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November 29, 2005

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VIA HAND DELIVERY

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

FILED
Office of Proceedings
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Part of
Public Record

Re: **Finance Docket No. 34794**
BNSF Railway Company -- Acquisition and
Operation Exemption -- State of South Dakota

Dear Secretary Williams:

BNSF Railway Company ("BNSF") is today filing in the above-captioned proceeding a verified notice of exemption pursuant to 49 C.F.R. § 1150.31, et seq. for BNSF's acquisition of certain rail lines owned by the State of South Dakota ("the State") and referred to collectively as the "Core Lines." The State supports BNSF's notice of exemption and concurs in the processing of BNSF's Core Lines acquisition under the referenced class exemption procedure.

As the Board is aware, BNSF's proposed acquisition of the Core Lines was the subject of previous contested proceedings in Finance Docket No. 34645 and Finance Docket No. 34667. On April 25, 2005, BNSF and the State entered into an agreement (the "Settlement Agreement") resolving various disputes and litigation between the parties, providing for BNSF's purchase of the Core Lines, and granting to the State or third parties trackage, haulage or other access rights over rail lines owned or to be acquired by BNSF. The trackage rights and other grants are preconditions to BNSF's purchase of the Core Lines. A copy of the Settlement Agreement is filed under seal herewith pursuant to a request for a protective order.

Certain new or modified trackage rights provided for in the Settlement Agreement are the subject of notices of exemption being filed concurrently herewith in Finance Docket No. 34786, Sioux Valley Regional Railroad Authority and D&I Railroad Company -- Trackage Rights Exemption -- BNSF Railway Company; Finance Docket No. 34787, D&I Railroad Company -- Trackage Rights Exemption -- BNSF Railway Company; Finance Docket No. 34685 (Sub-No. 1), D&I Railroad Company -- Trackage Rights Exemption -- BNSF Railway Company; Finance Docket No. 34788, Mitchell-Rapid City Regional Railroad Authority and Dakota Southern Railway Company -- Trackage Rights Exemption -- BNSF Railway Company; Finance

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Docket No. 34125 (Sub-No. 1), South Dakota Railroad Authority -- Operation Modification Exemption -- BNSF Railway Company; Finance Docket No. 34789, Dakota, Minnesota & Eastern Railroad Corporation -- Trackage Rights Exemption -- BNSF Railway Company; and Finance Docket No. 34790, Dakota, Minnesota & Eastern Railroad Corporation and Iowa, Chicago & Eastern Railroad Corporation -- Temporary Trackage Rights Exemption -- BNSF Railway Company.

In addition, certain haulage rights granted by BNSF to: 1) the Mitchell-Rapid City Regional Railroad Authority and Dakota Southern Railway Company from Mitchell, South Dakota to Aberdeen, Napa and Wolsey, South Dakota and Sioux City, Iowa; and 2) the Napa-Platte Regional Railroad Authority and Dakota Short Line Corp. from Napa to Aberdeen, Wolsey, Mitchell and Sioux City are convertible to trackage rights upon the occurrence of certain future events. Those parties will seek appropriate regulatory authority for these contingent trackage rights when and if they are effectuated.

The timely processing of BNSF's notice of exemption to acquire the Core Lines is essential for the completion of the transactions contemplated by the Settlement Agreement, and is appropriate given what is now the non-controversial nature of the proposed Core Lines acquisition. The State supports fully BNSF's invocation of the class exemption procedure for that transaction.

Ten copies of this letter are enclosed for filing at the Board. One extra copy also is enclosed, and I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter. Kind regards.

Respectfully submitted,



Myles L. Tobin
Attorney for State of South Dakota

MLT: arw

Enclosures

cc: Adrian L. Steel, Jr., Esq.