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May 26, 2006

VIA FEDERAL EXPRESS

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

ENTERED
Office of Proceedings

MAY 31 2006

Part of
Public Record



Re: **Finance Docket No. 34871**
Wyoming Dakota Railroad Properties, Inc. -- Acquisition and
Operation Exemption -- Dakota, Minnesota & Eastern Railroad Corp.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Wyoming Dakota Railroad Properties, Inc. Pursuant to 49 C.F.R. § 1150.35(d)**, dated May 26, 2006. A check in the amount of \$1,500.00, representing the appropriate fee for this filing, and a 3.5-inch computer diskette containing the text of the *Federal Register* caption summary in MS Word 2000 format are attached.

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

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Wyoming Dakota
Railroad Properties, Inc.

FILED
MAY 30 2006

TJL:tl

Enclosures SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34871



WYOMING DAKOTA RAILROAD PROPERTIES, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

ENTERED
Office of Proceedings

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**VERIFIED NOTICE OF EXEMPTION
OF
WYOMING DAKOTA RAILROAD PROPERTIES, INC.
PURSUANT TO 49 C.F.R. § 1150.35(d)**

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William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
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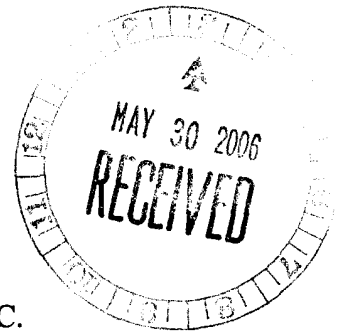
**ATTORNEYS FOR WYOMING DAKOTA
RAILROAD PROPERTIES, INC.**

Dated: May 26, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34871

WYOMING DAKOTA RAILROAD PROPERTIES, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION



**VERIFIED NOTICE OF EXEMPTION
OF
WYOMING DAKOTA RAILROAD PROPERTIES, INC.
PURSUANT TO 49 C.F.R. § 1150.35(d)**

Wyoming Dakota Railroad Properties, Inc. ("WDRPI"), a non-carrier, hereby files this verified notice of exemption pursuant to 49 C.F.R. § 1150.31, et seq. to acquire the authority issued by the Surface Transportation Board under 49 U.S.C. § 10901 to Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") to construct and operate approximately 280 miles of rail line between Wall, South Dakota and the Powder River Basin region of northeastern Wyoming and in Minnesota (the "PRB Line"). WDRPI is an indirect, wholly-owned subsidiary of DM&E. The substitution of WDRPI for DM&E in the PRB Line construction project will facilitate financing for the project, but will not change the nature, effect or implementation of the project as previously considered and approved by the Board. WDRPI will comply with all environmental conditions and other legal requirements relating to the construction in the same manner as DM&E would have.

The projected annual revenues of WDRPI, once WDRPI acquires and exercises the construction and operation authority for the PRB Line, will be within the range for Class II rail carriers. Pursuant to 49 C.F.R. § 1150.35(a), WDRPI on May 11, 2006 submitted and served a notice of its intent to file this notice of exemption.

This transaction is related to Finance Docket No. 34872, Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc. -- Intra-Corporate Family Transaction Exemption -- Wyoming Dakota Railroad Properties, Inc., in which DM&E and Cedar American Rail Holdings, Inc. ("CARH") have concurrently filed a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(3) to continue in control of WDRPI once WDRPI becomes a rail carrier.

In accordance with the requirements of 49 C.F.R. §§ 1150.33-1150.35, WDRPI submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the non-carrier applicant herein is as follows:

Wyoming Dakota Railroad Properties, Inc.
140 North Phillips Avenue
Sioux Falls, South Dakota 57104

Applicant's Representative: 49 C.F.R. § 1150.33(b)

WDRPI's representative to whom correspondence regarding this transaction should be addressed is as follows:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

WDRPI and DM&E expect shortly to execute an agreement providing for the transfer from DM&E to WDRPI of DM&E's STB authority to construct and operate the PRB Line and other rights and interests of DM&E with respect to the PRB Line.

Operation of the Property: 49 C.F.R. § 1150.33(d)

Once constructed, the PRB Line will be operated by WDRPI or another rail carrier in the DM&E corporate family. In the latter circumstance, the operator will seek separate and appropriate STB authority prior to the commencement of rail service.

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

WDRPI is a new, non-carrier subsidiary of CARH. CARH is, in turn, a wholly-owned subsidiary of DM&E, and functions as a holding company for DM&E and Iowa, Chicago & Eastern Railroad Corporation ("IC&E"), another wholly-owned CARH subsidiary.¹ DM&E is a Class II common carrier by rail which operates approximately 1100 miles of trackage in the states of Minnesota, South Dakota, Wyoming, Nebraska and Iowa. See Dakota, Minnesota & Eastern Railroad Corporation -- Acquisition and Operation Exemption -- Chicago and North Western Transportation Company, Finance Docket No. 30889 (ICC served September 8, 1986); Dakota, Minnesota & Eastern Railroad Corporation -- Acquisition and Operation -- Colony Line Segment of Union Pacific Railroad Company, Finance Docket No. 32864 (STB served April 25, 1996). IC&E is a Class II common carrier by rail which operates approximately 1400 miles of trackage in the states of Iowa, Illinois, Kansas, Missouri, Minnesota and Wisconsin. See Iowa, Chicago & Eastern Railroad Corporation -- Acquisition and Operation Exemption -- Lines of I&M Rail Link, LLC, Finance Docket No. 34177 (STB served June 12, 2002 and July 22, 2002), 6 S.T.B. 499 (2003); Dakota, MN & Eastern et al. -- Control -- Iowa, Chicago & Eastern, 6 S.T.B. 511 (2003).

The Board has recently given final approval under 49 U.S.C. § 10901 for a proposal by DM&E to extend its rail line further westward into the Powder River Basin coal

¹ Despite its holding company role, CARH is a subsidiary of DM&E, and technically is positioned in the corporate chain between DM&E and IC&E.

fields of northeastern Wyoming. Dakota, MN & Eastern R. -- Construction -- Powder River Basin, 3 S.T.B. 847 (1998) ("PRB I"), 6 S.T.B. 8 (2002) ("PRB II"); Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin, Finance Docket No. 33407 (STB served February 15, 2006) ("PRB III"). Specifically, the STB authorized DM&E to construct a new rail line from a connection with DM&E's existing rail line at Wall, South Dakota to eleven mine locations in the Powder River Basin region of northeastern Wyoming,² a distance of approximately 262 miles in Custer, Fall River, Jackson and Pennington Counties, South Dakota and Campbell, Converse, Niobrara and Weston Counties, Wyoming. DM&E was directed to use the so-called "Alternate C" routing for the PRB Line, incorporating route variations known as the Phiney Flat Alternative, WG Divide Alternative, Black Thunder North Mine Alternative and North Antelope East Mine Loop. PRB II, 6 S.T.B. at 47. DM&E also was authorized to construct an approximately 13-mile connector line south of Mankato, Minnesota, utilizing so-called "Alternative M-2," and a short connection at Owatonna, Minnesota, utilizing so-called "Alternative O-4." PRB II, 6 S.T.B. at 47.

WDRPI has been formed as a new entity within the DM&E corporate family to undertake actual construction and operation of the PRB Line. Pursuant to STB exemption in this docket and an agreement between the parties, WDRPI will acquire DM&E's construction and operation authority under 49 U.S.C. § 10901 for the PRB Line, subject to all environmental, routing and other conditions. Utilizing a separate company to build and operate the new line will enhance financing options and flexibility for the project. For example, financing the new line separately may be attractive for investors with interest in a new line dedicated to coal rather than

² The eleven mines were Caballo, Belle Ayr, Caballo Rojo, Cordero, Coal Creek, Jacobs Ranch, Black Thunder, North Rochelle, North Antelope, Rochelle and Antelope. See PRB I, 3 S.T.B. at 849, n.2.

a general freight railroad. Using a separate company to construct and operate the PRB Line also creates options to reduce dilution to existing DM&E common shareholders and to limit the amount of risk associated with the new construction that is borne by the existing railroad. Prior line construction projects in the PRB have used a similar form, for much the same reason. See Chicago & N.W. Transp. Co. -- Construction, 363 I.C.C. 905, 931-934 (1981) (construction of rail lines in connection with Powder River Basin project of Chicago & North Western Transportation ("CNW") undertaken by new CNW subsidiary Western Railroad Properties Inc. ("WRPI"), allowing limited investment in WRPI by another rail carrier).

The intra-corporate substitution of WDRPI for DM&E as the entity that will construct and operate the new PRB Line will not change any of the transportation, traffic, operational or environmental factors considered and addressed by the Board in PRB I, PRB II and PRB III. WDRPI will construct and operate the line in the same manner as DM&E would have, and will comply fully with all environmental conditions and mitigation measures imposed by the Board in Finance Docket No. 33407. WDRPI will not be involved in the rehabilitation of DM&E's existing east-west main line between Wall, South Dakota and Winona, Minnesota.

In a prior case involving nearly identical circumstances, the Board found that the transfer of construction and operation authority for a new line to a non-carrier corporate affiliate is a transaction within the Board's jurisdiction under 49 U.S.C. § 10901 and the proper subject of a notice of exemption under 49 C.F.R. § 1150.31, et seq. See Tongue River Railroad Company, Inc. -- Acquisition and Operation Exemption -- Tongue River Railroad Company, Finance Docket No. 33644 (STB served November 13, 1998)

Because CARH already directly controls IC&E, it will require Board approval to continue in control of WDRPI once WDRPI exercises the construction and operation authority

obtained herein and becomes a rail carrier. Similar approval is required for DM&E, which is itself a rail carrier and also indirectly controls IC&E. Concurrently with this notice of exemption, DM&E and CARH are jointly filing a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(3) in Finance Docket No. 34872, Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc. -- Intra-Corporate Family Transaction Exemption -- Wyoming Dakota Railroad Properties, Inc. for that intra-corporate family control transaction.

The name and address of the railroad transferring the authority to construct and operate the PRB Line to WDRPI is as follows:

Dakota, Minnesota & Eastern Railroad Corporation
140 North Phillips Avenue
Sioux Falls, South Dakota 57104

WDRPI intends to commence construction activities on the PRB Line as soon as financing arrangements for the project are completed. It is currently anticipated that operations on the PRB Line will begin during 2009. In no event would WDRPI undertake such construction or operation prior to June 20, 2006, the effective date of this notice of exemption.

Map: 49 C.F.R. § 1150.33(f)

A map indicating the area to be served by the PRB Line, including origins, termini, stations, cities and states, is attached as Exhibit A to this Notice.

Certification of Class III Status: 49 C.F.R. § 1150.33(g)

Not applicable.

General Statement - Service Intentions: 49 C.F.R. § 1150.35(b)(1)

The proposed transaction will have no service impacts because the PRB Line has not yet been constructed and no operations are currently conducted. WDRPI intends to operate

the PRB Line and serve shippers in the same manner that DM&E would have if DM&E were to construct and operate the line. WDRPI and DM&E expect to exchange trains and change crews at the Middle West Staging and Marshaling Yard at Wall, South Dakota, a proposed facility already presented to and approved by the Board in Finance Docket No. 33407. The Mankato connector line and (if constructed) the Owatonna connection would likely be operated by DM&E pursuant to a separate lease or trackage rights arrangement with WDRPI.

General Statement - Labor Impacts: 49 C.F.R. § 1150.35(b)(2)

The transaction will have no labor impacts because the PRB Line has not been constructed and there are no employees on the line. Given that there are no "affected line(s)", no "employees on the affected line(s)" and no "workplace of the employees on the affected line(s)" involved in the proposed transaction, the provisions of 49 C.F.R. §§ 1150.32(e) and 1150.35(c)(3) are inapplicable here. WDRPI expects to hire the same number and type of employees on the PRB Line as DM&E would have.

Compliance with Notice of Intent Requirements: 49 C.F.R. § 1150.35(d)

A certificate certifying that, at least fourteen days before filing this Notice of Exemption, WDRPI served on the parties specified by 49 C.F.R. § 1150.35(c)(1) and (2) a notice of intent containing the information specified in 49 C.F.R. § 1150.35(b) is attached hereto as Exhibit B. A copy of the notice of intent is attached to the certificate. Because there are no employees or shippers on the PRB Line, which has yet to be constructed, the notice provisions of 49 C.F.R. § 1150.35(c)(3) and (4) are not applicable.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

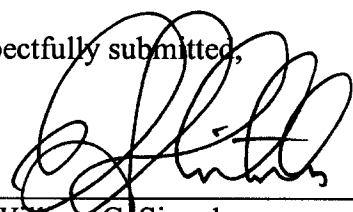
The Board has imposed extensive environmental conditions and mitigation measures on the PRB Line construction project in its PRB I, PRB II and PRB III decisions in

Finance Docket No. 33407. WDRPI is bound by those conditions and will comply fully with them. WDRPI's acquisition of construction and operation authority for the PRB Line from DM&E will not itself result in significant changes in carrier operations that would otherwise be conducted, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5). Thus, under 49 C.F.R. § 1105.6(c)(2), the proposed transaction is exempt from further environmental reporting requirements. Similarly, under 49 C.F.R. § 1105.8(b)(1) the proposed transfer of construction and operating authority to WDRPI is exempt from further historic preservation reporting requirements.

Caption Summary: 49 C.F.R. § 1150.34

A caption summary in appropriate form is attached as Exhibit C to this notice. A computer diskette containing the text of the caption summary is being submitted herewith.

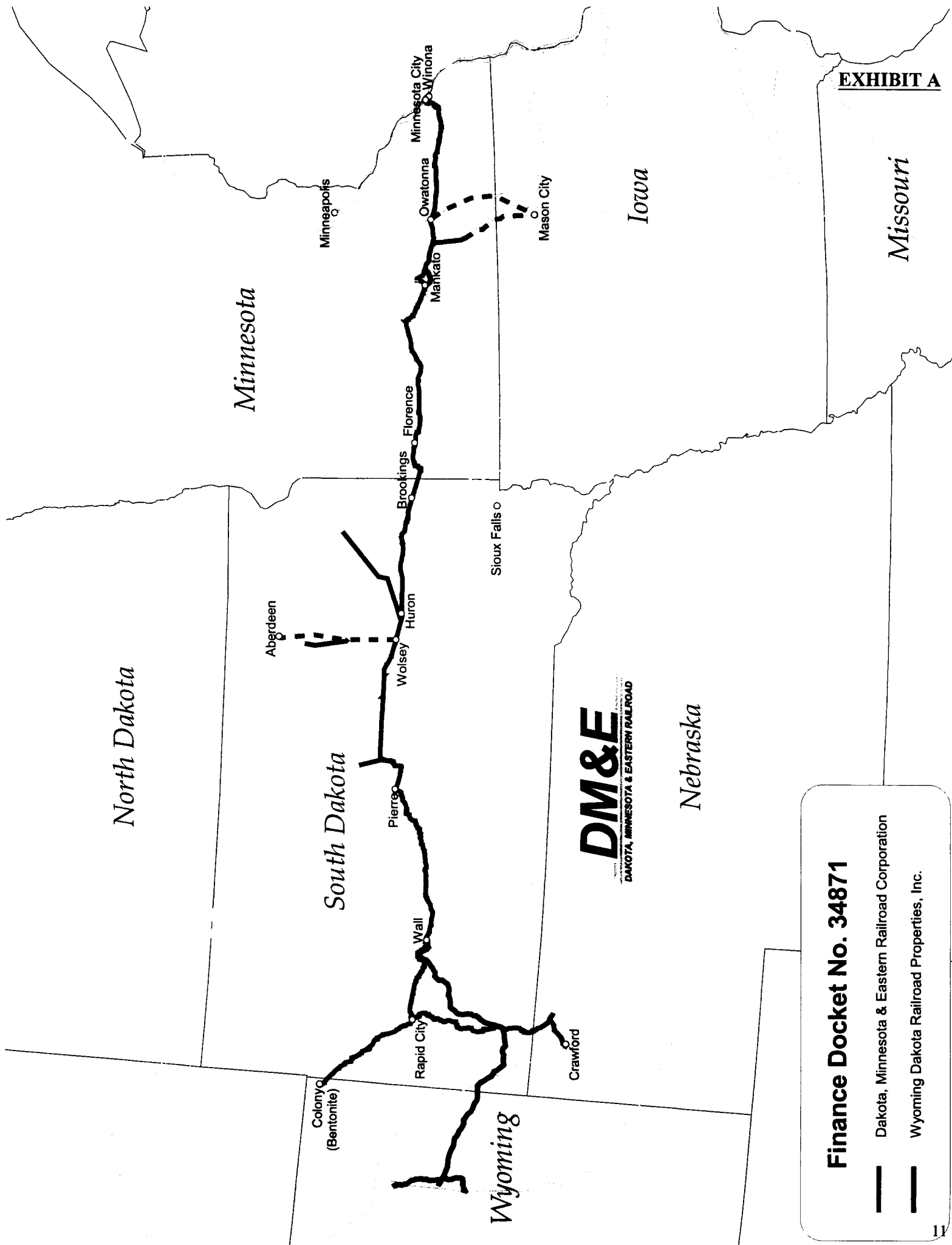
Respectfully submitted,

By: 

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR WYOMING DAKOTA
RAILROAD PROPERTIES, INC.**

Dated: May 26, 2006



Finance Docket No. 34871

- Dakota, Minnesota & Eastern Railroad Corporation
- Wyoming Dakota Railroad Properties, Inc.

CERTIFICATE OF COMPLIANCE
PURSUANT TO 49 C.F.R. § 1150.35(d)

I hereby certify that on May 11, 2006, a copy of the attached **Notice of Intent of Wyoming Dakota Railroad Properties, Inc. to File Verified Notice of Exemption Pursuant to 49 C.F.R. § 1150.35** was served by first class mail, postage prepaid, upon each of the governmental parties identified in 49 C.F.R. § 1150.35(c)(1)-(2).

A handwritten signature in black ink, appearing to read 'T. Litwiler', is written over a horizontal line.

Thomas J. Litwiler

Dated: May 26, 2006

COPY

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2875

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THOMAS J. LITWILER
(312) 252-1508
tlitwiler@fletcher-sippel.com

May 11, 2006

VIA FEDERAL EXPRESS

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



Re: **Finance Docket No. 34871**
Wyoming Dakota Railroad Properties, Inc.-- Acquisition and
Operation Exemption -- Dakota, Minnesota & Eastern Railroad Corp.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Notice of Intent of Wyoming Dakota Railroad Properties, Inc. to File Verified Notice of Exemption Pursuant to 49 C.F.R. § 1150.35(d)**, dated May 11, 2006.

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

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Wyoming Dakota
Railroad Properties, Inc.

TJL:tl

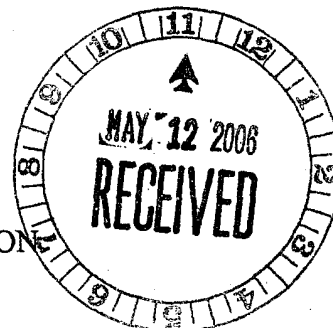
Enclosures

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34871

WYOMING DAKOTA RAILROAD PROPERTIES, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION



**NOTICE OF INTENT OF
WYOMING DAKOTA RAILROAD PROPERTIES, INC.
TO FILE VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.35(d)**

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
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**ATTORNEYS FOR WYOMING DAKOTA
RAILROAD PROPERTIES, INC.**

Dated: May 11, 2006

COPY

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34871

WYOMING DAKOTA RAILROAD PROPERTIES, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

**NOTICE OF INTENT OF
WYOMING DAKOTA RAILROAD PROPERTIES, INC.
TO FILE VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.35(d)**

Wyoming Dakota Railroad Properties, Inc. ("WDRPI"), a non-carrier, hereby files this Notice of Intent pursuant to 49 C.F.R. § 1150.35(a) and states that, on or after May 26, 2006, it intends to file a verified notice of exemption pursuant to 49 C.F.R. § 1150.31, et seq. to acquire the authority issued by the Surface Transportation Board under 49 U.S.C. § 10901 to Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") to construct and operate approximately 280 miles of rail line between Wall, South Dakota and the Powder River Basin region of northeastern Wyoming and in Minnesota (the "PRB Line"). WDRPI is an indirect, wholly-owned subsidiary of DM&E. The substitution of WDRPI for DM&E in the PRB Line construction project will facilitate financing for the project, but will not change the nature, effect or implementation of the project as previously considered and approved by the Board. WDRPI will comply with all environmental conditions and other legal requirements relating to the construction in the same manner as DM&E would have.

The projected annual revenues of WDRPI, once WDRPI acquires and exercises the construction and operation authority for the PRB Line, will be within the range for Class II rail carriers.

COPY

In accordance with the requirements of 49 C.F.R. §§ 1150.33 and 1150.35,

WDRPI submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the non-carrier applicant herein is as follows:

Wyoming Dakota Railroad Properties, Inc.
140 North Phillips Avenue
Sioux Falls, South Dakota 57104

Applicant's Representative: 49 C.F.R. § 1150.33(b)

WDRPI's representative to whom correspondence regarding this transaction should be addressed is as follows:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

WDRPI and DM&E expect shortly to execute an agreement providing for the transfer from DM&E to WDRPI of DM&E's STB authority to construct and operate the PRB Line and other rights and interests of DM&E with respect to the PRB Line.

Operation of the Property: 49 C.F.R. § 1150.33(d)

Once constructed, the PRB Line will be operated by WDRPI or another rail carrier in the DM&E corporate family. In the latter circumstance, the operator will seek separate and appropriate STB authority prior to the commencement of rail service.

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

WDRPI is a new, non-carrier subsidiary of Cedar American Rail Holdings, Inc. ("CARH"). CARH is, in turn, a wholly-owned subsidiary of DM&E, and functions as a holding company for DM&E and Iowa, Chicago & Eastern Railroad Corporation ("IC&E"), another wholly-owned CARH subsidiary. DM&E is a Class II common carrier by rail which operates approximately 1100 miles of trackage in the states of Minnesota, South Dakota, Wyoming, Nebraska and Iowa. IC&E is a Class II common carrier by rail which operates approximately 1400 miles of trackage in the states of Iowa, Illinois, Kansas, Missouri, Minnesota and Wisconsin.

The Board has recently given final approval under 49 U.S.C. § 10901 for a proposal by DM&E to extend its rail line further westward into the Powder River Basin coal fields of northeastern Wyoming. Dakota, MN & Eastern R. -- Construction -- Powder River Basin, 3 S.T.B. 847 (1998) ("PRB I"), 6 S.T.B. 8 (2002) ("PRB II"); Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin, Finance Docket No. 33407 (STB served February 15, 2006) ("PRB III"). Specifically, the STB authorized DM&E to construct a new rail line from a connection with DM&E's existing rail line at Wall, South Dakota to eleven mine locations in the Powder River Basin region of northeastern Wyoming,¹ a distance of approximately 262 miles in Custer, Fall River, Jackson and Pennington Counties, South Dakota and Campbell, Converse, Niobrara and Weston Counties, Wyoming. DM&E was directed to use the so-called "Alternate C" routing for the PRB Line, incorporating route variations known as the Phiney Flat Alternative, WG Divide Alternative, Black Thunder North Mine Alternative and North Antelope East Mine Loop. PRB II, 6 S.T.B. at 47. DM&E also was

¹ The eleven mines were Caballo, Belle Ayr, Caballo Rojo, Cordero, Coal Creek, Jacobs Ranch, Black Thunder, North Rochelle, North Antelope, Rochelle and Antelope. See PRB I, 3 S.T.B. at 849, n.2.

COPY

authorized to construct an approximately 13-mile connector line south of Mankato, Minnesota, utilizing so-called "Alternative M-2," and a short connection at Owatonna, Minnesota, utilizing so-called "Alternative O-4." PRB II, 6 S.T.B. at 47.

WDRPI has been formed as a new entity within the DM&E corporate family to undertake actual construction and operation of the PRB Line. Pursuant to STB exemption in this docket and an agreement between the parties, WDRPI will acquire DM&E's construction and operation authority under 49 U.S.C. § 10901 for the PRB Line, subject to all environmental, routing and other conditions. Utilizing a separate company to build and operate the new line will enhance financing options and flexibility for the project. For example, financing the new line separately may be attractive for investors with interest in a new line dedicated to coal rather than a general freight railroad. Using a separate company to construct and operate the PRB Line also creates options to reduce dilution to existing DM&E common shareholders and to limit the amount of risk associated with the new construction that is borne by the existing railroad. Prior line construction projects in the PRB have used a similar form, for much the same reason. See Chicago & N.W. Transp. Co. -- Construction, 363 I.C.C. 905, 931-934 (1981) (construction of rail lines in connection with Powder River Basin project of Chicago & North Western Transportation ("CNW") undertaken by new CNW subsidiary Western Railroad Properties Inc. ("WRPI"), allowing limited investment in WRPI by another rail carrier).

The intra-corporate substitution of WDRPI for DM&E as the entity that will construct and operate the new PRB Line will not change any of the transportation, traffic, operational or environmental factors considered and addressed by the Board in PRB I, PRB II and PRB III. WDRPI will construct and operate the line in the same manner as DM&E would have, and will comply fully with all environmental conditions and mitigation measures imposed

COPY

by the Board in Finance Docket No. 33407. WDRPI will not be involved in the rehabilitation of DM&E's existing east-west main line between Wall, South Dakota and Winona, Minnesota.

In a prior case involving nearly identical circumstances, the Board found that the transfer of construction and operation authority for a new line to a non-carrier corporate affiliate is a transaction within the Board's jurisdiction under 49 U.S.C. § 10901 and the proper subject of a notice of exemption under 49 C.F.R. § 1150.31, et seq. See Tongue River Railroad Company, Inc. -- Acquisition and Operation Exemption -- Tongue River Railroad Company, Finance Docket No. 33644 (STB served November 13, 1998)

Because CARH already directly controls IC&E, it will require Board approval to continue in control of WDRPI once WDRPI exercises the construction and operation authority obtained herein and becomes a rail carrier. Similar approval is required for DM&E, which is itself a rail carrier and also indirectly controls IC&E. Concurrently with the notice of exemption to be filed by WDRPI in this docket, DM&E and CARH expect jointly to file a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(3) in Finance Docket No. 34872, Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc. -- Intra-Corporate Family Transaction Exemption -- Wyoming Dakota Railroad Properties, Inc. for that intra-corporate family control transaction.

The name and address of the railroad transferring the authority to construct and operate the PRB Line to WDRPI is as follows:

Dakota, Minnesota & Eastern Railroad Corporation
140 North Phillips Avenue
Sioux Falls, South Dakota 57104

WDRPI intends to commence construction activities on the PRB Line as soon as financing arrangements for the project are completed. It is currently anticipated that operations

COPY

on the PRB Line will begin during 2009. In no event would WDRPI undertake such construction or operation prior to June 16, 2006, the effective date of the notice of exemption to be filed in this docket.

Map: 49 C.F.R. § 1150.33(f)

A map indicating the area to be served by the PRB Line, including origins, termini, stations, cities and states, is attached as Exhibit A to this Notice.

Certification of Class III Status: 49 C.F.R. § 1150.33(g)

Not applicable.

General Statement - Service Intentions: 49 C.F.R. § 1150.35(b)(1)

The proposed transaction will have no service impacts because the PRB Line has not yet been constructed and no operations are currently conducted. WDRPI intends to operate the PRB Line and serve shippers in the same manner that DM&E would have if DM&E were to construct and operate the line. WDRPI and DM&E expect to exchange trains and change crews at the Middle West Staging and Marshaling Yard at Wall, South Dakota, a proposed facility already presented to and approved by the Board in Finance Docket No. 33407. The Mankato connector line and (if constructed) the Owatonna connection would likely be operated by DM&E pursuant to a separate lease or trackage rights arrangement with WDRPI.

General Statement - Labor Impacts: 49 C.F.R. § 1150.35(b)(2)

The transaction will have no labor impacts because the PRB Line has not been constructed and there are no employees on the line. Given that there are no "affected line(s)", no "employees on the affected line(s)" and no "workplace of the employees on the affected line(s)" involved in the proposed transaction, the provisions of 49 C.F.R. §§ 1150.32(e) and

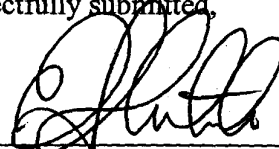
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1150.35(c)(3) are inapplicable here. WDRPI expects to hire the same number and type of employees on the PRB Line as DM&E would have.

Service Requirements: 49 C.F.R. § 1150.35(c)

Attached as Exhibit B is a certificate of service confirming that this Notice of Intent has been served on each of the governmental parties identified in 49 C.F.R. § 1150.35(c)(1) and (2). Because there are no employees or shippers on the PRB Line, which has yet to be constructed, the notice provisions of 49 C.F.R. § 1150.35(c)(3) and (4) are not applicable.

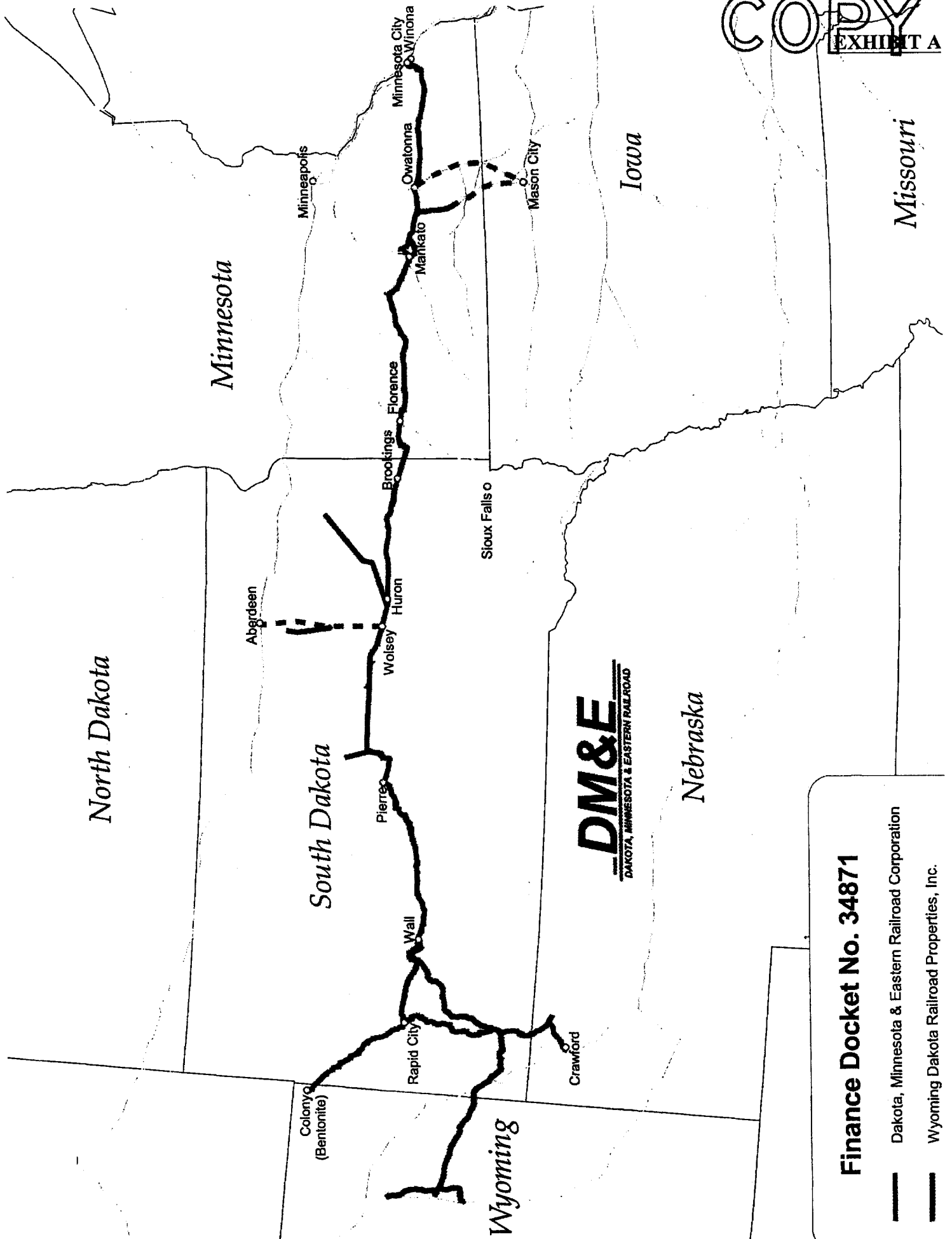
Respectfully submitted,

By: 

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR WYOMING DAKOTA
RAILROAD PROPERTIES, INC.**

Dated: May 11, 2006



Finance Docket No. 34871

- Dakota, Minnesota & Eastern Railroad Corporation
- Wyoming Dakota Railroad Properties, Inc.

**CERTIFICATE OF SERVICE
PURSUANT TO 49 C.F.R. § 1150.35(c)**

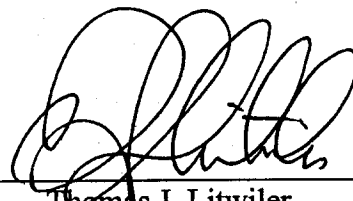
In accordance with the requirements of 49 C.F.R. § 1150.35(c), I hereby certify that on this 11th day of May, 2006, a copy of the foregoing **Notice of Intent of Wyoming Dakota Railroad Properties, Inc. to File Verified Notice of Exemption Pursuant to 49 C.F.R. § 1150.35(d)** was served by first class mail, postage prepaid, upon the Governors and Departments of Transportation for each state in which the subject rail line is to be located, as follows:

Hon. M. Michael Rounds
Governor
State of South Dakota
500 East Capitol Avenue
Pierre, SD 57501

Hon. Dave Freudenthal
Governor
State of Wyoming
200 West 24th Street
Cheyenne, WY 82002-0010

Ms. Judith M. Payne
Secretary
South Dakota Department of Transportation
700 East Broadway Avenue
Pierre, SD 57501

Mr. John Cox
Director
Wyoming Department of Transportation
5300 Bishop Boulevard
Cheyenne, WY 82009-3340



Thomas J. Litwiler

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34871

WYOMING DAKOTA RAILROAD PROPERTIES, INC.
-- ACQUISITION AND OPERATION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

Wyoming Dakota Railroad Properties, Inc. ("WDRPI"), a non-carrier, has filed a Notice of Exemption under 49 C.F.R. § 1150.31 et seq. to acquire from Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") the authority granted to DM&E by the Surface Transportation Board pursuant to 49 U.S.C. § 10901 to construct and operate a rail line in Custer, Fall River, Jackson and Pennington Counties, South Dakota and Campbell, Converse, Niobrara and Weston Counties, Wyoming extending from Wall, South Dakota to eleven mine facilities in the Powder River Basin area of northeastern Wyoming and related rail lines at Mankato and Owatonna, Minnesota, a total distance of approximately 280 miles. The authority to be transferred was granted in Dakota, MN & Eastern R. -- Construction -- Powder River Basin, 3 S.T.B. 847 (1998), 6 S.T.B. 8 (2002) and Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin, Finance Docket No. 33407 (STB served February 15, 2006).

The Notice of Exemption is related to Finance Docket No. 34872, Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc. -- Intra-Corporate Family Transaction Exemption -- Wyoming Dakota Railroad Properties, Inc., in which DM&E and Cedar American Rail Holdings, Inc. have concurrently filed a notice of exemption

pursuant to 49 C.F.R. § 1180.2(d)(3) for their intra-corporate family continuance in control of WDRPI once WDRPI becomes a rail carrier.

WDRPI expects to commence construction of the subject rail line upon finalization of financing arrangements, and to commence operations on the line during 2009. WDRPI will not undertake construction or operation prior to June 20, 2006.

Comments must be filed with the Board and served on:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, IL 60606-2832
(312) 252-1500

This Notice is filed under 49 C.F.R. §§ 1150.31 and 1150.35. 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.

Dated: June __, 2006

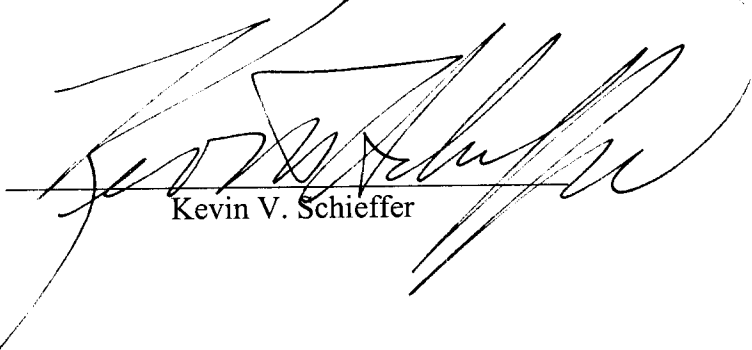
By the Board

Vernon A. Williams
Secretary

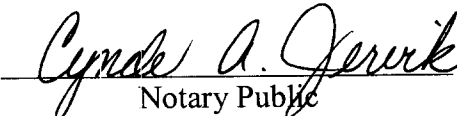
VERIFICATION

State of South Dakota)
)
County of Minnehaha) SS:

Kevin V. Schieffer, being duly sworn, deposes and says that he is President of Wyoming Dakota Railroad Properties, Inc., that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.

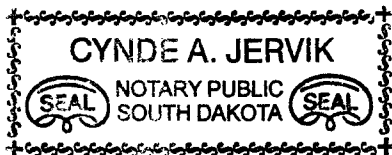

Kevin V. Schieffer

SUBSCRIBED AND SWORN TO
before me this 23 day
of May, 2006.


Notary Public

My Commission expires:

CYNDE JERVIK
My Commission Expires
June 15, 2006



FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2875

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

THOMAS J. LITWILER
(312) 252-1508
tlitwiler@fletcher-sippel.com

May 26, 2006

VIA FEDERAL EXPRESS

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

ENTERED
Office of Proceedings
MAY 31 2006
Part of
Public Record



Re: **Finance Docket No. 34871**
Wyoming Dakota Railroad Properties, Inc. -- Acquisition and
Operation Exemption -- Dakota, Minnesota & Eastern Railroad Corp.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Wyoming Dakota Railroad Properties, Inc. Pursuant to 49 C.F.R. § 1150.35(d)**, dated May 26, 2006. A check in the amount of \$1,500.00, representing the appropriate fee for this filing, and a 3.5-inch computer diskette containing the text of the *Federal Register* caption summary in MS Word 2000 format are attached.

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

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Wyoming Dakota
Railroad Properties, Inc.

FILED
MAY 30 2006
SURFACE
TRANSPORTATION BOARD

FILED
MAY 30 2006
SURFACE
TRANSPORTATION BOARD

TJL:tl

Enclosures