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October 24, 2007

220530

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-001

Re: **Finance Docket No. 35093**
Montgomery Short Line LLC ---Lease and Operation Exemption---
Union Pacific Railroad Company

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Montgomery Short Line LLC pursuant to 49 C.F.R. § 1150.31**, dated October 24, 2007. A check in the amount of \$1,600, representing the appropriate fee for this filing, and a computer diskette containing the text of the Notice and 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,



Michael J. Barron, Jr.
Attorney for Montgomery Short Line LLC

Enclosures.
cc Gary L. Johnson

FEE RECEIVED

OCT 25 2007

**SURFACE
TRANSPORTATION BOARD**

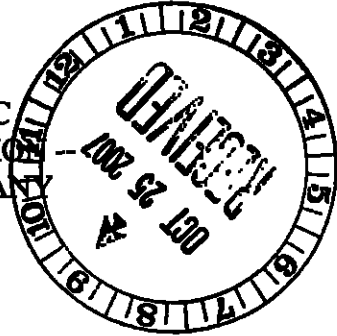
ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

220530

FINANCE DOCKET NO. 35093

MONTGOMERY SHORT LINE LLC
-- LEASE AND OPERATION EXEMPTION
UNION PACIFIC RAILROAD COMPANY



VERIFIED NOTICE OF EXEMPTION
OF
MONTGOMERY SHORT LINE LLC
PURSUANT TO 49 C.F.R. § 1150.31

ENTERED
Office of Proceedings

OCT 25 2007

Part of
Public Record

FEE RECEIVED

OCT 25 2007

SURFACE
TRANSPORTATION BOARD

FILED
OCT 25 2007
SURFACE
TRANSPORTATION BOARD

Janet H. Gilbert
Michael J. Barron, Jr.
Fletcher & Sippel
29 North Wacker Drive Suite 920
Chicago, Illinois 60606-2832
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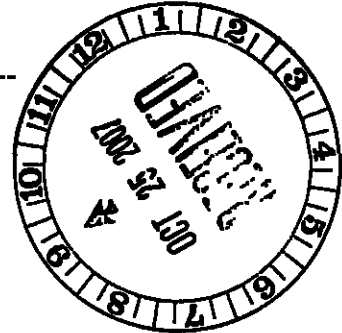
ATTORNEYS FOR
MONTGOMERY SHORT LINE LLC

Dated: October 24, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35093

MONTGOMERY SHORT LINE LLC
-- LEASE AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY



VERIFIED NOTICE OF EXEMPTION
OF
MONTGOMERY SHORT LINE LLC
PURSUANT TO 49 C.F.R. § 1150.31

Pursuant to 49 C.F.R. § 1150.31, et seq., Montgomery Short Line LLC ("MSL"), a Class III carrier, hereby files this Verified Notice of Exemption to lease from Union Pacific Railroad Company ("UP") and operate approximately 23.5 miles of track, all as shown on Exhibit A attached hereto, in Scott and Le Sueur Counties, Minnesota. Specifically, MSL will lease from UP and operate the line of railroad known as the Montgomery, Minnesota Subdivision from Milepost 38.7 near Merriam, Minnesota to Milepost 62.2 (end of track) near Montgomery, Minnesota (hereinafter "Montgomery Sub"). Based on projected revenues for MSL, it expects to remain a Class III rail carrier after consummation of the transaction proposed herein.

This Notice is related to Finance Docket No. 35092, Progressive Rail Inc.—Continuance in Control Exemption—Montgomery Short Line LLC in which Progressive Rail Inc., the owner of MSL, is concurrently filing a Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to remain in control of MSL.

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

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

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

Montgomery Short Line LLC
21778 Highview Avenue
Lakeville, Minnesota 55044

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

The MSL representative to whom correspondence regarding this transaction should be sent is as follows:

Michael J. Barron, Jr.
Fletcher & Sippel
29 North Wacker Drive Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

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

Pursuant to an agreement to be executed prior to consummation, UP will lease to MSL the Montgomery Sub so that MSL may conduct common carrier operations on the line.

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

MSL will operate the Montgomery Sub and provide all rail common carrier service on the line involved pursuant to the transaction proposed herein.

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

UP currently operates the Montgomery Sub, which primarily consists of rail freight service to customers located on it. Following execution of the lease and consummation herein, MSL will become the exclusive operator of rail freight service for the Montgomery Sub. UP and MSL will interchange traffic at Merriam, Minnesota. UP shall retain the right to operate passenger trains over the Montgomery Sub. The Montgomery Sub runs from Milepost 38.7 near

Merriam, Minnesota to Milepost 62.2 (end of track) near Montgomery, Minnesota, all depicted in Exhibit A, and consists of 23.5 route miles.

MSL intends to consummate the transaction and commence operations any time on or after November 24, 2007.

The address of UP is: Union Pacific Railroad Company, 1400 Douglas Street, STOP 1350, Omaha, Nebraska 68179-2465.

Map: 49 C.F.R. § 1150.33(f)

A map showing the Montgomery Sub is attached as Exhibit A to this notice.

Certificate of Compliance: 49 C.F.R. § 1150.33(g)

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.33(g) is attached as Exhibit B to this notice.

Advance Notice: 49 C.F.R. § 1150.32(e)

The projected annual operating revenue of MSL upon consummation of this transaction does not exceed \$5 million, and, accordingly, the advance notice requirements of 49 C.F.R. § 1150.32(e) are not applicable to this transaction. See Exhibit B hereto.

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

Under C.F.R. § 1105.6(c)(2), the proposed transaction is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed transaction also is exempt from historic preservation reporting requirements. The proposed lease is for the purpose of continued rail operations. Further, Surface Transportation Board approval is required to discontinue or

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abandon any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.34

A caption summary in appropriate form is attached as Exhibit C to this notice.

Respectfully submitted,

By: 

Janet H. Gilbert

Michael J. Barron, Jr.

Fletcher & Sippel

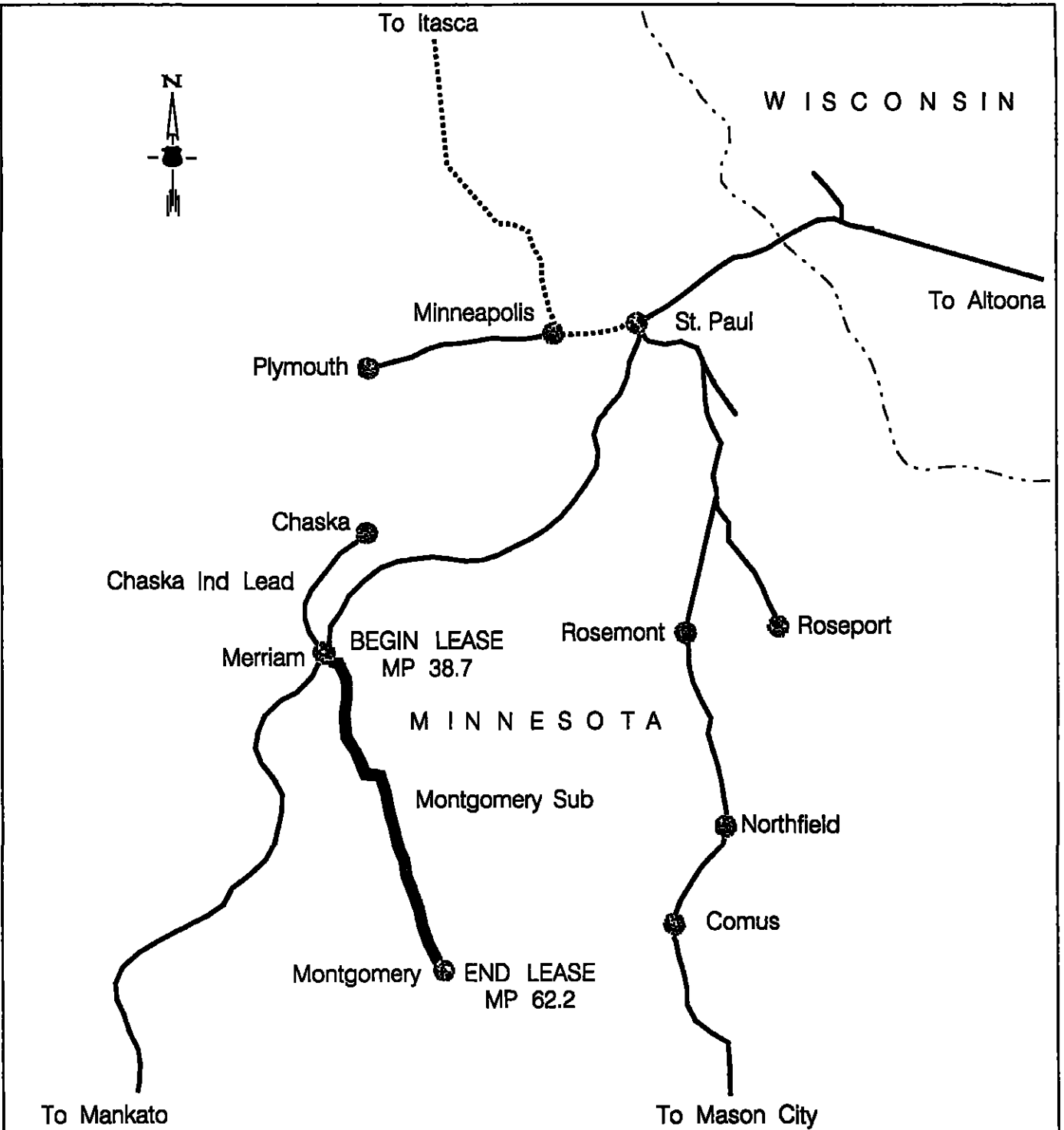
29 North Wacker Drive, Suite 920

Chicago, Illinois 60606-2832

(312) 252-1500

**ATTORNEYS FOR
MONTGOMERY SHORT LINE LLC**

Dated: October 24, 2007



L E G E N D ———— UPRR LINES TO BE LEASED ———— OTHER UPRR LINES	UNION PACIFIC RAILROAD CO. MONTGOMERY SHORT LINE LLC LEASED LINE EXHIBIT "A" APRIL 16, 2007 FILE q \Exhibit_A\progress_rail_montgomery_lease.dgn PEN TABLE DR0715 PEN
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CERTIFICATION

State of Minnesota)
)
County of Dakota) ss:

Douglas Whiteley, being duly sworn, hereby certifies that the projected annual rail revenue of MSL after the consummation of the transaction contemplated in FD 35093 will not exceed \$5,000,000 and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201(1-1).

CERTIFICATION

State of Minnesota)
)
County of Dakota)

s.

Title: *Douglas B. Whiteley*
Doug Whiteley
C.F.O.
MONTGOMERY SHORT LINE LLC

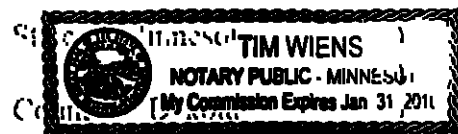
Douglas Whiteley, being duly sworn, hereby certifies that the projected annual rail

SUBSCRIBED AND SWORN TO before me this 23rd day of October, 2007, and will not result in the creation of a Class II or Class I carrier under the provisions of 40 C.F.R. § 1201(b-1).

Notary Public

CERTIFICATION

My Commission expires: _____



Mr. Doug Whiteley
Title: MONTGOMERY SHORT LINE, LLC

Douglass Wintley, being duly sworn, testifies that the proposed annual rail

SUBSCRIBED AND SWORN to before me this _____ day
of _____, 2007 at _____ will not result in the creation of a Class II or Class I carrier under the
provisions of D.C.R. § 1201(1-3)

EAH

Notary Public

CERTIFICATION

My Commission expires.

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35093

**MONTGOMERY SHORT LINE LLC
-- LEASE AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY**

Montgomery Short Line LLC, a Class III common carrier by rail, has filed a Verified Notice of Exemption to lease from Union Pacific Railroad Company and operate as a common carrier the line of railroad known as the Montgomery, Minnesota Subdivision from Milepost 38.7 near Merriam, Minnesota to Milepost 62.2 (end of track) near Montgomery, Minnesota. The total length of the rail lines involved is 23.5 route miles.

Montgomery Short Line LLC expects to consummate the transaction and begin operation on the rail line described above any time on or after November 24, 2007.

Comments must be filed with the Board and served on:

Michael J. Barron, Jr.
Fletcher & Sippel
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

This notice is related to Finance Docket No. 35092, Progressive Rail Inc.—Continuance in Control Exemption—Montgomery Short Line LLC, in which Progressive Rail Inc. is concurrently filing a Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(2) for an exemption to continue in control of Montgomery Short Line LLC once it becomes a carrier.

This Notice is filed under 49 C.F.R. § 1150.31. If this 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: _____, 2007

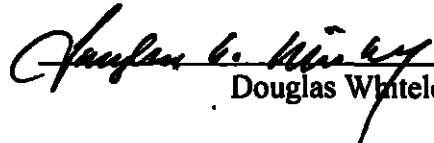
By the Board

Vernon A. Williams
Secretary

VERIFICATION

State of Minnesota)
)
County of Dakota) ss:

Douglas Whiteley, being duly sworn, deposes and says that he is
CFO of Montgomery Short Line LLC and that he has read the foregoing Notice of
Exemption and knows the facts asserted therein, and that the same are true as stated.



Douglas Whiteley

SUBSCRIBED AND SWORN TO
before me this 23rd day
of October, 2007



Notary Public

My Commission expires:

