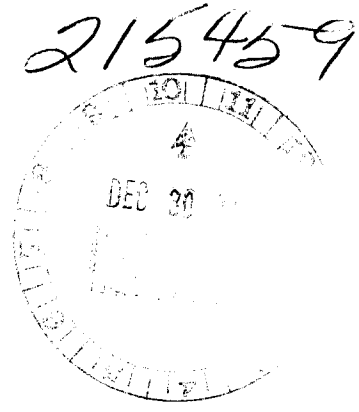


LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com



THOMAS F. MCFARLAND

December 29, 2005

DI D #
01051230004001

By UPS overnight mail

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

Re: Finance Docket No. 34816, *Dakota Northern Railroad, Inc. -- Acquisition and Operation Exemption -- Rail Lines of BNSF Railway Company*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.31, for filing with the Board in the above referenced matter.

Also enclosed is a check for \$1,500 for the filing fee.

Very truly yours,

Thomas F. McFarland

Thomas F. McFarland
Attorney for Applicant

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ENTERED
Office of Proceedings

DEC 30 2005

Part of
Public Record

FILED

TRANSMITTED

BEFORE THE
SURFACE TRANSPORTATION BOARD

DAKOTA NORTHERN RAILROAD, INC.)
-- ACQUISITION AND OPERATION) FINANCE DOCKET
EXEMPTION -- RAIL LINES OF BNSF) NO. 34816
RAILWAY COMPANY)

ENTERED
Office of Proceedings

VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31

DEC 30 2005

Part of
Public Record

DAKOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

Applicant

FEE RECEIVED

DEC 30 2005

SURFACE
TRANSPORTATION BOARD

FILED

DEC 30 2005

SURFACE
TRANSPORTATION BOARD

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

Attorney for Applicant

DATE FILED: December 30, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

DAKOTA NORTHERN RAILROAD, INC.	)	
-- ACQUISITION AND OPERATION	)	FINANCE DOCKET
EXEMPTION -- RAIL LINES OF BNSF	)	NO. 34816
RAILWAY COMPANY	)	

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31**

Pursuant to the class exemption for noncarrier acquisition and operation of rail lines at 49 C.F.R. § 1150.31 *et seq.*, DAKOTA NORTHERN RAILROAD, INC. (DN), a noncarrier, hereby provides verified notice of its exemption from the prior approval requirements of 49 U.S.C. § 10901 for its acquisition by lease from BNSF Railway Company (BNSF), and for its operation, of approximately 70.82 miles of rail line in Walsh and Pembina Counties, North Dakota, as identified below:

- (1) the entire BNSF Walhalla Subdivision between Milepost 0.0 near Grafton, ND and the end of the line at Milepost 48.38 near Walhalla, ND, a distance of approximately 48.38 miles; and
- (2) a portion of BNSF's Glasston Subdivision between the clearance point of the turnout located at Milepost 38.79 near Grafton, ND and the end of the line at Milepost 61.23 near Glasston, ND, a distance of approximately 22.44 miles.

The rail lines to be leased and operated will be referred to collectively as the Leased Lines.

This notice is related to a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2) filed on the same date in Finance Docket No. 34817, *KBN, Inc. -- Continuance in Control*

Exemption -- Dakota Northern Railroad, Inc., wherein KBN, Inc. has provided verified notice under the class exemption for common control of noncontiguous rail lines at 49 C.F.R.

§ 1180.2(d)(2) of an exemption from the prior approval requirements of 49 U.S.C. § 11323 for its continuance in control of DN when DN becomes a carrier.

KBN, Inc. has created DN to lease and operate the Leased Lines in northeastern North Dakota. KBN already controls two Class III rail carriers, i.e., Minnesota Northern Railroad, Inc. and St. Croix Valley Railroad Company, both of which operate rail lines in Minnesota. DN's Leased Lines would not connect with the rail lines of those carriers. There is no intent to connect those rail lines in the future.

INFORMATION REQUIRED BY 49 C.F.R. § 1150.33

(a) The full name and address of the applicant;

The full name of applicant is Dakota Northern Railroad, Inc., P.O. Box 705, Crookston, MN 56716.

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

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

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

An agreement between BNSF and DN has been signed for DN's lease and operation of the rail lines.

(d) The operator of the property;

DN will operate the Leased Lines.

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

(1) The name and address of the railroad transferring the subject property,

The Lessor of the Leased Lines is BNSF Railway Company, 2500 Lou Menk Drive, Fort Worth, TX 76131.

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

The proposed lease and operation are scheduled to be consummated no earlier than seven days after the filing of this Verified Notice.

(3) The mile-posts of the subject property, including any branch lines,

The mileposts of the Leased Lines are:

- (1) the entire BNSF Walhalla Subdivision between Milepost 0.0 near Grafton, ND and the end of the line at Milepost 48.38 near Walhalla, ND, a distance of approximately 48.38 miles; and
- (2) a portion of BNSF's Glasston Subdivision between the clearance point of the turnout located at Milepost 38.79 near Grafton, ND and the end of the line at Milepost 61.23 near Glasston, ND, a distance of approximately 22.44 miles.

(4) The total route miles being acquired;

A total of approximately 70.82 miles of rail line are proposed to be leased and operated.

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

The required map is attached to this Verified Notice as Appendix 1.

(g) A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier.

The required certificate is attached to this Verified Notice as Appendix 2.

VERIFICATION

A verification of the facts in this Notice is attached as Appendix 3.

CAPTION SUMMARY

The caption summary required by 49 C.F.R. § 1150.34 is attached to this Verified Notice as Appendix 4.

LABOR PROTECTION

By virtue of 49 U.S.C. § 10901(c), no labor protective conditions are to be imposed in regard to the proposed lease and operation.

ENVIRONMENTAL AND HISTORIC CONSIDERATIONS

By virtue of 49 C.F.R. § 1105.6(c)(2)(i) and § 1105.8(b)(1), no environmental or historic reporting is required for the proposed lease and operation.

CONCLUSION

WHEREFORE, the Board should publish this Notice in the Federal Register within 30 days of its filing.

Respectfully submitted,

DAKOTA NORTHERN RAILROAD, INC.
P.O. Box 705
Crookston, MN 56716

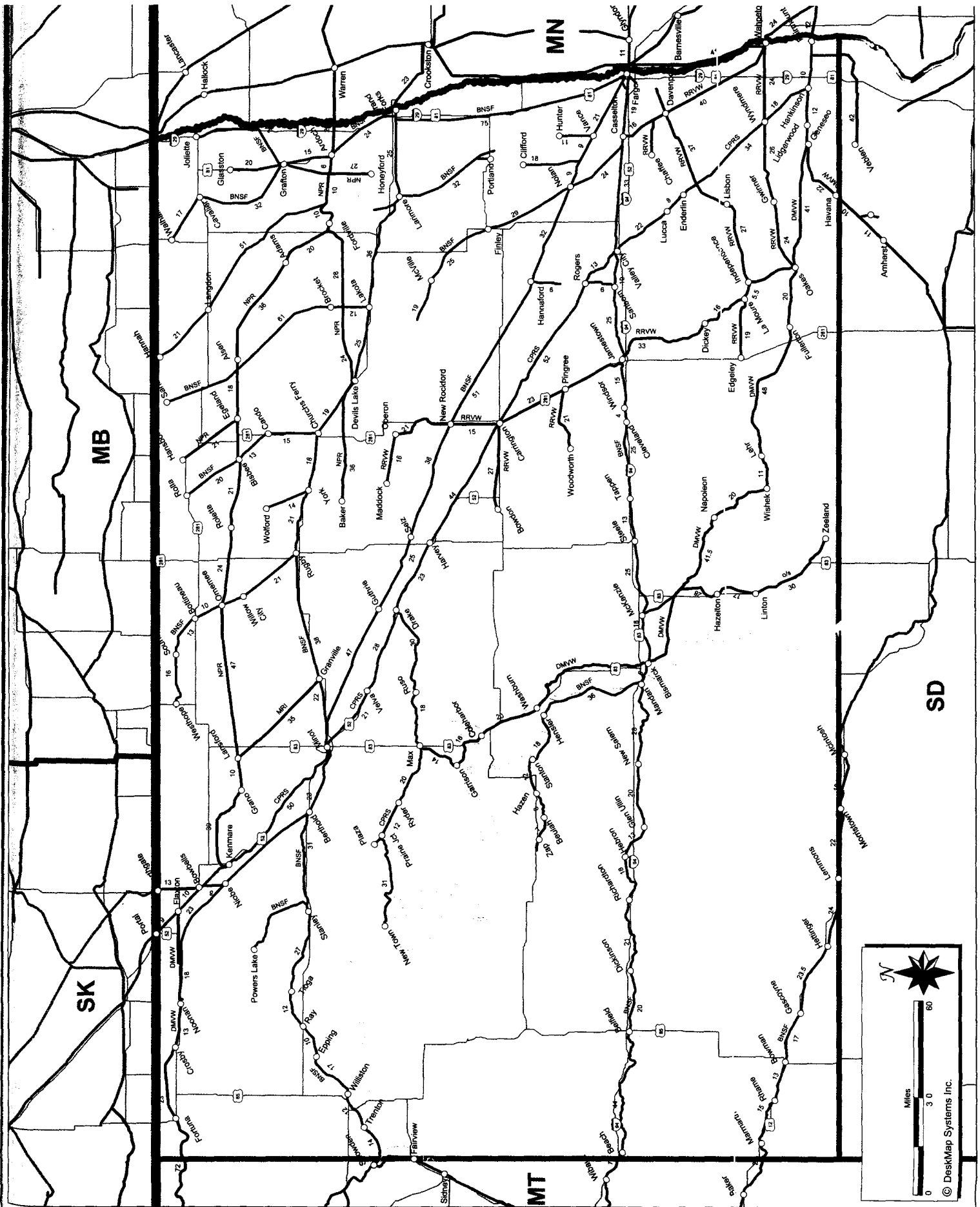
Applicant

Thomas F. McFarland

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

Attorney for Applicant

DATE FILED: December 30, 2005



APPENDIX 2

CERTIFICATION

THOMAS F. McFARLAND, on oath, states that the projected revenues of Dakota Northern Railroad, Inc. as a result of the lease and operation in this docket would not exceed those that would qualify it as a Class III rail carrier.



Thomas F. McFarland

Thomas F. McFarland

SUBSCRIBED and SWORN
to before me this 29th
day of December, 2005.

Kathleen Lenihan

Notary Public

My commission expires: 1/29/2006

APPENDIX 3

VERIFICATION

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

THOMAS F. McFARLAND, being duly sworn on oath, deposes and states that he has read the notice in this docket, that he knows the contents thereof, and that the facts therein stated are true and correct.



Thomas F. McFarland
Thomas F. McFarland

SUBSCRIBED and SWORN
to before me this 29th
day of December, 2005.

Kathleen Lenihan
Notary Public

My commission expires: 1/29/2006

APPENDIX 4

CAPTION SUMMARY

**SURFACE TRANSPORTATION BOARD
NOTICE OF EXEMPTION**

(Finance Docket No. 34816)

**DAKOTA NORTHERN RAILROAD, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
RAIL LINES OF BNSF RAILWAY COMPANY**

Dakota Northern Railroad, Inc. (DN), a noncarrier, has filed a notice of exemption from 49 U.S.C. § 10901 to lease from BNSF Railway Company and operate the following railroad property:

- (1) the entire BNSF Walhalla Subdivision between Milepost 0.0 near Grafton, ND and the end of the line at Milepost 48.38 near Walhalla, ND, a distance of approximately 48.38 miles; and
- (2) a portion of BNSF's Glasston Subdivision between the clearance point of the turnout located at Milepost 38.79 near Grafton, ND and the end of the line at Milepost 61.23 near Glasston, ND, a distance of approximately 22.44 miles.

The rail property is referred to as the (1) Walhalla Subdivision and (2) a portion of the Glasston Subdivision. It is located in Walsh and Pembina Counties, North Dakota. It consists of approximately 70.82 miles of trackage.

This notice is related to Finance Docket No. 34817, *KBN, Inc. -- Continuance in Control Exemption -- Dakota Northern Railroad, Inc.*, wherein KBN, Inc. seeks an exemption from 49 U.S.C. § 11323 for its continuance in control of DN upon DN becoming a rail carrier.

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

This notice of exemption is filed under 49 C.F.R. § 1150.31. If the notice contains false or misleading information, the exemption is void *ab initio*. 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.

(SEAL)

By the Board