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LAW OFFICE  
**THOMAS F. MCFARLAND, PC.**  
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THOMAS F. MCFARLAND

December 29, 2005

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. 34817, *KBN, Inc. -- Continuance in Control Exemption --*  
*Dakota Northern Railroad, Inc.*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1180.2(d)(2), for filing with the Board in the above referenced matter.

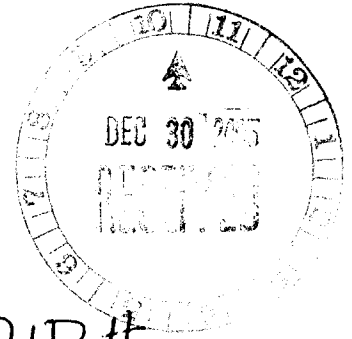
Also enclosed is a check for \$1,400 for the filing fee.

Very truly yours,

*Thomas F. McFarland*

Thomas F. McFarland  
*Attorney for Applicant*

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DID# 01051230004002  
ENTERED  
Office of Proceedings

DEC 30 2005

Part of  
Public Record

**FILED**

DEC 30 2005

SURFACE  
TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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KBN, INC. -- CONTINUANCE IN )  
CONTROL EXEMPTION -- DAKOTA ) FINANCE DOCKET  
NORTHERN RAILROAD, INC. ) NO. 34817

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VERIFIED NOTICE OF EXEMPTION  
UNDER 49 C.F.R. § 1180.2 (d)(2)

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KBN, INC.  
21 Main Street  
P.O. Box 79  
Bethel, MN 55005

Applicant

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

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|-----------------------------|---|----------------|
| KBN, INC. -- CONTINUANCE IN | ) |                |
| CONTROL EXEMPTION -- DAKOTA | ) | FINANCE DOCKET |
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**VERIFIED NOTICE OF EXEMPTION  
UNDER 49 C.F.R. § 1180.2 (d)(2)**

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Pursuant to 49 C.F.R. § 1180.4(g)(1), KBN, INC., (KBN), a noncarrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) for an exemption from the prior approval requirements of 49 U.S.C. § 11323 for its continuance in control of Dakota Northern Railroad, Inc., (DN), upon DN becoming a rail carrier as a result of a notice of exemption for its operation of rail lines in Finance Docket No. 34816, *Dakota Northern Railroad, Inc. -- Acquisition and Operation Exemption -- Rail Lines of BNSF Railway Company*, filed on December 30, 2005.

KBN submits the following information required by Board regulations.

1. 49 C.F.R. § 1180.6(a)(1)(i) - (a) *All applications filed under 49 U.S.C. 11323 shall show in the title the names of the applicants and the nature of the proposed transaction. Beneath the title indicate the name, title, business address, and telephone number of the person(s) to whom correspondence with respect to the application should be addressed. The following information shall be included in all applications:*

(1) *A description of the proposed transaction, including appropriate references to any supporting exhibits and statements contained in the application and discussing the following:*

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

The person to whom correspondence with respect to the notice of exemption should be addressed is Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

The transaction is a class exemption from 49 U.S.C. § 11323(a)(4) for KBN to continue in control of DN upon DN becoming a carrier as a result of the acquisition and operation exemption cited above. DN will become a Class III rail carrier as a result of that exemption. KBN currently controls two other Class III rail carriers, i.e., Minnesota Northern Railroad, Inc. (MNN) and St. Croix Valley Railroad Company (SCXY). Applicant's full name is KBN, Inc. Applicant's business address is 21 Main Street, P.O. Box 79, Bethel, MN 55005. KBN's telephone number is (612) 434-4661. KBN's counsel is Thomas F. McFarland, whose address and telephone number are 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204.

KBN certifies that:

- (1) the rail properties operated by MNN and SCXY and those to be operated by DN do not connect with each other or any railroads in their corporate family; and
- (2) the continuance in control is not part of a series of anticipated transactions that would connect the rail lines of MNN, SCXY and DN with each other or any railroads in their corporate family; and
- (3) the transaction does not involve a Class I or Class II rail carrier.

As such, the continuance in control qualifies for the class exemption under 49 C.F.R. § 1180.2(d)(2).

2. 49 C.F.R. § 1180.6(a)(1)(ii) - *The proposed time schedule for consummation of the proposed transaction.*

The acquisition of control will not be consummated earlier than seven days after the filing of this notice of exemption.

3. 49 C.F.R. § 1180.6(a)(1)(iii) - *The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.*

The purposes sought to be accomplished by the proposed acquisition of control are to achieve operating economies, to improve rail service to the public and to improve the financial viability of the commonly-controlled rail carriers.

4. 49 C.F.R. § 1180.6(a)(5) - *A list of the State(s) in which any part of the property of each applicant carrier is situated.*

DN will operate wholly within North Dakota. MNN and SCXY both operate wholly within Minnesota.

5. 49 C.F.R. § 1180.6(a)(6) - *Map (exhibit 1). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.*

Attached to this notice as Appendix 1-A is a copy of a map showing the rail lines to be operated by DN shaded in yellow. Attached to this notice as Appendix 1-B is a copy of a map showing the rail lines operated by MNN shaded in yellow and the rail lines operated by SCXY shaded in pink.

6. 49 C.F.R. § 1180.7(ii) - *Explanation of the transaction.(ii) Agreement (exhibit 2). Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.*

The transaction is KBN's continuance in control of DN upon DN becoming a rail carrier. There is no formal agreement between KBN and DN relating to that control.

### **LABOR PROTECTION**

Applicants are agreeable to the usual labor protective conditions imposed in common control transactions for rail carriers, i.e., those in *New York Dock Ry. -- Control -- Brooklyn Eastern Dist.*, 360 I.C.C. 60 (1979).

### **ENVIRONMENTAL AND HISTORIC CONSIDERATION**

The proposed transaction does not require environmental or historic reporting or assessment. See 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.8(b)(3).

### **VERIFICATION**

A verification of the facts in this notice is attached as Appendix 2.

WHEREFORE, within 30 days after this notice of exemption is filed, the Board should publish a notice thereof in the Federal Register.

Respectfully submitted,

KBN, INC.  
21 Main Street  
P.O. Box 79  
Bethel, MN 55005

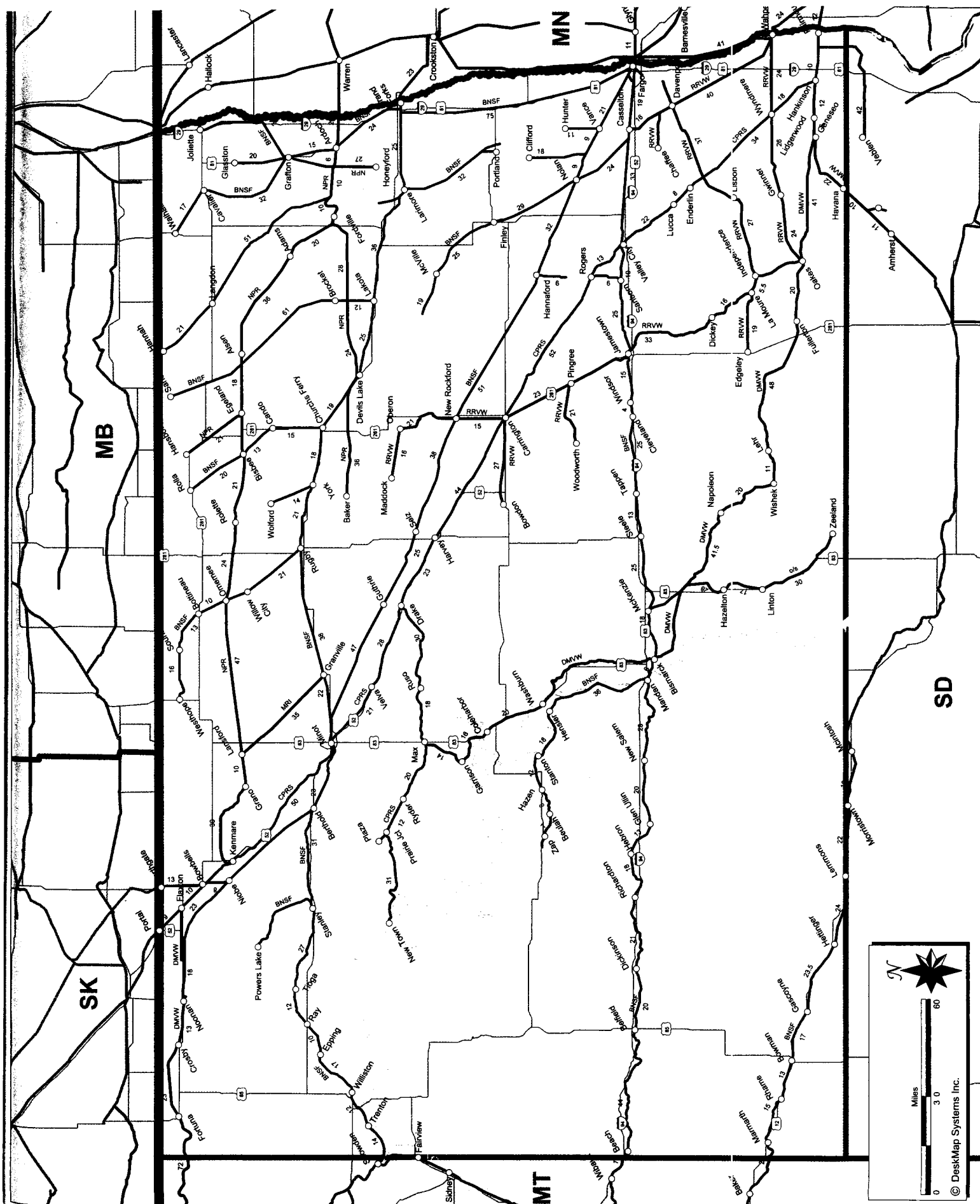
Applicant

*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**

**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 29<sup>th</sup>  
day of December, 2005.

Kathleen Lenihan  
Notary Public

My commission expires: 1/25/2006