

# FLETCHER & SIPPET LLC

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215230

November 29, 2005

NOV 29 2005  
RECEIVED

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## VIA HAND DELIVERY

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K. Street, N.W.  
Washington, DC 20423-0001

Re: **Finance Docket No. 34787**  
**D&I Railroad Company -- Trackage Rights Exemption -- BNSF**  
**Railway Company**

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a **Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7)**, of D&I Railroad Company, dated November 29, 2005. A disk containing the Caption Summary is enclosed. A check in the amount of \$1,000.00, representing the appropriate fee for this filing, is attached.

I have included an extra copy of this transmittal letter and would request that you date-stamp this to show receipt of this filing and return it to me in the envelope provided.

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

Respectfully submitted,

  
Michael J. Barron, Jr.

MJB: arw

Enclosures.

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

ENTERED  
Office of Proceedings

NOV 29 2005

Part of  
Public Record

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 34787

D&I RAILROAD COMPANY  
-- TRACKAGE RIGHTS EXEMPTION --  
BNSF RAILWAY COMPANY

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**VERIFIED NOTICE OF EXEMPTION**  
**PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

Michael J. Barron, Jr.  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
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Edward J. Krug  
Krug Law Firm, PLC  
401 First Street, SE  
P.O. Box 186  
Cedar Rapids, IA 52406  
(319) 297-7515

**ATTORNEYS FOR**  
**D&I RAILROAD COMPANY**

Dated: November 29, 2005



BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 34787

D&I RAILROAD COMPANY  
-- TRACKAGE RIGHTS EXEMPTION --  
BNSF RAILWAY COMPANY

---

**VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

Pursuant to an agreement executed between D&I Railroad Company (D&I) (hereinafter referred to as "User") and BNSF Railway Company (hereinafter referred to as "Owner"), User files this Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(7) for the acquisition of limited overhead trackage rights over a line of railroad on what will be Owner's track as set forth below.

Pursuant to 49 C.F.R. § 1180.4(g), User submits the following information:

**SECTION 1180.6(a)(1)(i)  
DESCRIPTION OF THE PROPOSED TRANSACTION**

Pursuant to an agreement ("Agreement") executed between Owner and User (copy attached herein), User proposes to acquire non-exclusive limited overhead trackage rights over Owner's line of railroad between points as set forth below and referred to as "Joint Trackage":<sup>1</sup>

- i) Sioux Falls, SD, specifically a point just north of West Junction, SD at Milepost 74.1; and
- ii) Milepost 707.0 , a point north of the diamond crossing of the Dakota, Minnesota & Eastern Railroad Corporation (DME) at Wolsey, SD, a distance of approximately 159.2 miles.

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<sup>1</sup> The Joint Trackage is projected to become the property of BNSF Railway Company upon consummation of a sale described in FD 34794. The balance of this Notice will describe BNSF Railway Company as Owner. User will withdraw this Notice if the sale to BNSF Railway Company described in FD 34794 does not close.

The full name and address of User is:

D&I Railroad Company  
P.O. Box 5829  
Sioux Falls, South Dakota 57117

Any questions concerning this Notice should be sent to the applicant's representative at the following address:

Edward J. Krug  
Krug Law Firm, PLC  
401 First Street, SE  
P.O. Box 186  
Cedar Rapids, IA 52406  
(319) 297-7515

**SECTION 1180.6(a)(1)(ii)**  
**PROPOSED TIME SCHEDULE FOR CONSUMMATION**

The applicant intends on consummating this transaction no sooner than December 6, 2005.

**SECTION 1180.6(a)(1)(iii)**  
**PURPOSE SOUGHT TO BE ACCOMPLISHED**

The trackage rights herein apply only to the movement of Aggregates (STCC=14412-Series, STCC=14919-Series, 14219-Series, and STCC=14413-Series) moving in cars in Users' account, originating from Dell Rapids, South Dakota and terminating at DME served destinations in the state of South Dakota, and interchanged to the DME at Wolsey, South Dakota, provided that DME may transport such aggregates beyond South Dakota where necessary for DME's operations.

User shall use User's locomotives, crews and end of train devices, but, as may be separately agreed between User and DME, the trackage rights may be exercised by User using DME run-through locomotives and DME crews. DME access will be solely as a subcontractor

for User, with all terms, obligations, and conditions pursuant to these rights remaining the right and responsibility of User. In no event shall D&I's right to use DME locomotives and crews in run-through service vest any rights in DME to operate over the Joint Trackage on its own behalf.

**SECTION 1180.6(a)(5)**  
**STATES IN WHICH APPLICANT'S PROPERTY IS LOCATED**

User owns rail property interests located in the states of South Dakota and Iowa.

**SECTION 1180.6(a)(6)**  
**MAP – EXHIBIT 1**

A map of the rail line over which User proposes to acquire trackage rights is attached hereto as Exhibit 1.

**SECTION 1180(a)(7)(ii)**  
**AGREEMENT – EXHIBIT 2**

A copy of the Agreement executed between Owner and User is attached hereto as Exhibit 2.

**SECTION 1180.4(g)(1)(i)**  
**LABOR PROTECTIVE CONDITIONS**

User does not anticipate any adverse labor impacts as a result of this transaction. Nevertheless, as a condition of this exemption, User agrees to imposition of the employee protective conditions established in Norfolk and Western Ry. Co. – Trackage Rights – Burlington Northern, Inc., 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. – Lease and Operate, 260 I.C.C. 653 (1980).

**SECTION 1180.4(g)(2)(i)**  
**CAPTION SUMMARY**

A caption summary of this transaction suitable for publication in the Federal Register is attached hereto.

**SECTION 1180.4(g)(3)**  
**ENVIRONMENTAL AND HISTORIC PRESERVATION MATTERS**

Under 49 C.F.R. § 1105.6(c)(4), the proposed acquisition of trackage rights is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the proposed acquisition of trackage rights also is exempt from historic preservation reporting requirements. The proposed trackage rights will not substantially change the level of maintenance of any railroad property.

Respectfully submitted,

By: Michael J. Barron, Jr.

Michael J. Barron, Jr.  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2875  
(312) 252-1500

Edward J. Krug  
Krug Law Firm, PLC  
401 First Street, SE  
P.O. Box 186  
Cedar Rapids, IA 52406  
(319) 297-7515

**ATTORNEYS FOR  
D&I RAILROAD COMPANY**

Dated: November 29, 2005

Exhibit 1

Joint Tiesheet

# OFFICIAL SOUTH DAKOTA RAIL MAP

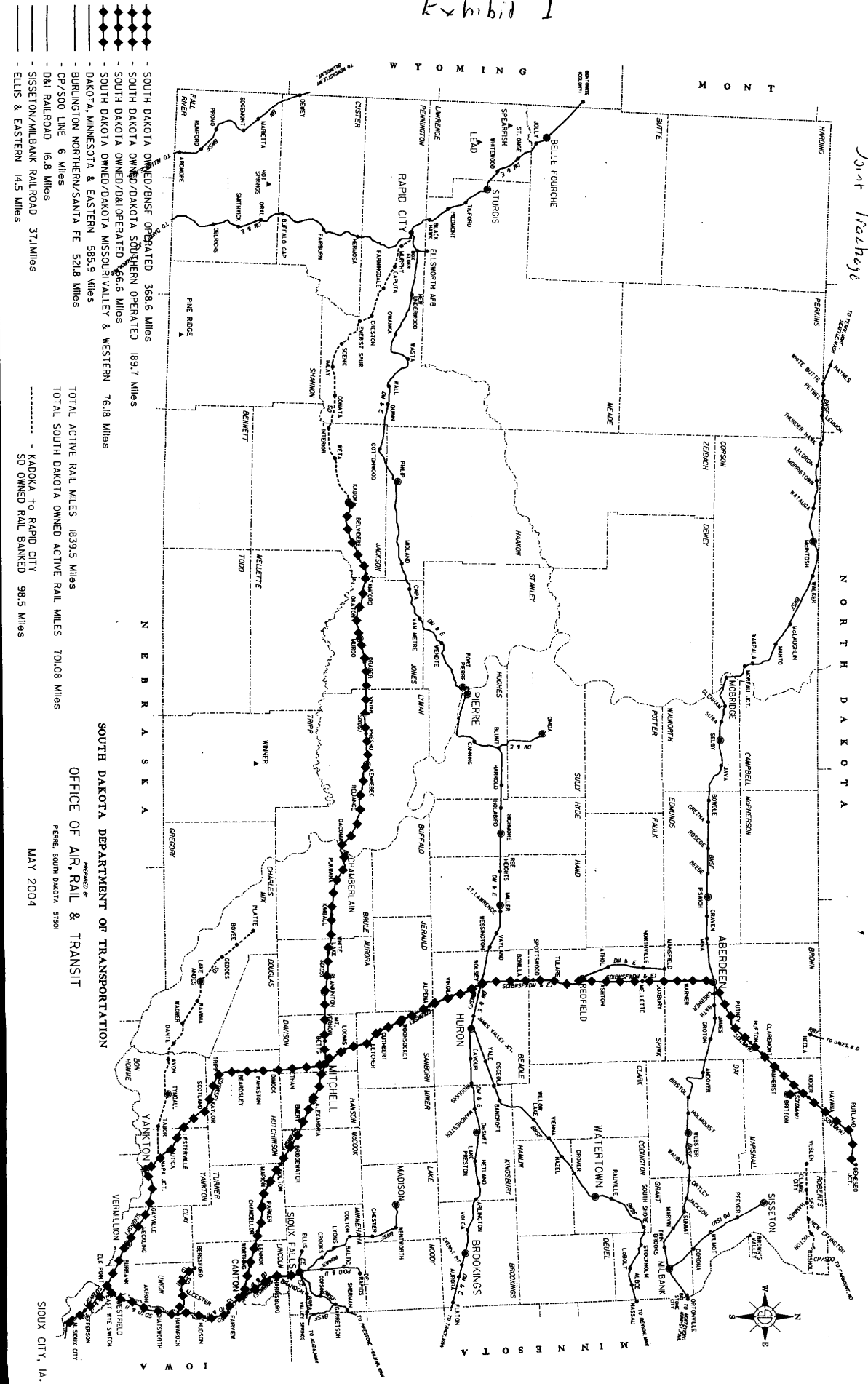


Exhibit 2  
Redacted

**OVERHEAD TRACKAGE RIGHTS AGREEMENT  
D&I AGGREGATE TRAINS  
BETWEEN SIOUX FALLS, SD AND WOLSEY, SD**

THIS AGREEMENT, ("Overhead Trackage Rights Agreement") made and entered into this 22<sup>nd</sup> day of November, 2005, by and between **BNSF Railway Company**, a Delaware corporation (hereinafter referred to as "BNSF" or "Owner") and **D & I RAILROAD COMPANY** (hereinafter referred to as "D&I" or "User"), a South Dakota Corporation.

**WITNESSETH:**

**WHEREAS**, Owner owns a line of railroad which extends between Sioux Falls, SD, specifically a point just north of West Junction, SD at Milepost 74.1 and, Milepost 707.0, a point north of the diamond crossing of the Dakota, Minnesota & Eastern Railroad Company ("DME") at Wolsey, SD, a distance of approximately 159.2 miles, as illustrated on the print marked "Exhibit A", attached hereto and made a part hereof; and

**WHEREAS**, User desires to obtain limited overhead trackage rights on Owner's railroad between Sioux Falls, SD and Wolsey, SD for the sole purpose of moving its aggregate traffic from Dell Rapids, SD for interchange at Wolsey, SD to the DME.

**WHEREAS**, as part of compliance with an agreement between BNSF Railway Company and the State of South Dakota ("State"), dated April 25, 2005 ("Settlement Agreement"), Owner is agreeable to such an arrangement under the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the premises and the covenants and agreements herein expressed, the parties hereto covenant and agree as follows:

**Section 1.     TRACKAGE SUBJECT TO AGREEMENT**

Attached hereto, marked Exhibit "A" and by this reference incorporated herein, is a print, which depicts the portion of line of BNSF railroad over which D&I is granted overhead trackage rights hereinafter referred to as the "Joint Trackage" (as further defined in Exhibit "B" of this Overhead Trackage Rights Agreement, attached hereto and by this reference incorporated herein).

**Section 2.     GRANT OF OVERHEAD TRACKAGE RIGHTS**

(a)     The General Conditions covering the grant of trackage rights are set forth in Exhibit "B". If any conflict between Exhibit "B" and this Overhead Trackage Rights

Agreement shall arise, the provisions of this Overhead Trackage Rights Agreement shall prevail. Subject to the terms and conditions of Exhibit "B", this Overhead Trackage Rights Agreement, and User's agreement to file a "Notice of Exemption" filing for approval of these trackage rights with the U.S. Department of Transportation, Surface Transportation Board ("STB"), Owner grants to User the nonexclusive right to use the Joint Trackage for the operation by User's employees of the Equipment, consisting of cars, locomotives, and end of train devices, all as defined below and further defined herein and in Exhibit "B" of this Overhead Trackage Rights Agreement that is in User's account while moving over the Joint Trackage in common with Owner and such other railroad company or companies as Owner has heretofore admitted or may hereafter at any time admit to the joint use of any and all of the Joint Trackage, such other railroad company or companies to hereinafter be considered Owner for the purpose of this Overhead Trackage Rights Agreement. Said grant of Overhead Trackage Rights shall be between:

- i.) Sioux Falls, SD, specifically a point just north of West Junction, SD at Milepost 74.1 ; and
- ii.) Milepost 707.0, a point north of the diamond crossing of the DME at Wolsey, SD, a distance of approximately 159.2 miles. \_

(b) In addition, the overhead trackage rights granted herein apply only to the movement of Aggregates (STCC=14412-Series, STCC= 14919-Series, 14219-Series, and STCC=14413-Series) ("Permitted Traffic") moving in cars in User's account, using User's locomotives, using User train crews, using User's end of train devices, (except to the extent provided in Section 2(c)), originating from Dell Rapids, SD and terminating at DME served destinations in the state of South Dakota, interchanged to the DME at Wolsey, SD. It is recognized and understood that DME may transport such aggregates beyond South Dakota where necessary for DME's operations.

(c) Trackage rights may be exercised by User using DME run-through locomotives and DME crews, as may be separately agreed to between User and DME. DME access will be as a subcontractor for User, with all terms, obligations, and conditions pursuant to these rights remaining the right and responsibility of User. In the event DME run-through locomotives and crews are used and shall result in labor claims against BNSF, User shall fully indemnify BNSF against any such claims. In no event shall D&I's right to use DME locomotives and crews in run-through service vest any rights in DME to operate over the Joint Trackage on its own behalf.

Except as may be expressly provided otherwise herein, it is understood and agreed that in the exercise of rights under this Agreement, User shall not have a right to:

- (i) move any traffic other than Permitted Traffic over the Joint Trackage; or
- (ii) set out, pickup or store cars, or switch upon the Joint Trackage, or any part thereof, except as necessary for handling Equipment that is bad ordered en route; or

- (iii) serve any industry, team or house track now existing or constructed in the future on or along the Joint Trackage; or
- (iii) enter or exit the Joint Trackage other than at Sioux Falls, SD and Wolsey, SD; or
- (iv) except to the limited extent provided in Section 2(c), permit or admit any third party to the use of all or any portion of the Joint Trackage, nor have the right to detour trains of any other railroad over or upon the Joint Trackage, nor under the guise of doing its own business contract or make an agreement to handle as its own Equipment over or upon the Joint Trackage, or any portion thereof, the Equipment of any third party which in the normal course of business would not be considered the Equipment of User; or
- (v) transport or interchange any traffic on or to the Joint Trackage which results in, facilitates, or induces a breach of or is otherwise inconsistent with the terms of any agreement between Owner and User; or
- (vi) connect with itself or any other rail carrier except as expressly provided otherwise herein; or
- (vii) store cars or effect crew changes on the Joint Trackage.

### **Section 3. MAINTENANCE AND OPERATION OF TRACKAGE**

Owner, at its expense, shall maintain the Joint Trackage. In the event that for, operating convenience, necessity or emergency, Owner permits or directs User to use adjacent Owner track and track connections between or beyond the terminal of the Joint Trackage as an alternative route, then and in such event, such trackage, track connections and appurtenances shall be deemed to be part of the Joint Trackage and shall be governed by all the provisions of this Overhead Trackage Rights Agreement.

### **Section 4. LIMITATIONS OF OVERHEAD TRACKAGE RIGHTS TRAINS**

- (a) BNSF's agreement to permit D&I to move its Equipment between Sioux Falls, SD and Wolsey, SD is subject to reasonable advance notice and coordination with BNSF's own personnel.
- (b) Trains will be limited to length, horsepower per trailing ton, gross weight on the rail, and any other restrictions or requirements then in effect that govern BNSF operations on the Joint Trackage.
- (c) When entering and exiting the Joint Trackage at Sioux Falls, SD and Wolsey, SD for the purpose of effecting interchange with DME, User shall exit without delay and

shall not be permitted to park trains or Equipment on the Joint Trackage or Owner's trackage (unless such trains are awaiting movement of other trains or Equipment occupying the Joint Trackage), nor shall connecting carriers be permitted access to the Joint Trackage for purposes of interchange or for any other purpose. User shall make all arrangements for interchange with DME to occur off the Joint Trackage. User shall not be responsible for delays due to or attributable to Owner's operations.

#### **Section 5. COMPENSATION**

It is understood and agreed that in the exercise of rights under this Overhead Trackage Rights Agreement, User agrees to pay Owner on a monthly basis [REDACTED] for each car, loaded or empty, User moves over the Joint Trackage. Locomotives will be counted at a rate of two cars.

[REDACTED]

[REDACTED]

[REDACTED]

#### **Section 6. IMPLEMENTATION REQUIREMENTS, CAPITAL INVESTMENT, CONNECTIONS, AND ADDITIONS**

(a) Prior to initial commencement of overhead trackage rights, Owner and User will consult on volumes to be moved on a lane-specific basis, methods of operation and interchange, and necessary changes in infrastructure, if any, to permit unobstructed operations for both BNSF and User.

(b) All such capital investments, if any, necessary for initial commencement of operations under this Overhead Trackage Rights Agreement are set forth in that letter agreement between Owner and the State of South Dakota dated November 22, 2005 ("Improvement MOA") and such improvements, if any, to the extent related to and

required for the performance of operations under this Overhead Trackage Rights Agreement, shall be performed as a condition of exercise of the rights under this Overhead Trackage Rights Agreement. The terms of the Improvement MOA are attached hereto as Exhibit "I-MOA", and to the extent applicable to this Agreement the terms thereof shall be deemed a part of this Agreement, in accordance with the terms of the Improvement MOA. The terms of this Agreement shall be subject to and conditioned upon the terms of the Improvement MOA.

#### **Section 7. LIABILITY**

(a) Any liability for loss, damage, injury or death which arises from the operation under this Overhead Trackage Rights Agreement shall be assumed, settled and paid as provided by Exhibit "B", General Conditions, attached hereto.

(b) All trains, equipment, and personnel of DME providing through service for and on behalf of D&I shall for purposes of this Agreement be deemed trains, equipment, and personnel of D&I.

#### **Section 8. ENGINEER CERTIFICATION**

User shall submit its written program, as well as DME's written program, for certifying the qualifications of locomotive engineers per CFR 49 part 240.101. Such written program shall be subject to review and approval of Owner prior to User commencing operations as contemplated herein.

#### **Section 9. INSURANCE**

For so long as User shall exercise rights under this Agreement, User shall, at its sole cost and expense, procure and maintain insurance coverage in compliance with the terms and conditions set forth in Exhibit "B" Sections 5.4.1 and 5.4.2.

#### **Section 10. APPLICABLE LAW**

This Overhead Trackage Rights Agreement shall be governed and construed in accordance with the laws of the state of South Dakota, without regard to its conflicts of laws provisions.

#### **Section 11. DEFAULT**

(a) Except to the extent expressly provided otherwise herein, either party hereto claiming material default of any of the provisions of this Overhead Trackage Rights

Agreement shall furnish written notice and demand to the other party for performance or compliance with the covenant or condition of this Overhead Trackage Rights Agreement claimed to be in material default, which notice shall specify wherein and in what respect such material default is claimed to exist and shall specify the particular Section or Sections of this Overhead Trackage Rights Agreement under which such claim of default is made.

(b) If the material default shall continue for an additional period of fifteen (15) days after receipt of such written notice, and such default has not been remedied within an additional seven (7) day period, and such default relates to a material provision of this Agreement, including without limitation provisions and terms concerning unauthorized movements of commodity, or commercial, or geographic restrictions under this Overhead Trackage Rights Agreement, either party shall have the right to terminate this Overhead Trackage Rights Agreement provided however either party may contest the termination pursuant to the arbitration provisions set forth in Section 6 of Exhibit "B" for resolution of any disputes with respect thereto. Cancellation of this Agreement shall be stayed pending a decision by the arbitration panel or arbitrator convened under said Section 6. Such rights of termination may be exercised without prejudice to any other rights or remedies available to the parties at law or in equity.

(c) Failure of a party to claim a default shall not constitute waiver of such default. Either party hereto entitled to claim default may waive any such default in writing, but no action by such party in waiving such default shall extend to or be taken to effect any subsequent defaults or impair the rights of either party hereto resulting therefrom.

## **Section 12. TERM AND TERMINATION.**

(a) Subject to the provisions of Section 7.2, 7.3 and 7.4 of Exhibit "B", this Overhead Trackage Rights Agreement shall become effective ("Effective Date") as of the later of the:

- i.) the date last signed below,
- ii.) the date of dismissal of all litigation referenced in the Settlement Agreement,

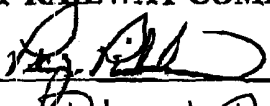
and shall continue in full force for an initial term of [REDACTED] subsequent to D&I having secured all necessary consent, approval or authority from appropriate governmental agencies for the sanction of this Overhead Trackage Rights Agreement upon terms and conditions consistent with this Agreement. Owner and User agree to cooperate fully to procure all such necessary consent, approval or authority.

(b) Upon termination or expiration of this Overhead Trackage Rights Agreement, for whatever reason, User if necessary shall fully cooperate, consent, participate and jointly file with Owner to obtain from the STB or other regulatory body having jurisdiction thereover authority to terminate and discontinue the rights granted herein in accordance with the terms of this Overhead Trackage Rights Agreement. User shall assist and support Owner's filing and any associated proceedings to facilitate any termination or

expiration, which shall include without limitation, furnishing information and executing and delivering any written instruments necessary to obtain such governmental authority. Such filing may, in Owner's sole discretion, be prepared and made at any time after this Overhead Trackage Rights Agreement has been terminated or expired. Such filing shall be coordinated by and at the expense of Owner. User shall surrender possession and operation of the Joint Trackage as promptly as User is able to do so under applicable laws and regulations. Notwithstanding any provision to the contrary herein, User shall not contest the right of Owner at any time to abandon, transfer, or discontinue all or any part of the Joint Trackage Any liability created under this Agreement shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Overhead Trackage Rights Agreement in duplicate the day and year first above written.

**BNSF RAILWAY COMPANY**

By: 

Printed: Peter J. Pickershauser

Title: VP Network Development

Date: November 22, 2005

**D & I RAILROAD COMPANY**

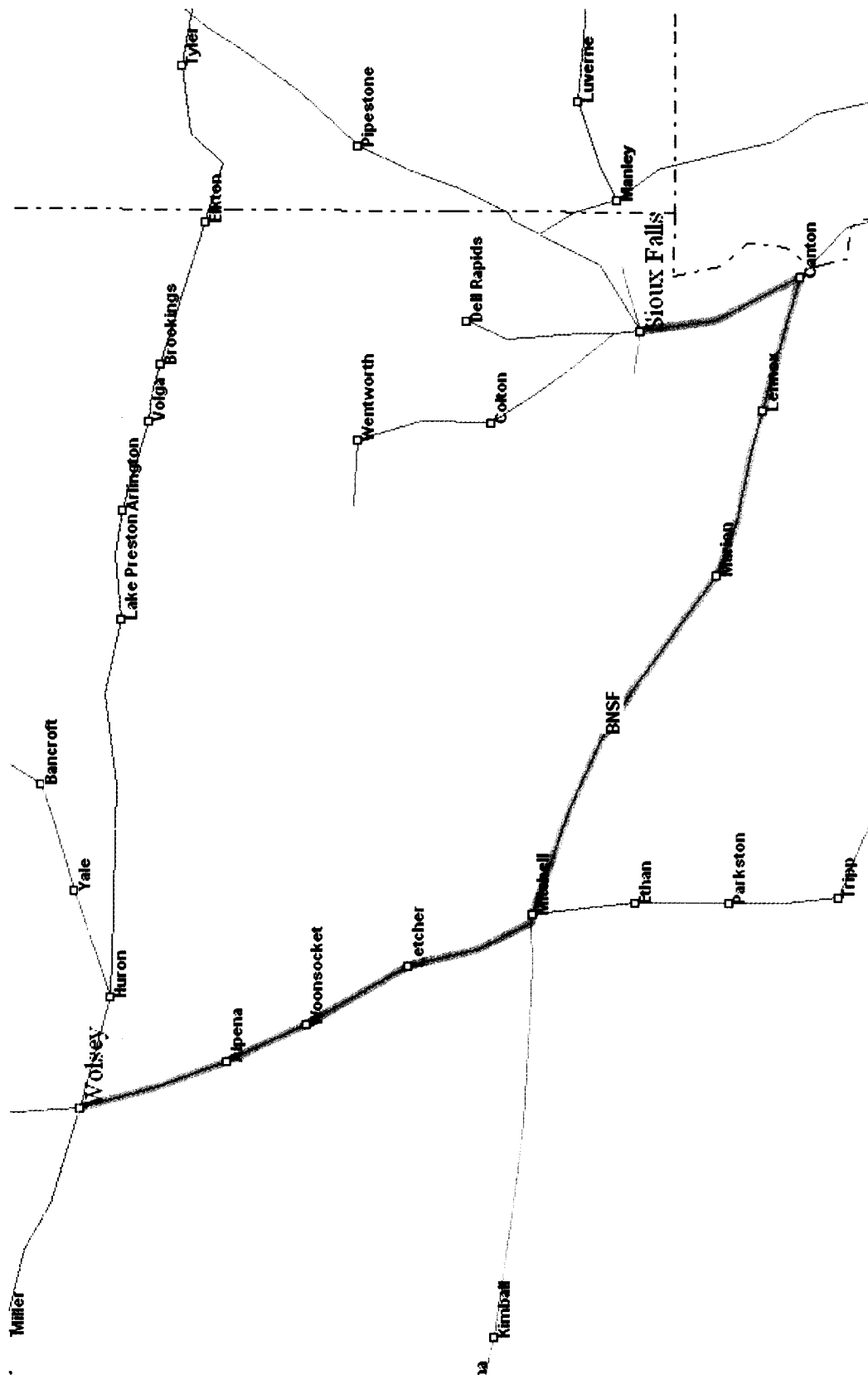
By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit A**  
**D&I Trackage Rights**  
**Between Sioux Falls and Wolsey**



**EXHIBIT "B"**  
**GENERAL CONDITIONS**  
**D&I AGGREGATE TRAINS**  
**BETWEEN SIOUX FALLS, SD AND WOLSEY, SD**

**Section 1. DEFINITIONS**

**1.1** "Overhead Trackage Rights Agreement" shall mean the Overhead Trackage Rights Agreement for D&I aggregate trains dated November 22, 2005 to which this Exhibit "B" is appended. The term "Overhead Trackage Rights Agreement" will include this Exhibit "B".

**1.2** "Owner" shall mean the party granting the right to use the Joint Trackage (as that term is hereinafter defined). Use of the term "Owner" is a term of convenience and shall not represent or warrant ownership status or quality of title to Joint Trackage.

**1.3** "User" shall mean the party granted by the Overhead Trackage Rights Agreement the right to use the Joint Trackage. Where more than one party is granted by the Overhead Trackage Rights Agreement the right to use the Joint Trackage, User shall mean those parties collectively. All references to User shall mean and include DME equipment and personnel in run-through service acting for and on behalf of D&I pursuant to Section 2(c) of the Overhead Trackage Rights Agreement.

**1.4** "Joint Trackage" shall mean trackage of Owner as described in the Overhead Trackage Rights Agreement including necessary right-of-way and appurtenances and support facilities thereof, and all Changes in and/or Additions to (as that term is hereinafter defined), thereto now or in the future located as are required or desirable for the operation of the trains of the parties hereto.

**1.5** "Equipment" shall mean trains, locomotives, cars, cabooses, end of train devices, vehicles, and machinery which are capable of being operated on railroad tracks, or operated on right-of-way for purpose of the maintenance or repair thereof.

**1.6** "Annual" shall mean a calendar year.

**1.7** "Car" shall mean one (1) rail car; however, in the case of an articulated rail car of two (2) or more platforms, each platform shall be counted as one (1) rail car, subject to modification by mutual agreement of the parties based upon changes in railroad technology and each locomotive shall be counted as two (2) cars.

**1.8** "Property Accounts" shall mean accounts so designated under the Uniform System of Accounts for Railroad Companies prescribed by the Surface Transportation Board, (hereinafter

called "STB"), or any replacement of such system prescribed by the applicable federal regulatory agency and used by the parties hereto.

1.9 "Changes in and/or Additions to" and "Additions, Betterments and/or Capital Improvements" (including retirements) shall mean work projects, the cost of which is chargeable in whole or in part to Property Accounts as defined by Uniform System of Accounts for Railroad Companies as prescribed by the STB as of the effective date of the Overhead Trackage Rights Agreement.

1.10 "STB" shall mean the Surface Transportation Board of the United States Department of Transportation or any successor agency.

## **Section 2. MAINTENANCE CHANGES IN AND/OR ADDITIONS, OPERATION AND CONTROL**

2.1 Except as provided in the Improvement MOA, in the event new construction is requested by User to connect the parties, User shall construct, maintain, repair, and renew, at its sole cost and expense, and shall own such portions of the tracks which connect the respective lines of the parties at the termini of the Joint Trackage as are located on the right-of-way of User and to the clearance point in right-of-way of Owner. Owner grants to User a license over that portion of Owner's property between right-of-way line and clearance point in order for User to maintain such trackage. Owner shall construct, maintain, repair, and renew, at the sole cost and expense of User, and shall own the portions of the track connections between said tracks of the parties hereto between the headblock and clearance point, if any, located on the right-of-way of Owner.

2.2 The construction, maintenance, repair, and renewal of the Joint Trackage shall be under the exclusive direction and control of Owner. Owner shall make any Changes in and/or Additions to the Joint Trackage which may be required by law, and progressively during construction these shall become part of the Joint Trackage. Owner may make any Changes in and/or Additions to the Joint Trackage which Owner deems necessary or desirable for the safe, efficient, and economical use of the Joint Trackage by the parties, and these shall progressively during construction become part of the Joint Trackage. User may request Changes in and/or Additions to the Joint Trackage which User shall deem necessary or desirable for the safe, efficient, and economical use of the Joint Trackage by the parties, and Owner shall, if it concurs in its sole discretion, which shall not be exercised unreasonably, construct the same upon such terms and conditions as may be agreed upon and they shall become part of the Joint Trackage.

2.3 The management and operation of the Joint Trackage shall be under the exclusive direction and control of Owner. Owner shall have the unrestricted power to change the management and operations on and over the Joint Trackage as in its judgment may be necessary, expedient, or proper for the operations thereof herein intended, provided, however, that any changes shall be applied equally to Owner and User. Overhead Trackage Rights granted

pursuant to this Agreement shall be provided on a nondiscriminatory basis, and Owner will treat the trains/cars of User, on an equal basis with Owner's cars/trains of the same or similar type volume and commodity moving over the same route.

2.4 Any construction, maintenance, repair, and renewal of the Joint Trackage shall be under the exclusive direction and control of Owner, and Owner shall have unrestricted power to implement any actions Owner deems necessary for construction, maintenance, repair, or renewal of the Joint Trackage, provided, however, that such actions do not materially interfere with User's exercise of its rights to operate over the Joint Trackage. In the event there are conditions from time to time which require emergency slow orders with respect to any location on the main tracks comprised in the Joint Trackage, Owner shall, with reasonable promptness, repair such conditions so as to permit the removal of such emergency slow orders. User shall be given the same advance notice of maintenance plans and schedules as is provided to Owner's personnel.

2.5 User, at its expense, shall install and maintain upon its Equipment such equipment, radios, or devices as may now or in the future be necessary or appropriate, in the reasonable judgment of Owner, for operation of trains upon the Joint Trackage. User will not, however, be required to install any equipment or devices not in use on Equipment of Owner. Owner shall consult with User prior to the adoption of new communication or signaling systems to be employed on the Joint Trackage which have not theretofore been generally adopted in the railroad industry.

2.6 If the use of the Joint Trackage shall at any time be interrupted or traffic thereon or thereover be delayed for any cause, neither party shall have or make any claim against the other for loss, damage, injury or death, or expense of any kind, caused by or resulting from such interruption or delay.

2.7 Owner may from time to time substitute any track or tracks for those delineated in the Overhead Trackage Rights Agreement for use by User. When such tracks which are not part of the Joint Trackage are used as provided herein, the Overhead Trackage Rights Agreement shall govern for purposes of direction and control and liability as if all movement had been made over the Joint Trackage.

2.8 Each party shall be responsible for furnishing, at its own expense, all labor, fuel, and train supplies necessary for the operation of its own Equipment over the Joint Trackage. In the event a party hereto does furnish such labor, fuel, or train supplies to another party hereto, the party receiving same shall promptly, upon receipt of billing therefor, reimburse the party furnishing same for its reasonable costs thereof.

2.9 The operation by User on or along the Joint Trackage shall at all times be in accordance with the rules, instructions, and restrictions of Owner, but such rules, instructions, and restrictions shall not unjustly discriminate against any party hereto.

**2.10** User shall be responsible for the reporting and payment of any mileage, per diem, use, or rental charges accruing on Equipment in User's account on the Joint Trackage. Except as may be specifically provided for in the Overhead Trackage Rights Agreement, nothing herein contained is intended to change practices with respect to interchange of traffic between the parties or with other carriers on or along the Joint Trackage.

**2.11** The total cost of clearing a derailment, cleaning up any Hazardous Materials released during such derailment, and/or repairing the Joint Trackage or any other property damaged thereby shall be borne by the party or parties liable therefor in accordance with Sections 4 and 5 of these General Conditions.

**2.12** In the event of release of Hazardous Materials caused by faulty equipment or third parties, cleanup will be conducted and total costs resulting therefrom shall be borne by the parties as stated in Sections 2.11, 2.18 and 4 of these General Conditions.

**2.13** All employees of User engaged in or connected with the operations of User on or along the Joint Trackage shall be required to pass periodic examination on the rules of Owner related to the Joint Trackage, provided, with respect to such examinations that, upon request of User, Owner shall qualify one or more of User's supervisory officers on said rules and such supervisory officer or officers so qualified shall examine all employees of User engaged in or connected with User's operations on or along the Joint Trackage. Pending qualification of train and engine crews of User, Owner shall furnish a pilot or pilots, at the expense of User, as deemed necessary by owner to assist in operating trains of User over the Joint Trackage.

**2.14** If any employee of User shall neglect, refuse, or fail to abide by Owner's rules, instructions, and restrictions governing the operation on or along the Joint Trackage, such employee shall, upon written request of Owner, be prohibited by User from working on the Joint Trackage. If either party shall deem it necessary to hold a formal investigation to establish such neglect, refusal, or failure on the part of any employee of User, then upon such notice presented in writing, owner and User shall promptly hold a joint investigation in which all parties concerned shall participate and bear the expense for its officers, counsel, witnesses, and employees. Notice of such investigations to employees of User shall be given by User's officers, and such investigation shall be conducted in accordance with the terms and conditions of schedule agreements between User and its employees. If, in the judgment of Owner, the result of such investigation warrants, such employee shall, upon written request of Owner, be withdrawn by User from service on the Joint Trackage, and User shall release and indemnify Owner from and against any and all claims and expenses because of such withdrawal.

If the disciplinary action is appealed by an employee of User to the National Railroad Adjustment Board or other tribunal lawfully created to adjudicate such cases, and if the decision of such board or tribunal sustains the employee's position, such employee shall not thereafter be barred from service on the Joint Trackage by reason of such occurrence.

**2.15** If any Equipment of User is bad ordered enroute on the Joint Trackage and it is necessary that it be set out, such bad ordered Equipment shall, after being promptly repaired, be promptly picked up by User. Unless otherwise agreed, Owner may, upon request of User and at User's expense, furnish the required labor and material and perform light repairs to make such bad ordered Equipment safe for movement. The employees and Equipment of Owner while in any manner so engaged or while enroute to or returning to Owner's terminal from such an assignment shall be considered employees of User and property of User. However, should Owner after repairing such Equipment for User, move directly to perform service for Owner's benefit rather than return to Owner's terminal, then User's exclusive time and liability will end when owner's employees depart for work to be performed for Owner's benefit. In the case of such repairs by Owner to freight cars in User's account, billing therefor shall be in accordance with the Field and Office Manuals of the Interchange Rules adopted by the Association of American Railroads, hereinafter called "Interchange Rules", in effect at the date of performance of the repairs. Owner shall then prepare and submit billing directly to and collect from the car owner for car-owner responsibility items as determined under said Interchange Rules. Owner shall also submit billing to and collect from User any charges for repair to freight cars that are car-owner responsibility items, as determined under said Interchange Rules, should said car owner refuse or otherwise fail to make payment therefor.

**2.16** If Equipment of User shall become derailed, wrecked, or otherwise disabled while upon the Joint Trackage, it shall be re-railed or cleared by Owner, except that employees of User may re-rail User's derailed Equipment on the Joint Trackage whenever use of motorized on or off track equipment is not required and prior permission has been granted by Owner. The costs and expenses of clearing derailments and wrecks shall be at User's expense unless otherwise provided for in allocation of liability in Section 5 of this Exhibit "B".

**2.17** In the event Equipment of User shall be forced to stop on Joint Trackage, and such stoppage is due to insufficient hours of service remaining among User's employees, or due to mechanical failure of User's Equipment, or any other cause not resulting from an accident or derailment, and such Equipment is unable to proceed, or if a train of User fails to maintain the speed required by Owner on the Joint Trackage, or if in emergencies, crippled or otherwise defective Equipment is set out of User's trains on the Joint Trackage, Owner shall have the option to furnish motive power or such other assistance (including but not limited to the right to re-crew User's train) as may be necessary to haul, help or push such Equipment, or to properly move the disabled Equipment off the Joint Trackage. The costs and expenses of furnishing motive power or of rendering such other assistance shall be at User's expense.

**2.18** In the event any accident, derailment, or wreck, hereinafter called "derailment" involving Units on or in a train operated by User or for User by Owner carrying hazardous materials, substances, or wastes, as defined pursuant to federal or state law, hereinafter called "Hazardous Materials" shall occur on any segment of the Joint Trackage, any report required by federal, state or local authorities shall be the responsibility of User. User shall also advise the owner/shipper of the Hazardous Materials involved in the derailment, and Owner, immediately.

Unless otherwise agreed by the parties, Owner shall assume responsibility for cleaning up any release of such Hazardous Materials from User's cars in accordance with all federal, state, or local regulatory requirements. User may have representatives at the scene of the derailment to observe and provide information and recommendations concerning the characteristics of Hazardous Materials release and the cleanup effort. Such costs shall be borne in accordance with Section 4 of the General Conditions.

If Hazardous Materials must be transferred to undamaged cars, User shall perform the transfer, provided, however, that if the Hazardous Materials are in damaged cars that are blocking the Joint Trackage, Owner, at its option, may transfer the Hazardous Materials. Transfers of Hazardous Materials by User shall only be conducted after being authorized by Owner.

### **Section 3. BILLING AND PAYMENT**

**3.1** Except with respect to liability or indemnity claims, billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties. Such billing form shall contain sufficient detail to permit computation of payments to be made hereunder. Billing shall be prepared according to the rules, additives, and equipment rental rates as published by the Owner. User shall pay to Owner at the Office of the Treasurer of Owner or at such other location as Owner may from time to time designate, all the compensation and charges of every name and nature which in and by the Overhead Trackage Rights Agreement User is required to pay in lawful money of the United States within thirty (30) days after the rendition of bills therefor. Bills shall contain a statement of the amount due on account of the expenses incurred and services rendered during the billing period. In the event that either party hereto shall fail to pay any monies due to the other party hereto within thirty (30) days after the invoice date then such first party shall pay interest on such unpaid sum from thirty (30) days after its invoice date to the date of payment by such first party at an annual rate equal to (i) the greater of (a) for the period January 1 through June 30, the prime rate last published in the *Wall Street Journal* in the preceding June plus two and one-half percent (2 ½%), or (b) twelve percent (12%), or (ii) the maximum rate permitted by South Dakota law, whichever is less.

**3.2** Except with respect to liability or indemnity claims, errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, and payments shall be made subject to subsequent adjustment. No exception to any bill or claim shall be honored, recognized, or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill or claim is rendered and no bill or claim shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense or claim covered thereby is incurred, or (ii) if in connection with a project for which a roadway completion report is required, after the last day of the calendar month in which the roadway completion report is made covering such project, with retirements and Additions being reflected as appropriate adjustments to valuation bases retroactive up to three (3) years from date of billing, or (iii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability(ies) established. This provision shall not limit the retroactive adjustment of

billing made pursuant to exception taken to original accounting by or under authority of the STB or retroactive adjustment of wage rates and settlement of wage claims.

**3.3** (a) Each party shall maintain records of operations and activities conducted pursuant to this Agreement to the same extent and in the same form and detail as those normally maintained by that party with respect to other identifiable portions of its rail system. Records pertaining to individual rail movements shall be maintained for a period of three (3) years from the waybill date of each such movement.

(b) Upon reasonable notice, each party shall allow the other party to examine applicable records of the other party at its place of business during normal business hours for purposes of verifying that party's compliance with the terms and conditions of this Agreement; provided, however, that the party whose records are to be examined may refuse access to records which that party is required to keep confidential pursuant to the express terms of any law, ordinance, decree or regulation of any governmental authority with jurisdiction over the party.

(c) The auditing party will keep non-public audit records confidential, except to the extent disclosure may be required by applicable law.

(d) In the event BNSF desires to perform an audit of User's records related to performance of this Agreement and User demands an independent audit in lieu of an audit using BNSF personnel or consultants, such independent audit shall be accommodated in lieu of performance thereof with BNSF resources, provided that the party(ies) demanding an independent audit (in lieu of an internal BNSF audit at no expense to such party) shall share equally the expense of an independent consultant/auditor.

(e) No audit of records may be conducted for movements which occurred more than three (3) years prior to the request for audit.

**3.4** Should any amount become payable by Owner to User under the Overhead Trackage Rights Agreement, the provisions of Section 3.1 through 3.3 of this Exhibit "B" shall apply with User as the billing party and Owner as the paying party.

**3.5** Should User fail to make any payment when due which User is obligated to make under the Overhead Trackage Rights Agreement, or fail in any other material respect to perform a material obligation as required under the Overhead Trackage Rights Agreement, and such material default shall continue for a period of six (6) months after notice in writing of such default is given by Owner to User, Owner may at its election exclude User from the use of the Joint Trackage. Thereupon User shall surrender to Owner all said Joint Trackage and shall have no claim or demand upon it, by suit at law or otherwise, on account of said exclusion, and User shall, upon written demand of Owner, pursue and obtain any required regulatory filings to discontinue use of the Joint Track; provided that failure to make any disputed payment or the failure to comply with a demand by Owner relative to User's operations on the Joint Trackage,

either of which is the subject of arbitration or litigation between the parties shall not be deemed, pending the decision in such arbitration or litigation, a cause for forfeiture hereunder. At all times, User shall have the right to resort to arbitration under Section 6 of this Overhead Trackage Rights Agreement if User disputes Owner's claim of material default.

Owner may agree to waive a default by User, but no such action shall be deemed to waive any rights to pursue a remedy for subsequent defaults of User or otherwise impair any rights of Owner for the future as a result of such written waiver.

#### **Section 4. COMPLIANCE WITH LAWS**

**4.1** User shall not treat, store or dispose of petroleum products or hazardous waste or hazardous substances, as defined in (i) the Resource Conservation and Recovery Act, as amended, or (ii) the Comprehensive Environmental Response Compensation and Liability Act, as amended, or (iii) subsequent legislation regulating discharges into the environment, on the Joint Trackage.

**4.2** Responsibility for Environmental Claims (as defined in Section 4.6 below) as between the parties shall be borne as provided in Section 5 of this Exhibit "B":

**4.3** Each party shall release the other party to the extent it is responsible for an Environmental Claim, and, to the extent of such responsibility, shall defend, indemnify, protect and save harmless such other party from and against such Environmental Claim and costs associated therewith, including, but not limited to, environmental consultant fees, Attorneys' fees and third party claims.

**4.4** In the event of any incident, accident, derailment, or vehicle striking or being struck by Equipment (hereinafter "Derailment") involving Equipment operated by a party hereto carrying (i) hazardous materials, substances or wastes, as defined pursuant to Federal or State Law, or (ii) pollutants (hereinafter collectively referred to as "Hazardous Materials") shall occur on the Joint Trackage, any report required by Federal, State or local authorities shall be the responsibility of such party. Each party shall advise the other party immediately of the occurrence of a Derailment involving Equipment operated by the party carrying Hazardous Materials.

Unless otherwise agreed by the parties Owner shall undertake any Response Action (as defined in Section 4.5, below) in accordance with all Federal, State, or local regulatory requirements necessitated by a release of Hazardous Materials on Owner's right-of-way underlying the Joint Trackage from Equipment operated by either party hereto upon the occurrence of a Derailment. User shall have data or a representative available at the scene of any Derailment involving Equipment operated by it to provide information concerning the characteristics of Hazardous Materials released.

If following a Derailment upon the Joint Trackage Hazardous Materials must be transferred to undamaged cars or other vehicles, unless otherwise agreed by the parties, the party whose Equipment was involved in such Derailment shall perform the transfer; provided, however, that if the Hazardous Materials are in damaged cars of a train of User that are blocking the Joint Trackage, Owner shall transfer the Hazardous Materials; provided further that transfers of Hazardous Materials by User shall only be conducted after being authorized by Owner.

**4.5** In the event any cleanup, response, removal or remediation of any environmental condition on the Joint Trackage is necessary (collectively referred to herein as "Response Action"), neither party shall be entitled to any damages, actual or consequential, by reason of the Response Action's interference with the other party's use of the Joint Trackage. Owner and its contractors shall have full, unrestricted and unconditional access to the Joint Trackage for the purpose of completing or engaging in a Response Action. Either party's completion of any of the other party's obligations hereunder shall not be deemed a waiver of such obligations under the Overhead Trackage Rights Agreement. Owner shall have the right, but not the obligation, to conduct reasonable inspections of any Response Action of User and User shall provide Owner all information requested by Owner regarding any Response Action or any Environmental Claims for which User is responsible.

**4.6** The term "Environmental Claim" means the direct costs of any cleanup, response, removal, remediation, natural resource damage, closure and/or post-closure required by any environmental conditions affecting the air, soil, surface waters, ground waters, streams, sediments and similar environmental conditions caused by, resulting from, arising out of, or occurring in connection with this Overhead Trackage Rights Agreement.

**4.7** The liability and indemnity provisions of this Section 4 shall continue in full force and effect regardless of whether this Overhead Trackage Rights Agreement is terminated pursuant to any other provision, or the Joint Trackage is abandoned and vacated by User.

**4.8** The total cost of clearing a Derailment, cleaning up any Hazardous Materials released during such Derailment, and/or repairing the Joint Tracks or any other property damaged thereby shall be borne by the party or parties liable therefor pursuant to the allocation of liability in Section 5 of this Exhibit "B".

## **Section 5. LIABILITY**

**5.1** The responsibility of the parties hereto as between themselves for loss of, damage to, or destruction of any property whatsoever or injury to or death of any person or persons whomsoever, resulting from, arising out of incidental to, or occurring in connection with this Overhead Trackage Rights Agreement, shall be determined as follows:

- (a) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the

environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars or equipment of, or in the account of, User being involved, without the trains, locomotives, cars, or equipment of, or in the account of, Owner being involved, User shall assume all liability therefor and bear all cost and expense in connection therewith, including without limitation all cost and expense referred to in Section 2 hereof, and shall forever protect, defend, indemnify, and save harmless Owner and its directors, officers, agents, and employees from, and against any such liability, cost, and expense, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of Owner or its directors, officers, agents or employees.

(b) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife and vegetation, occurs with the trains, locomotives, cars, or equipment of, or in the account of, Owner being involved, without the trains, locomotives, cars, or equipment of, or in the account of, User being involved, Owner shall assume all liability therefor and bear all cost and expense in connection therewith, including without limitation all cost and expense referred to in Section 2 hereof, and shall forever protect, defend, indemnify, and save harmless User and its directors, officers, agents, and employees from and against any such liability, cost, and expense, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of User or its directors, officers, agents, or employees.

(c) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars, or equipment of, or in the account of, both Owner and User being involved, Owner and User shall separately assume and bear all liability, cost, and expense for loss of and damage to said trains, locomotives, cars (including without limitation lading), and equipment operated by each of them and for injury to and death of each of their directors, officers, agents, and employees, and persons in each of their care and custody (without regard to which party was negligent or at fault), and Owner and User further agree that all liability, cost, and expense for injury to and death of any other person or persons whomsoever, for loss of, damage to, or destruction of all other property (including without limitation the Joint Trackage and for any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, so occurring shall be borne equally by Owner and User, including without limitation all cost and expense referred to in Section 2 hereof (without regard to which party was negligent or at fault) subject to reduction for any amount recovered from another carrier using the Joint Trackage or from a third party. Whenever any liability, cost, or expense is assumed by or apportioned to a party hereto under the foregoing provisions, that party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its directors, officers, agents, and employees from and against that liability, cost, and expense assumed by that party or apportioned to it.

(d) Notwithstanding the foregoing, the allocation of liability provided for herein shall not apply to punitive or exemplary damages, or liability based on a party's gross negligence or reckless conduct, and neither party hereto shall be liable for or indemnify the other party against any punitive or exemplary damages resulting from the acts or omissions of the other party or its employees, officers, agents, invitees or contractors or for liability based on gross negligence or reckless conduct.

(e) For the purposes of this Section 5, the word "Equipment" shall mean and be confined to:

(i) trains, locomotives, cars and cabooses,

(ii) vehicles and machinery which are capable of being operated on railroad tracks that, at the time of an occurrence, are being operated on the Joint Trackage, and

(iii) vehicles and machinery that, at the time of an occurrence, are on the Joint Trackage, or their rights-of-ways for the purpose of the maintenance or repair thereof or the clearing of wrecks thereon.

(f) For the purpose of this Section 5, Equipment of any third party railroad company or companies being detoured or admitted by Owner to operate over the Joint Trackage and all persons other than Owner or User employees engaged in moving such Equipment, shall be considered the Equipment and employees of the party hereto under whose detour agreement or other auspices such movement is being made.

(g) In every case of death or injury suffered by an employee of either Owner or User, when compensation to such employee or employee's dependents is required to be paid under any workmen's compensation, occupational disease, employer's liability, or other law, and either party under the provisions of this Agreement is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(h) For purposes of this Section 5, pilots furnished by Owner to User pursuant to Section 2 of this Agreement shall be considered as the employees under the custody and control of User while such employees are on duty as pilots.

**5.2** (a) Each party hereto shall have the right to settle, or cause to be settled for it, all claims for damages for which such party shall be liable under the provisions of this Section 5 and to defend or cause to be defended all suits for recovery of any such damages.

(b) In case a suit shall be commenced against Owner for or on account of damages for which User may be solely or jointly liable under the provisions of this Section 5, Owner shall

give notice to User of the pendency of such suit and thereupon User shall, at the request of Owner assume or join in the defense of such suit.

(c) In the event that more than one of the parties shall be liable hereunder for any damages and the same shall be settled by a voluntary payment of money or other valuable consideration by one of the parties so jointly liable therefor, release from liability shall be taken for and in the name of all parties so liable. In the event of any settlement in excess of Fifty Thousand Dollars (\$50,000), the settling party shall notify the other parties prior to settlement and shall obtain written consent of such party to settle said matter. Consent to settlement shall not be unreasonably withheld in the event such settlement shall have no adverse impact on the non-settling party's rights (including rights of indemnity), liability, potential liability, or litigation position. In the event a party settles without required written consent, at the option of the non-settling party, and without prejudice to any other rights or remedies available at law or in equity, all or part of any such unauthorized settlement terms shall be voided.

(d) If a judgment shall be recovered against and satisfied by one party involving a liability which should under this Overhead Trackage Rights Agreement be borne entirely or participated in by the other parties, then all expenses of whatsoever nature, including costs and fees connected with such judgment and with the prosecution of the suit upon which it was based, shall be settled between the parties in strict accordance with the provisions of this Overhead Trackage Rights Agreement and the party against which such judgment shall have been recovered shall be promptly reimbursed by such other parties to the extent to which the latter is indebted.

**5.3** For so long as User shall exercise rights under this Overhead Trackage Rights Agreement, User shall, at its sole cost and expense, procure and maintain insurance coverage in compliance with the terms and conditions set forth hereinbelow in Sections **5.4.1** and **5.4.2**.

**5.4.1** Railroad liability policy of insurance acceptable to Owner in an amount of at least [REDACTED]. Such insurance shall include coverage for:

- (i) injury to or death of persons whomsoever, Personal Injury, Federal Employers Liability Act, property damage liability including but not limited to, damage or destruction of any and all property including public liability, bill of lading and foreign line rolling stock;
- (ii) seepage and pollution coverage, including without limitation, coverage applicable in the event of railroad accident, derailment or overturn;
- (iii) contractual liability; and

**5.4.2** Other Requirements.

- (a) Required policies under this Overhead Trackage Rights Agreement shall contain no other endorsements limiting coverage as respects obligations under this Overhead Trackage Rights Agreement.
- (b) Annually Owner shall provide evidence of such coverage as required hereunder.
- (c) Where allowable by law, all policies (applying to coverage listed above) shall contain no exclusion for punitive damages and certificates of insurance shall reflect that no exclusion exists.
- (d) Except as provided in Section 5.1 and 5.2, User agrees to waive its right of recovery against Owner for all claims and suits against Owner arising out of incidents for which Owner shall have assumed liability or provide indemnity pursuant to this Agreement. User's insurers, through policy endorsement, shall waive their right of subrogation against Owner for all claims and suits arising out of performance of this Agreement. The certificate of insurance must reflect waiver of subrogation endorsement. User further waives its right of recovery, and its insurers also waive their right of subrogation against Owner, for loss of its owned or leased property or property under its care, custody or control.
- (e) User's insurance policies through policy endorsement must include wording which states that the policy shall be primary and non-contributing with respect to any insurance carried by Owner. The certificate of insurance must reflect that the above wording is included in evidenced policies.
- (f) All policy(ies) required above shall include a severability of interest endorsement and shall name Owner as an additional insured with respect to work performed under this Overhead Trackage Rights Agreement. Severability of interest and naming Owner as additional insured shall be indicated on the certificate of insurance.
- (g) User may self-insure [REDACTED] based on the financial strength of D&I's parent company, L. G. Everist.. To the extent granted by Owner, any deductible, self-insured retention or other financial responsibility for claims, User shall itself directly cover, in lieu of insurance, any and all Owner liabilities that would otherwise, in accordance with the provisions of this Overhead Trackage Rights Agreement, be covered by User's insurance as if User elected not to include a deductible, self-insured retention or other financial responsibility for claims.
- (h) Prior to commencement of operations, User shall furnish to Owner an acceptable certificate(s) of insurance including an original signature of the authorized representative evidencing the required coverage, endorsements, and amendments and referencing the contract audit/folder number if available. The policy(ies) shall contain a provision that obligates the insurance company(ies) issuing such

policy(ies) to notify Owner in writing at least thirty (30) days prior to any cancellation, substitution or material alteration. This cancellation provision shall be indicated on the certificate of insurance. Upon request from Owner, a certified duplicate original of any required policy shall be furnished.

- (i) If any coverage is purchased on a claims-made basis, User shall continue to provide evidence of insurance as required under this Overhead Trackage Rights Agreement for a period of at least three (3) years.
- (j) Any insurance policy shall be written by a reputable insurance company acceptable to Owner or with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided.
- (k) User represents that this Overhead Trackage Rights Agreement has been thoroughly reviewed by User's insurance agent(s)/broker(s), who have been instructed by User to procure the insurance coverage required by this Overhead Trackage Rights Agreement.
- (l) Not more frequently than once every five (5) years, Owner may request renegotiation of required insurance coverage to reflect reasonable terms consistent with then-current risk management practices in the railroad industry and underwriting practices in the insurance industry. In the event the parties are unable to mutually agree upon suitable coverage terms, Owner may request arbitration of the dispute and for arbitrator to set alternative reasonable terms and conditions under dispute between the parties. Pending final resolution pursuant to arbitration, the insurance coverage terms set forth herein shall continue to apply without amendment thereto.
- (m) If any portion of the operation is to be subcontracted by User, provided such subcontracting is authorized by this Overhead Trackage Rights Agreement, User shall require that the subcontractor shall provide and maintain insurance coverages as set forth herein, naming Owner as an additional insured, and shall require that the subcontractor shall release, defend and indemnify Owner to the same extent and under the same terms and conditions as User is required to release, defend and indemnify Owner herein.
- (n) Notwithstanding any provision to the contrary in this Overhead Trackage Rights Agreement, failure to provide evidence of insurance as required by this Section shall be deemed to be a Material Breach and shall entitle, but not require, Owner to terminate this Overhead Trackage Rights Agreement immediately without prejudice to Owner's ability to pursue any other remedies available at law or in equity. In addition to any other rights or remedies for breach of the terms of this

Section, Owner shall have the right to seek and obtain coverage required by this Overhead Trackage Rights Agreement by or on behalf of User and bill User for all costs associated therefor.

- (o) The fact that insurance (including, without limitation, self-insurance if permitted) is obtained by User shall not be deemed to release or diminish the liability of User including, without limitation, liability under the indemnity provisions of this Overhead Trackage Rights Agreement. Damages recoverable by Owner shall not be limited by the amount of the required insurance coverage.
- p) For purposes of this Section, Owner shall mean "Burlington Northern Santa Fe Corporation", "The BNSF Railway Company" and the subsidiaries, successors, assigns and affiliates of each and their officers, directors, employees, agents, contractors and representatives.

## **Section 6. ARBITRATION**

**6.1** If at any time a question or controversy shall arise between the parties hereto in connection with this Overhead Trackage Rights Agreement upon which the parties cannot agree, either party shall have the right to require a meeting of designated representatives with authority to settle the matter within 30 days of written notice of a desire to meet; if it cannot be resolved within 30 days of the meeting of the parties, then the aggrieved party may demand arbitration. Unless other procedures are agreed to by the parties, arbitration between the parties pursuant to this Section 6 shall be governed by the rules and procedures set forth in this Section 6.

**6.2** If the parties to the dispute are able to agree upon a single competent and disinterested arbitrator within twenty (20) days after written notice by one party of its desire for arbitration to the other party, then the question or controversy shall be submitted to and settled by that single arbitrator. Otherwise, any party (the notifying party) may notify the other party (the noticed party) in writing of its request for arbitration and nominating one arbitrator. Within twenty (20) days after receipt of said notice, the noticed party shall appoint an arbitrator and notify the notifying party in writing of such appointment. Should the noticed party fail within twenty (20) days after receipt of such notice to name its arbitrator, said arbitrator may be appointed by the American Arbitration Association, which shall designate said appointment from the CPR Panel of Distinguished Neutrals, or other similar body of competent neutral arbitrators which may be agreed upon between the parties, upon application by either party after ten (10) days' written notice to the other party. The two arbitrators so chosen shall select one additional arbitrator to complete the board. If the arbitrators so chosen fail to agree upon an additional arbitrator, the same shall, upon application of a party, be appointed in the same manner hereto before stated.

6.3 Upon selection of the arbitrator(s), said arbitrator(s) shall, with reasonable diligence, determine the questions as disclosed in said notice of arbitration, shall give both parties reasonable notice of the time and place (of which the arbitrator(s) shall be the judge) of hearing evidence and argument, may take such evidence as the arbitrator(s) shall deem reasonable or as either party may submit with witnesses required to be sworn, and hear arguments of counsel or others. In no event shall the arbitrator(s) have authority to award indirect, special, consequential, punitive or exemplary damages. If an arbitrator declines or fails to act, the party (or parties in the case of a single arbitrator) by whom the arbitrator was chosen or the American Arbitration Association, as the case may be, shall appoint another to act in the arbitrator's place.

6.4 After considering all evidence, testimony and arguments, said single arbitrator or the majority of said board of arbitrators shall promptly state such decision or award and the reasoning for such decision or award in writing which shall be final, binding, and conclusive on all parties to the arbitration when delivered to them, which may be subject to either party seeking judicial review only on the basis set forth in South Dakota Codified Laws § 21-25A-24. The award rendered by the arbitrator(s) may be entered as a judgment in any court in the United States of America having jurisdiction thereof and enforced as between the parties without further evidentiary proceeding, the same as entered by the court at the conclusion of a judicial proceeding in which no appeal was taken. Until the arbitrator(s) shall issue the first decision or award upon any question submitted for arbitration, performance under this Overhead Trackage Rights Agreement shall continue in the manner and form existing prior to the rise of such question. After delivery of said first decision or award, each party shall forthwith comply with said first decision or award immediately after receiving it, unless further proceedings are instituted by either party within the time allowed under and pursuant to the terms and conditions of South Dakota Law.

6.5 Each party to the arbitration shall pay all compensation, costs, and expenses of the arbitrator appointed in its behalf and all fees and expenses of its own witnesses, exhibits, and counsel. The compensation, cost, and expenses of the single arbitrator or the additional arbitrator in the board of arbitrators shall be paid in equal shares by all parties to the arbitration.

6.6 The parties may obtain discovery and offer evidence in accordance with the Federal Rules of Civil Procedure Rules 26 - 37, and Federal Rules of Evidence, as each may be amended from time to time.

6.7 Interest computed annually, at a rate equal to the Prime Rate plus two (2) percentage points (or the maximum interest allowed by applicable law, if lower), shall be applied to any and all arbitration awards requiring the payment of money and shall be calculated from thirty (30) days following the date of the applicable arbitration decision. The term "Prime Rate" shall mean the minimum commercial lending rate charged by banks to their most credit-worthy customers for short-term loans, as published daily in the Wall Street Journal.

## **Section 7. GOVERNMENTAL APPROVAL and ABANDONMENT**

7.1 User shall, at its own cost and expense, initiate by appropriate application or petition and thereafter diligently prosecute proceedings for the procurement of all necessary consent, approval, or authority from any governmental agency for the sanction of the Overhead Trackage Rights Agreement and the operations to be carried on by User thereunder. Owner, at its expense, shall assist and support said application or petition and will furnish such information and execute, deliver, and file such instrument or instruments in writing as may be necessary or appropriate to obtain such governmental consent, approval, or authority. User and Owner agree to cooperate fully to procure all such necessary consent, approval, or authority.

7.2 In the event Owner shall be involuntarily dispossessed, including threat of condemnation by competent public authority, of the right to operate upon and maintain any portion of the Joint Trackage, Owner shall have no obligation hereunder to provide tracks for User's use, and User shall have and shall make no claim of any kind, legal or otherwise, against Owner for failure to provide such tracks for User's use.

7.3 Under the terms hereinafter stated, and to the extent that Owner may lawfully do so, owner reserves to itself the exclusive right, exercisable at any time during the life of the Overhead Trackage Rights Agreement without concurrence of User, to elect to abandon, discontinue, transfer, sell, or lease all or any part of the Joint Trackage by giving six (6) months prior written notice to User of its intention so to do. The Overhead Trackage Rights Agreement shall terminate as to any section of Joint Trackage lawfully abandoned.

7.4 Upon expiration or termination of the Overhead Trackage Rights Agreement, or any partial termination, as the applicable case may be, however the same may occur, User shall be released from any and all manner of obligations and shall be deemed to have forever relinquished, abandoned, surrendered, and renounced any and all right possessed by User to operate over that part of the Joint Trackage to which such expiration or termination applied, and as to such part, User shall forever release and discharge Owner of and from any and all manner of obligations, claims, demands, causes of action, or suits which User might have, or which might subsequently accrue to User growing out of or in any manner connected with, directly or indirectly, the contractual obligations of Owner under the Overhead Trackage Rights Agreement, in all events provided, however, the aforesaid relinquishment, abandonment, surrender, renunciation, release, and discharge of User shall not in any case affect any of the rights and obligations of either Owner or User which may have accrued, or liabilities accrued or otherwise, which may have arisen prior to such expiration, termination or partial termination. Upon any expiration or termination, Owner may, at its option, remove from Owner's right-of-way any connecting track, and any exclusive facility of User, at User's expense with net salvage proceeds to be delivered to and retained by User. Upon any partial termination of the Overhead Trackage Rights Agreement, however the same may occur, the terms and conditions hereof shall continue and remain in full force and effect for the balance of the Joint Trackage.

7.5 Each party shall be responsible for any labor claims of, and shall bear the cost of employee protection payable to, its own employees, and the employees of companies affiliated

with it, to the extent resulting from the entry into or operation of the Overhead Trackage Rights Agreement. However, in the event the parties agree that Owner should retain employees or provide additional employees for the sole benefit of User, the parties shall enter into a separate written agreement providing that User shall bear all cost and expense for any such retained or additional employees, including, without limitation, all cost and expense associated with labor protection payments which are made by Owner and which would not have been incurred had such retention or provision of employees for the sole benefit of User not been required.

## **Section 8. OTHER CONSIDERATIONS**

**8.1** Nothing in the Overhead Trackage Rights Agreement contained shall limit the right of Owner to admit other companies to the use of the Joint Trackage or any part thereof on such terms and conditions as are satisfactory to Owner, provided such admittance shall not materially hinder or obstruct the fair and reasonable exercise of User's rights granted in the Overhead Trackage Rights Agreement. Such other companies presently or hereafter admitted to the use of the Joint Trackage or any part thereof by Owner shall be considered Owner for the purpose of the Overhead Trackage Rights Agreement. Except to the limited extent provided in Section 2(c) of the Overhead Trackage Rights Agreement, User shall have no right to admit any person, firm, or corporation to the use of the Joint Trackage.

**8.2** Except as provided in this Section 8.2, this Overhead Trackage Rights Agreement and any rights granted hereunder may not be assigned in whole or in part by any party without the prior written consent of Owner. All or part of this Overhead Trackage Rights Agreement (including without limitation assignment of accounts receivables due hereunder) may be assigned by Owner without the consent of User. Except as expressly provided otherwise in this Section 8.2, this Overhead Trackage Rights Agreement may not be assigned in whole or in part by D&I without Owner's advance written consent. In the event of an authorized assignment, this Overhead Trackage Rights Agreement and the operating rights thereunder shall be binding upon the successors and permitted assigns of the parties.

**8.3** The Overhead Trackage Rights Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party including without limit DME. Nothing herein contained shall be taken as creating or increasing any right in any third person to recover by way of damages or otherwise against any of the parties hereto.

**8.4** All notices, demands, requests, submissions and other communications which are required or permitted to be given pursuant to this Overhead Trackage Rights Agreement shall be given by either party to the other in writing and shall be deemed properly served if delivered by hand, or mailed by overnight courier or by registered or certified mail, return receipt requested, with postage prepaid and addressed to such other party at the address listed below:

If intended for D&I:

President

D & I Railroad Company  
300 S. Phillips Ave, Suite 200  
P.O. Box 5829  
Sioux Falls, SD 57117

If intended for BNSF:

AVP - Contracts & Joint Facilities  
2600 Lou Menk Drive  
P.O. Box 961034  
Fort Worth, Texas 76161-0034

**8.5** If any covenant or provision of the Overhead Trackage Rights Agreement not material to the right of User to use the Joint Trackage shall be adjudged void, such adjudication shall not affect the validity, obligation, or performance of any other covenant or provision which is in itself valid. No controversy concerning any covenant or provision shall delay the performance of any other covenant or provision. Should any covenant or provision of the Overhead Trackage Rights Agreement be adjudged void, the parties will make such other arrangements as, under the advice of counsel, will effect the purposes and intent of the Overhead Trackage Rights Agreement.

**8.6** In the event there shall be any conflict between the provisions of this Exhibit "B" and the Overhead Trackage Rights Agreement, the provisions of the Overhead Trackage Rights Agreement shall prevail.

**8.7** All Section headings are inserted for convenience only and shall not affect any construction or interpretation of the Overhead Trackage Rights Agreement.

**8.8** This Overhead Trackage Rights Agreement may not be amended without a mutual written agreement signed by Owner and User.

**End of General Conditions**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

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FINANCE DOCKET NO. 34787

D&I RAILROAD COMPANY  
-- TRACKAGE RIGHTS EXEMPTION --  
BNSF RAILWAY COMPANY

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BNSF Railway Company ("Owner") has agreed to grant overhead trackage rights to D&I Railroad Company between points as set forth below:

- i) Sioux Falls, SD, specifically a point just north of West Junction, SD at Milepost 74.1; and
- ii) Milepost 707.0, a point north of the diamond crossing of the Dakota, Minnesota & Eastern Corporation ("DME") at Wolsey, SD, a distance of approximately 159.2 miles.

The overhead trackage rights granted herein apply only to the movement of Aggregates (STCC=14412-Series, STCC=14919-Series, 14219-Series, and STCC=14413-Series) moving in cars in User's account, originating from Dell Rapids, SD and terminating at DME served destinations in the state of South Dakota, and interchanged to the DME at Wolsey, SD, provided that DME may transport such aggregates beyond South Dakota where necessary for DME's operations.

The trackage rights will be effective no sooner than December 6, 2005.

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: \_\_\_\_\_

By the Board

Vernon A. Williams  
Secretary

**VERIFICATION**

State of South Dakota )

County of Minnehaha )

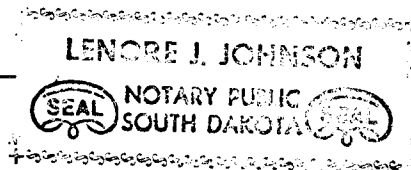
SS:

Sack Parliament, being duly sworn, deposes and says he is the President  
of D & I Railroad, and that he has read the foregoing Notice of Exemption  
and knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_

Subscribed and Sworn to  
Before me this 26th day of  
November, 2005

Lenore J. Johnson  
Notary Public



My Commission Expires:

My Commission Expires 6-1-09