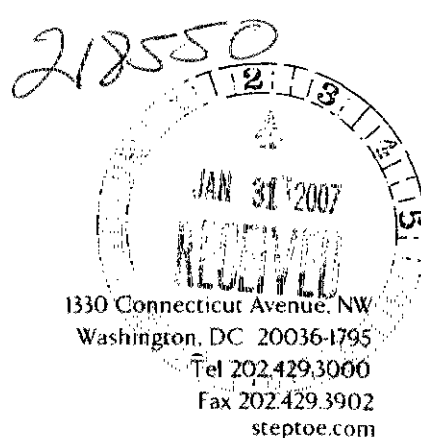


STEPTOE & JOHNSON ^{LLP}
ATTORNEYS AT LAW

David H. Coburn
202.429.8063
dcoburn@steptoe.com



January 31, 2007

FILED

JAN 31 2007

**SURFACE
TRANSPORTATION BOARD**

Via HAND DELIVERY

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

**RE: Finance Docket No. 34991, Koch Industries Inc. – Continuance of
Control Exemption – Moscow Camden and San Augustine
Railroad LLC**

Dear Secretary Williams:

Enclosed for filing in the above-captioned docket are the original plus ten copies of a Notice of Exemption. We have enclosed a check for the filing fee in the amount of \$1,100. An additional 20 copies of the relevant maps are being attached, as per 49 C.F.R. § 1180.6(a)(6).

I would appreciate it if you would date-stamp the additional copy of the filing provided and return it to the messenger for our files. I appreciate your attention to this matter.

FEE RECEIVED

JAN 31 2007

**SURFACE
TRANSPORTATION BOARD**

Sincerely,

David H. Coburn
Attorney for Koch Industries, Inc.

ENTERED
Office of Proceedings

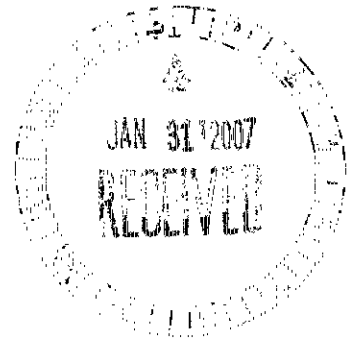
JAN 31 2007

Part of
Public Record

Encls.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34991



**KOCH INDUSTRIES, INC. --
CONTINUANCE IN CONTROL EXEMPTION -- MOSCOW CAMDEN AND SAN
AUGUSTINE RAILROAD LLC**

VERIFIED NOTICE OF EXEMPTION

FILED

JAN 31 2007

**SURFACE
TRANSPORTATION BOARD**

FEE RECEIVED

JAN 31 2007

**SURFACE
TRANSPORTATION BOARD**

David H. Coburn
Scott M. Mirelson
STEPTOE & JOHNSON LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
202-429-8063

Attorney for Koch Industries, Inc.

Dated: January 31, 2007

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34991

**KOCH INDUSTRIES, INC. --
CONTINUANCE IN CONTROL EXEMPTION – MOSCOW CAMDEN AND SAN
AUGUSTINE RAILROAD LLC**

VERIFIED NOTICE OF EXEMPTION

Pursuant to the regulations of this Board at 49 C.F.R. § 1180.2(d)(2), non-carrier Koch Industries, Inc., a Kansas corporation (“Koch Industries” or “Applicant”), files this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. §§ 11323, *et seq.* with respect to its indirect acquisition of control of the Moscow Camden and San Augustine Railroad LLC (“MCSA”).

MCSA is concurrently filing for an exemption from 49 U.S.C. § 10901 for the acquisition and operation of the assets of the Moscow, Camden & San Augustine Railroad, a Class III railroad located in Texas. *See* Finance Docket No. 34990, *Moscow Camden and San Augustine Railroad LLC -- Acquisition and Operation Exemption – Assets of Moscow, Camden & San Augustine Railroad*. Upon the effectiveness of the exemption in Finance Docket No. 34990, MCSA would become an indirect wholly owned rail carrier subsidiary of Koch Industries.

Applicant hereby submits the following information in support of this Notice, as required by the Board’s regulations at 49 C.F.R. §§ 1180.4(g) and 1180.6(a):

(1) Summary of Proposed Transaction/Name and Contact Information of

Applicants (49 C.F.R. 1180.6(a)(1)(i)) – Pursuant to an Agreement dated December 21, 2006 between International Paper Company (“International Paper”), Georgia-Pacific Corporation (now Georgia-Pacific LLC), Georgia-Pacific Wood Products South LLC (“Georgia-Pacific South”), and Georgia-Pacific Holdings LLC (“G-P Holdings LLC”), Georgia-Pacific South agreed to purchase International Paper’s integrated plywood plant and lumber mill complex at Camden, Texas, including all of the assets of the Moscow, Camden & San Augustine Railroad, a 6.9 mile long short line connecting the current International Paper complex at Camden, Texas with a Union Pacific line at Moscow, Texas. Prior to the closing of the transaction, Georgia-Pacific South will assign its right to acquire the assets of the Moscow, Camden & San Augustine Railroad line to MCSA, which is expected to be formed as a Delaware limited liability company and to acquire and operate those assets.

MCSA, which will be a Class III railroad, will be wholly owned by Georgia-Pacific South. Georgia-Pacific South is an indirect wholly-owned subsidiary of G-P Holdings LLC. Through various intermediaries, G-P Holdings LLC is an indirect wholly owned subsidiary of Koch Industries.

Koch Industries currently controls, pursuant to an STB exemption, three other Class III railroads. These are as follows:

Gloster Southern Railroad Company LLC (“GSR”). GSR is a Delaware limited liability company that operates an approximately 35 mile rail line between Gloster, Mississippi and Slaughter, Louisiana, where it connects with the Canadian National Railway. GSR’s direct parent is Georgia-Pacific Wood Products LLC, which is an indirect, wholly owned subsidiary of Georgia-Pacific LLC.

Blue Rapids Railway Company LLC ("BRR"). BRR is a Delaware limited liability company that operates an approximately 10 mile rail line between Marysville, Kansas and Bestwall, Kansas, connecting at the Marysville end to the Union Pacific Railroad. BRR's direct parent is Georgia-Pacific Gypsum LLC, which is an indirect, wholly owned subsidiary of Georgia-Pacific LLC.

Old Augusta Railroad, LLC ("OAR"). OAR operates an approximately 2.5 mile shortline between the Leaf River Pulp Mill in New Augusta, Mississippi and an interchange with the Canadian National Railway in that state. OAR's direct parent is GP Cellulose, LLC, which is an affiliate of Georgia-Pacific LLC.¹

Koch Industries' control over these railroads was exempted from the Board's regulatory approval requirements in *Koch Forest Products, Inc. and Koch Industries, Inc.-Acquisition of Control Exemption-Gloster Southern R.R. Co. and Blue Rapids Ry. Co.*, STB Finance Docket No. 34784 (served Dec. 28, 2005) and in *Old Augusta Railroad, LLC -- Acquisition and Operation Exemption -- Assets of Old Augusta Railroad Company*, STB Finance Docket No. 34993 (served April 21, 2004).

GSR, BRR and OAR are the only railroads owned by Koch Industries or any of its subsidiaries. None of these railroads connects with the other and none will connect with the MCSA. Further, the acquisition of the assets of the Moscow, Camden & San Augustine Railroad is not part of a series of anticipated transactions designed to connect any of these railroads with one another or any other railroad. No Class I railroad is involved in this asset acquisition.

¹ Due to an internal corporate reorganization, the entities reported here as being the direct parents of each of these railroads are not the same as those reported in prior filings with the STB. Further, as noted, Georgia-Pacific Corporation is now Georgia-Pacific LLC, a Delaware limited liability company. Further, GSR and BRR have been reorganized as LLCs.

Applicant's address is as follows:

Koch Industries, Inc.
4111 East 37th St. North
Wichita, Kansas 67201

Applicant's Representative:

David H. Coburn
STEPTOE & JOHNSON LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-8063

(2) Proposed Consummation Date (49 C.F.R. 1180.6(a)(1)(ii)) -- The asset acquisition is expected to be consummated after this exemption becomes effective, and no earlier than March 2, 2007.

(3) Purpose of the Transaction (49 C.F.R. 1180.6(a)(1)(iii)) -- Koch Industries' planned indirect acquisition of International Paper's Camden, Texas facility is not a transportation-related transaction. The transaction is part of an agreement, valued at approximately \$237 million, in which Georgia-Pacific South, an indirect wholly owned subsidiary of Koch Industries, is purchasing 5 wood products facilities from International Paper. The transaction was based on a variety of considerations that relate to the markets in which Georgia-Pacific LLC and International Paper operate. The transaction is not designed to have either a material operational or financial impact on the operations of the Moscow, Camden & San Augustine Railroad or on any of the three other railroads controlled by Koch Industries. The transaction is also not expected to have an adverse impact on rail competition.

(4) States in which railroads are located (49 C.F.R. 1180.6(a)(5)) -- GSR operates in Mississippi and Louisiana, BRR operates in Kansas, and OAR operates in Mississippi. MCSA will be purchasing assets in Texas.

(5) **Maps (49 C.F.R. 1180.6(a)(6))** -- Exhibit 1 contains a map that shows the location of the MCSA. Maps showing the location of the OAR, BRR and GSR are also attached as part of this Exhibit.

(6) **Agreement (49 C.F.R. 1180.6(a)(7)(ii))** -- A copy of the Asset Purchase Agreement dated December 21, 2006 between International Paper Company, Georgia-Pacific Corporation (now Georgia-Pacific LLC), Georgia-Pacific Wood Products South LLC, and Georgia-Pacific Holdings LLC is being submitted under separate cover with a motion for protective order.

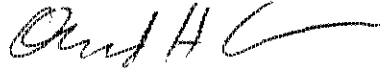
(7) **Labor Protection** -- Each of GSR, BRR and OAR is a Class III railroad. The Moscow, Camden & San Augustine Railroad is also a Class III carrier. Accordingly, labor protective conditions are not statutorily applicable. See 49 U.S.C. § 11326(c).

(8) **Environmental/Historic Impacts Information** -- By virtue of 49 C.F.R. § 1105.6(c)(2), environmental documentation normally need not be prepared for an action that will not “cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) An average of 50 rail carloads per mile per year for any part of the affected line” (49 C.F.R. § 1105.7(e)(4)), on the one hand, or that will not “result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) An increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) An average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment” (49 C.F.R. § 1105.7(e)(5)), on the other hand.

No environmental documentation need accompany this Verified Notice of Exemption because the transaction described here is not expected to result in any material changes to carrier

operations. Further, transactions involving "common control through stock ownership or similar action" are exempt from the historic report requirements of 49 C.F.R. § 1105.8(a) if the transaction "will not substantially change the level of maintenance of railroad property." See 49 C.F.R. § 1105.8(b)(3). A historic report is not required here because no such changes are anticipated with respect to the controlled railroads.

Respectfully,



David H. Coburn

Scott M. Mirelson

STEPTOE & JOHNSON LLP

1330 Connecticut Avenue, NW

Washington, DC 20036

202-429-8063

Attorneys for Koch Industries, Inc.

January 31, 2007

VERIFICATION

I, Steven J. Feilmeier, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Notice of Exemption.

Executed on January 29, 2007.

KOCH INDUSTRIES, INC.

By: Steven J. Feilmeier
Name: Steven J. Feilmeier *ALWS*
Title: Executive Vice President

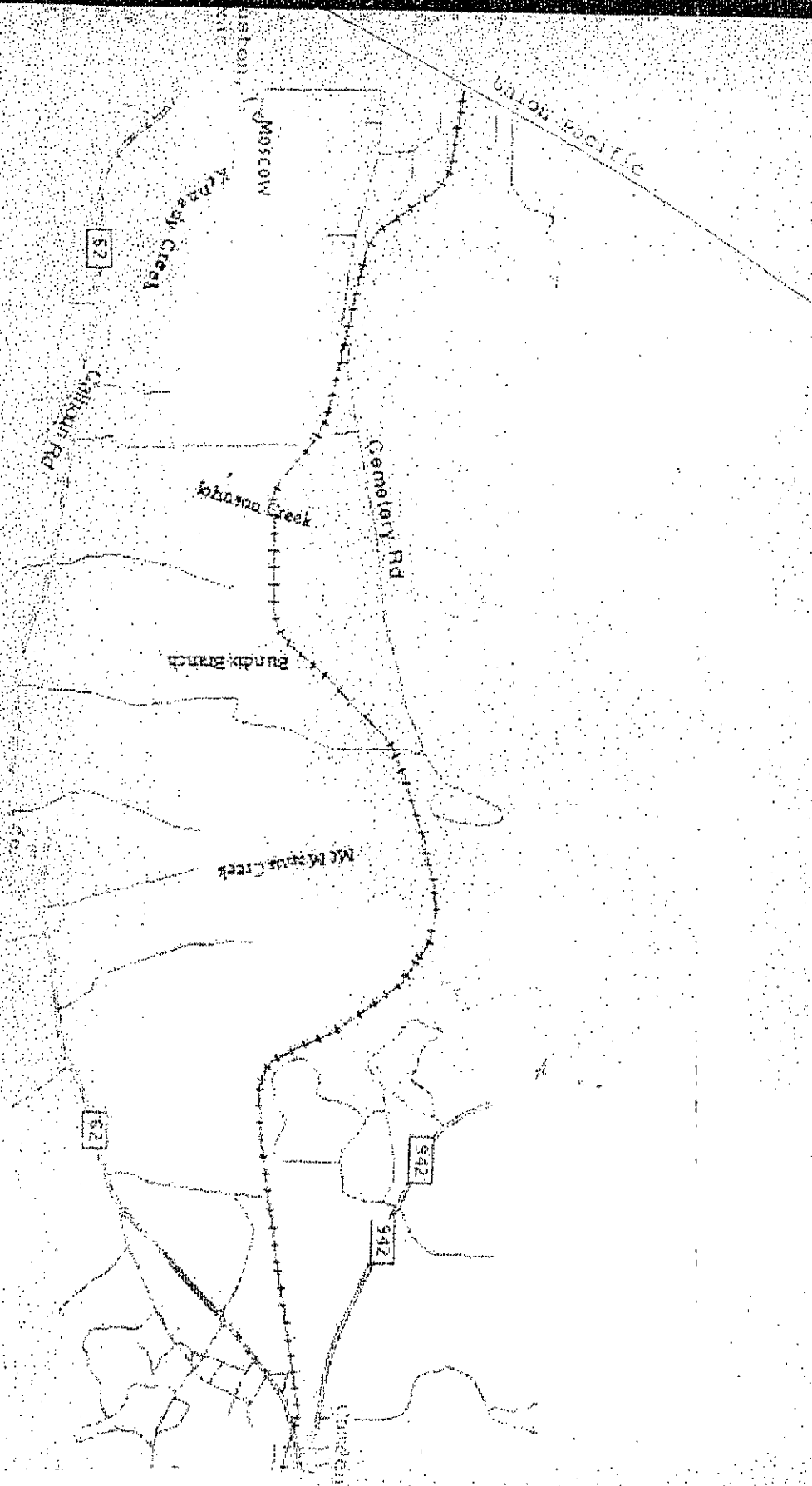
Exhibit 1

MAPS

MOSCOW, CAMDEN & SAN AUGUSTINE RAILROAD

Enklint, Texas

Exhibit 1



RAND McNALLY
HARDY RAILROAD MAP
Mississippi

Copyright by Rand McNally & Company
Made in U.S.A.

Exhibit 1

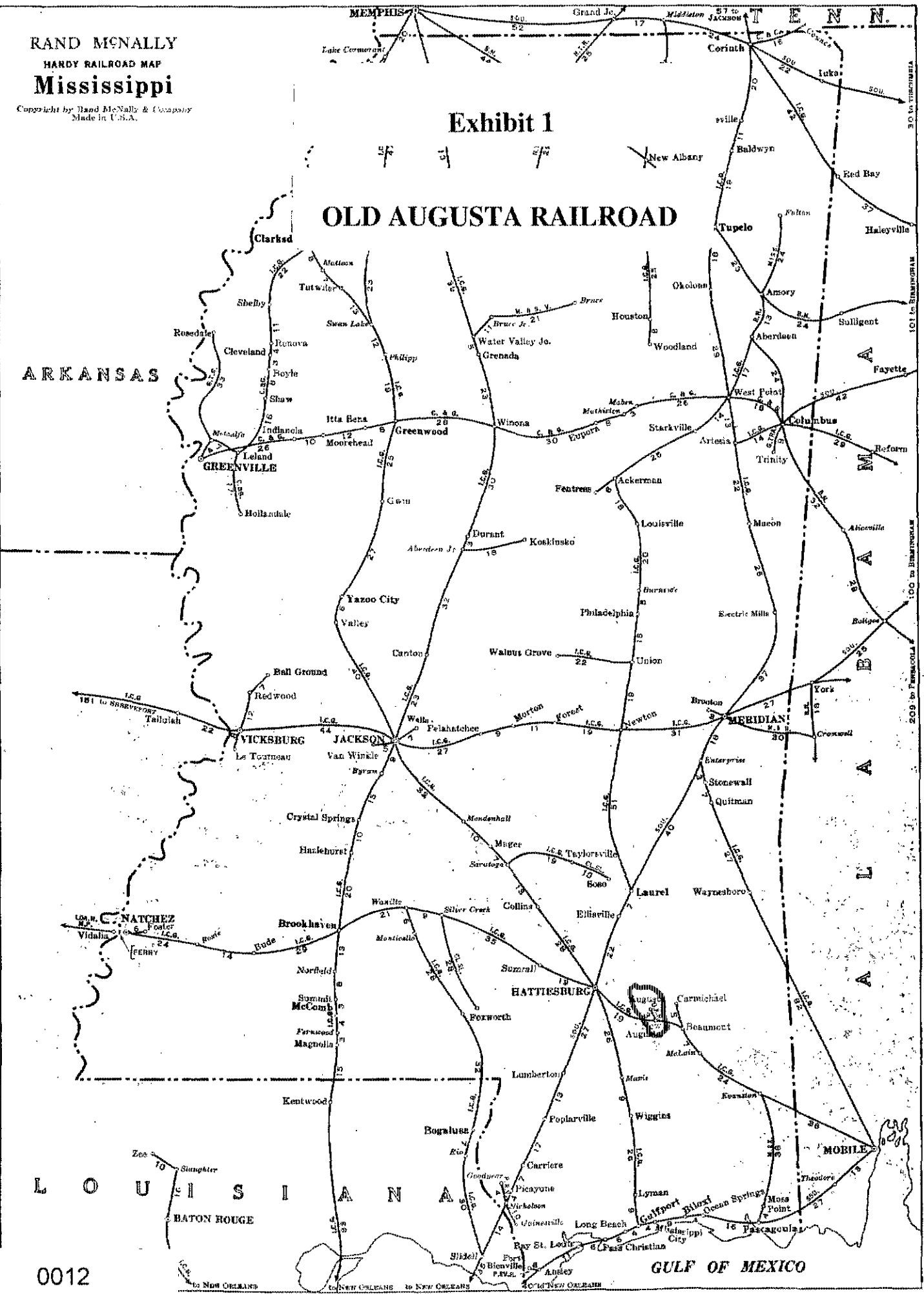
OLD AUGUSTA RAILROAD

ARKANSAS

LOUISIANA

0012

GULF OF MEXICO



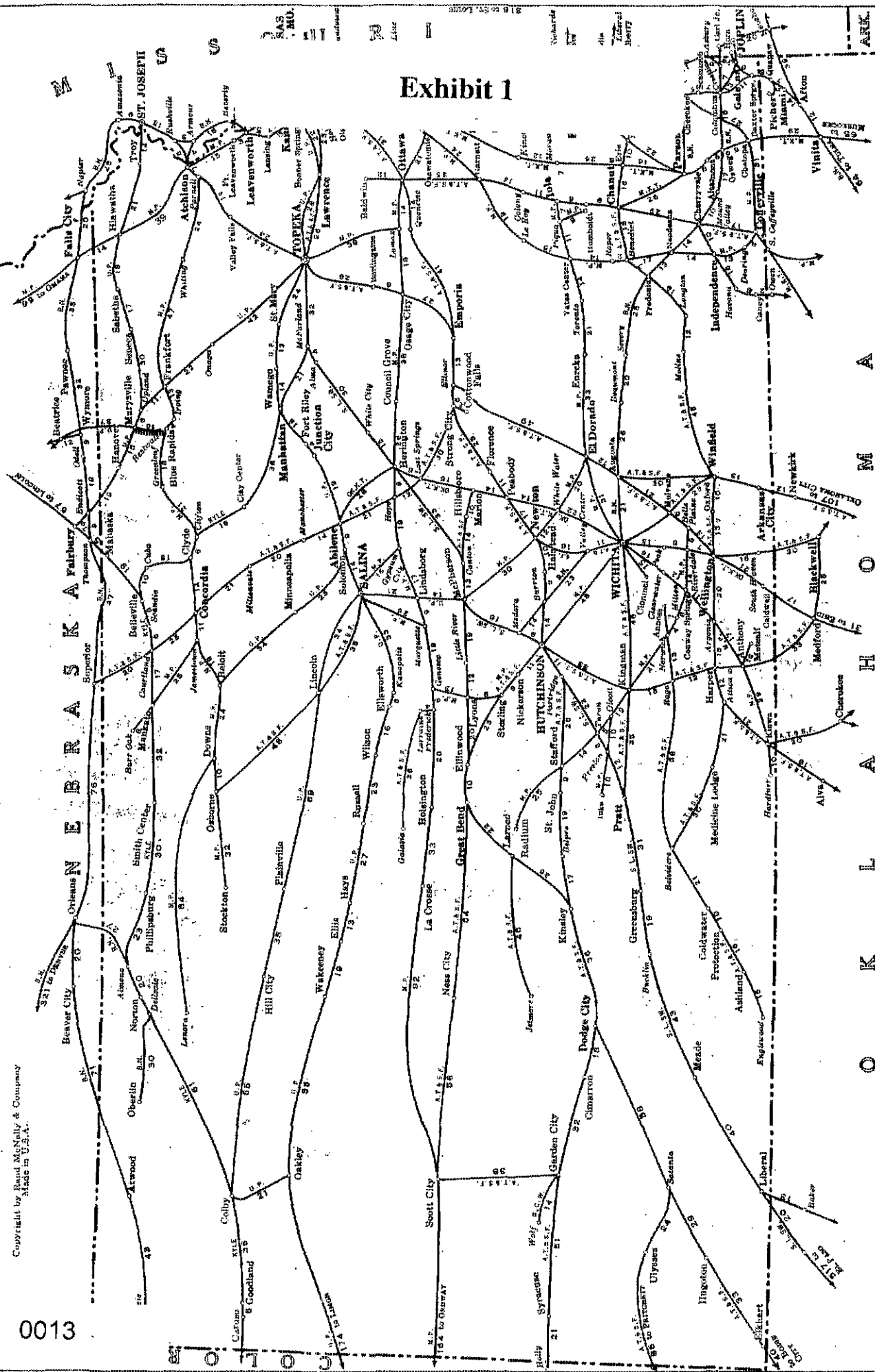
RAND McNALLY
HANDY/RAILROAD MAP
Kansas

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Made in U.S.A.

BLUE RAPIDS RAILWAY

0013

Exhibit 1



RAND McNALLY

Exhibit 1

RAND McNALLY

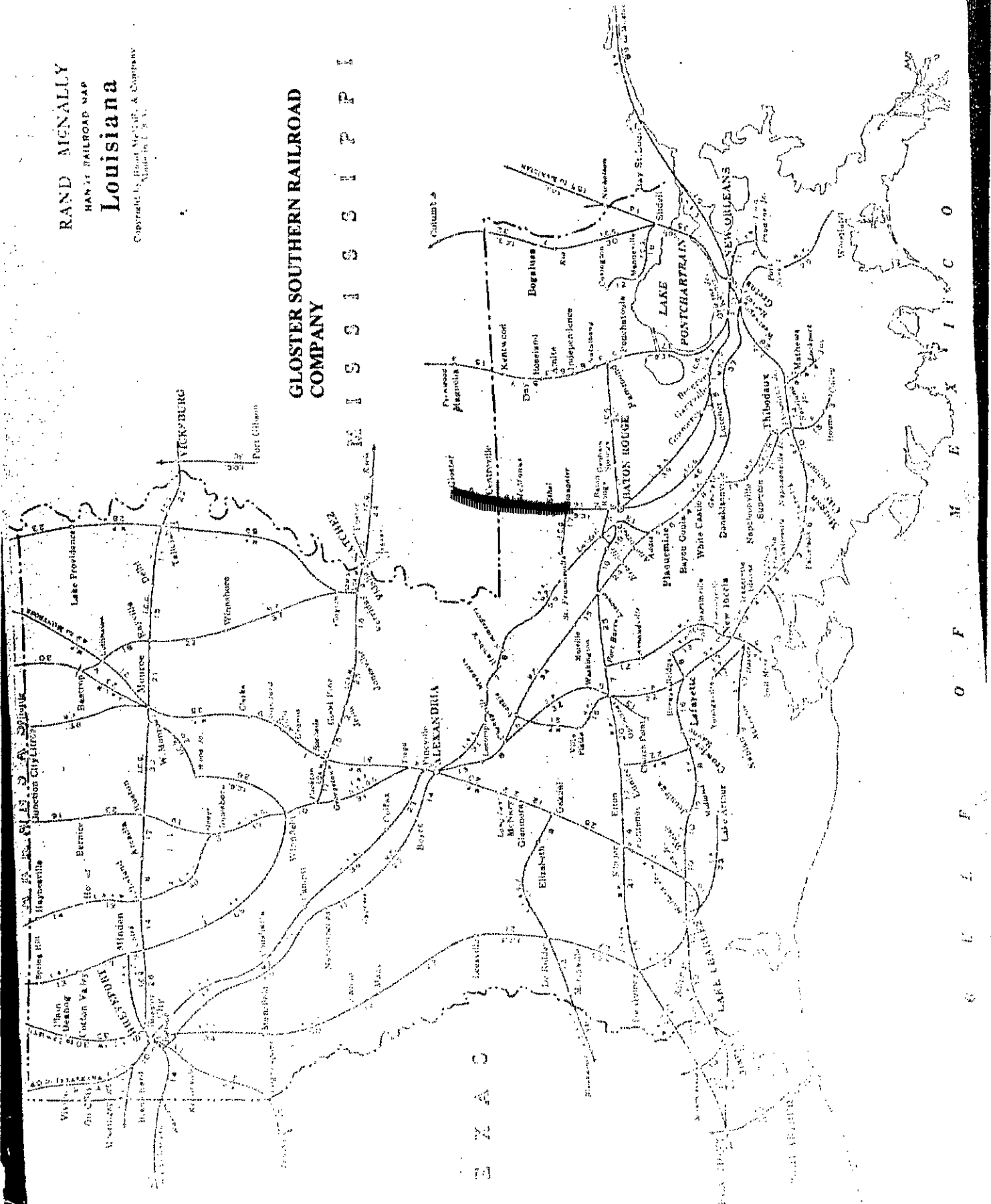
HAND-MADE RAILROAD MAP

Louisiana

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GLOSTER SOUTHERN RAILROAD
COMPANY

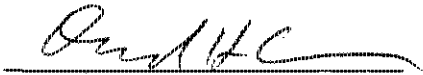
M I S S I S S I P P I



0014

CERTIFICATE OF SERVICE

I hereby certify that I have this 31st day of January, 2007 caused the foregoing Notice of Exemption to be served by first class mail, postage prepaid, on the Secretary of the U.S. Department of Transportation, the Administrator of the Federal Railroad Administration, the Attorney General of the United States, the Federal Trade Commission, the Governor of Texas, and the Texas Department of Transportation.


David H. Coburn