing fee.

FILED

NOV 29 2005

ST. PAUL
TRANSPORTATION BOARD

An additional copy of this letter and of the Notice of Exemption are enclosed for you to stamp to acknowledge your receipt of these documents and to return to the undersigned in the enclosed, stamped return envelope. If there are any questions concerning this filing, please contact me at (612) 339-6321. Thank you.

Very truly yours,

Mark S. Radke

jaj

Enclosures

cc: Gregg Haug, Mohall Central Railroad, Inc.

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215221

BEFORE THE
SURFACE TRANSPORTATION BOARD
FINANCE DOCKET NO. F.D. 34781

2005
RECEIVED

-- MOHALL CENTRAL RAILROAD, INC. AND GREGG HAUG --
- -CONTINUANCE IN CONTROL EXEMPTION - -

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. SECTION 1180.2(d)(3)**

Mark S. Radke

FELHABER, LARSON, FENLON & VOGT, P.A.
220 South Sixth Street, Suite 2200
Minneapolis, MN 55402
Phone: (612) 339-6321
Fax: (612) 338-4608

ATTORNEY FOR APPLICANT

Dated: November 28, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD
FINANCE DOCKET NO. F.D. 34781

2005
RECEIVED

**MOHALL CENTRAL RAILROAD, INC. AND GREGG HAUG
- -CONTINUANCE IN CONTROL EXEMPTION - -**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. SECTION 1180.2(d)(3)**

Mohall Central Railroad, Inc. ("MHC") and Gregg Haug ("Applicants") file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. Section 11323 pursuant to 49 C.F.R. Section 1180.2(d)(3) to continue in control of the Mohall Railroad, Inc. ("MRI"), a North Dakota corporation and Class III railroad; Northern Plains Railroad, Inc. ("NPR"), a North Dakota corporation and a Class III railroad; and MHC, a North Dakota corporation that will become a Class III railroad upon consummation of various related transactions and the effective date(s) of this and other related Notices of Exemption.

In support of this Notice of Exemption, Applicants submit the following information required by 49 C.F.R. Section 1180.4(g);

Section 1180.6(a)

A description of the proposed transaction:

- (i) A brief summary of the proposed transaction, the names of Applicants, business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Name and Business Address of Applicants:

Mohall Central Railroad, Inc.
Gregg Haug, President
100 Railroad Avenue
Fordville, ND 58231
Phone (701) 229-3330
Fax: (701) 229-3365

Applicants' Representative to Receive Correspondence:

Mark S. Radke
FELHABER, LARSON, FENLON & VOGT, P.A.
220 South Sixth Street, Suite 2200
Minneapolis, MN 55402
Phone: (612) 339-6321
Fax: (612) 338-3608

Operator of the Property:

NPR will operate the rail property that is the subject of this Notice of Exemption.

Description of Proposed Transaction:

Applicant Gregg Haug is an individual who owns 100% of the stock of NPR (a Class III carrier), 100% of the stock of MRI (a Class III carrier), and now owns 70% of the common stock of MHC. MHC was formed for the purpose of acquiring a rail line from BNSF Railway Company ("BNSF") as indicated in the Related Proceedings, as defined below.

Related Proceedings:

In connection with this Notice of Exemption, NPR or MHC, as applicable, have filed or will file Notices of Exemption in STB Finance Docket No. 34759, MOHALL CENTRAL RAILROAD, INC. - - ACQUISITION AND OPERATION EXEMPTION - - A LINE OF RAILROAD OF BNSF RAILWAY COMPANY; and STB Finance Docket No. 34780, NORTHERN PLAINS RAILROAD, INC. - - OPERATION EXEMPTION - - A LINE OF RAILROAD OF MOHALL CENTRAL RAILROAD, INC., ("Related Proceedings"), under which MHC will consummate acquisition of a line of railroad from BNSF and enter into an operating agreement with NPR for operation of the acquired line.

Related Parties:

MRI is a North Dakota corporation and a Class III carrier that owns 32.89 miles of noncontiguous track in the State of North Dakota. The MRI rail lines do not connect with rail lines being acquired by MHC in the Related Proceedings. NPR leases and operates trackage in the States of North Dakota and Minnesota. NPR, MRI and MHC have the following common share/stockholders: NPR – Gregg Haug; MRI – Gregg Haug; MHC – Gregg Haug.

In this proceeding, Applicant Gregg Haug seeks to continue in control of MHC upon it becoming a Class III railroad in the Related Proceedings.

The Related Proceedings identified herein all involve parties within a single corporate family, and will not result in adverse changes in service levels nor significant operational changes, nor will it result in any change in the competitive balance with carriers outside the corporate family. Rail traffic originating and terminating on the MHC line acquired from BNSF will continue to be interchanged with BNSF for long haul movement. NPR can more efficiently and economically handle the pick up and delivery function on the

MHC line because NPR is already operating train service in the immediate area. None of the railroads in which Gregg Haug has an interest are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. Section 1180.2(d)(3) that is exempt from prior approval by the Surface Transportation Board ("STB").

(ii) Proposed Time Schedule for Consummation of the Proposed Transaction. The transactions are expected to be consummated at such time as all applicable notices of exemption become effective.

(iii) The Purpose Sought to be Accomplished by the Proposed Transaction. The purpose to be accomplished in connection with MHC's acquisition of the rail line previously owned by BNSF is to continue rail service over a line where service was previously provided by former owner BNSF. By reason of the more efficient route structure of the NPR, service will be continued to former BNSF shipping points that might not be economically viable under continued BNSF operation. Traffic originated and terminated on the line will continue to be interchanged with BNSF at an interchange located elsewhere on the NPR line. Thus, market competition in the immediate territory will not be materially changed by the continuance in control and other changes more fully set forth in the Related Proceedings. NPR operates leased trackage and, therefore, it was desirable to establish a separate corporate entity to own the line acquired by MHC in order to provide financial and legal insulation between the two carriers. Applicant Gregg Haug will continue in control of NPR, MRI and MHC through respective stock and ownership interests and management.

Section 1180.6(a)(5)

A list of the States in which any part of the property of each Applicant carrier is situated:

MHC and MRI lines are located in North Dakota.

NPR leased lines are located in North Dakota and Minnesota.

Section 1180.6(a)(6) Maps

A map of the rail line acquired by MHC from BNSF and to be operated by NPR is attached as Exhibit 1.

Section 1180.6(a)(7)(ii) Agreement

Applicants will not enter into any agreement or sign any written instrument to continue in control of MHC.

Labor Protection

No labor protection may be imposed in this proceeding as it involves only Class III rail carriers. See U.S.C. Section 1326(c).

Environmental and Historic Impacts

Applicant Gregg Haug will continue to control NPR, MRI and MHC for the purpose of continued rail operations where further STB approval would be required to abandon or discontinue any service. There are no plans to dispose of or alter properties subject to STB jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. Section 1105.8(b)(1).

Applicant's continuance in control of NPR, MRI and MHC will not result in significant changes in carrier operations. There will not be a diversion of:

- (1) more than 1,000 carloads per year to motor carriage; or
- (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage.

It is expected that there will be no diversion of rail traffic to motor carriage as a result of this continuance in control. This transaction will not result in:

- (1) an increase in rail traffic of at least 100% or an increase of at least eight trains per day on any segment of the lines; or
- (2) an increase of railyard activity of at least 100%; or
- (3) an average increase in truck traffic of more than 10% of the average daily traffic or 50 vehicles per day.

This transaction will not affect a Class I or non-attainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. Section 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. Section 1105.6(c)(2).

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

Dated: November 28, 2005.

Respectfully submitted,

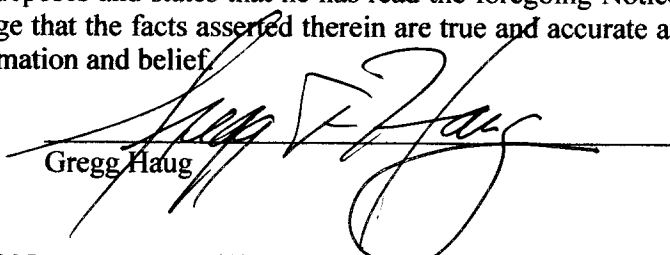


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VERIFICATION

STATE OF Minnesota)
COUNTY OF St Louis) ss.

Gregg Haug, being duly sworn, deposes and states that he has read the foregoing Notice of Exemption and has personal knowledge that the facts asserted therein are true and accurate as stated to the best of his knowledge, information and belief.


Gregg Haug

Subscribed and sworn to before me
this 23rd day of November, 2005.


Notary Public

