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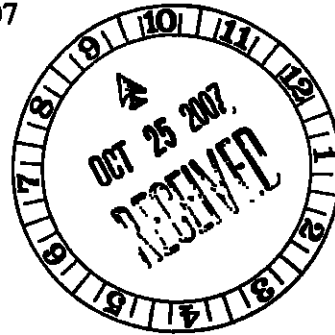
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MICHAEL J. BARRON, JR.
(312) 252-1511
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October 24, 2007

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024



Re: **Finance Docket No. 35092**
Progressive Rail Inc. – Continuance in Control Exemption –
Montgomery Short Line LLC

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Progressive Rail Inc. pursuant to 49 C.F.R. § 1180.2(d)(2)**, dated October 24, 2007. A check in the amount of \$1,200, representing the appropriate fee for this filing, is 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

ENTERED
Office of Proceedings

OCT 25 2007

Part of
Public Record

MJB: arw

Enclosures

FILED

OCT 25 2007

Respectfully submitted,

Michael J. Barron, Jr.
Attorney for Progressive Rail Inc

TEE RECEIVED

OCT 25 2007

**SURFACE
TRANSPORTATION BOARD**

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35092

PROGRESSIVE RAIL INC.
-- CONTINUANCE IN CONTROL EXEMPTION
MONTGOMERY SHORT LINE LLC



**VERIFIED NOTICE OF EXEMPTION
OF
PROGRESSIVE RAIL INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

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

**ATTORNEYS FOR
PROGRESSIVE RAIL INC.**

Dated: October 24, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35092

PROGRESSIVE RAIL INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
MONTGOMERY SHORT LINE LLC

**VERIFIED NOTICE OF EXEMPTION
OF
PROGRESSIVE RAIL INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Progressive Rail Inc. ("PRI") hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Montgomery Short Line LLC ("MSL") once MSL leases a rail line and becomes a common carrier. MSL is a non-carrier entity, wholly owned by PRI, that will shortly lease from the Union Pacific Railroad Company ("UP") a rail line extending from Merriam, Minnesota to Montgomery, Minnesota (the "Montgomery Sub"), a distance of approximately 23.5 miles. MSL is concurrently filing a notice of exemption pursuant to 49 C.F.R. § 1150.31 et seq. to lease and operate the Montgomery Sub. See Finance Docket No. 35093, Montgomery Short Line LLC -- Lease and Operation Exemption -- Union Pacific Railroad Company

The line of railroad to be leased by MSL does not connect with any PRI line or any line of railroad affiliated with PRI, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. PRI's continuance in control of MSL is accordingly exempt under 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), PRI submits the following information

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

PRI is a common carrier by rail that owns and operates lines in the states of Minnesota and Wisconsin and also owns the Central Midland Railway Company in Missouri.

MSL is a new entity also owned and controlled by PRI which will lease and operate the Montgomery Sub. PRI proposes to exercise control of MSL once MSL leases the Montgomery Sub pursuant to exemption in Finance Docket No. 35093 and becomes a rail carrier.

The full name and address of the applicant herein is:

Progressive Rail Inc.
21778 Highview Avenue
Lakeville, MN 55044

Any questions concerning this Notice should be sent to PRI's representative at the following address:

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

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

PRI intends to consummate the proposed control transaction any time on or after November 24, 2007, assuming that the exemption proposed in Finance Docket No. 35093 is also effective.

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption sought herein will allow PRI to exercise common control of MSL and, in turn, will allow MSL to proceed with lease and operation of the Montgomery Sub as contemplated in Finance Docket No. 35093.

States in Which Property of Applicant's is Located: 49 C.F.R. § 1180.6(a)(5)

PRI owns rail property interests in the States of Minnesota and Wisconsin and also owns the Central Midland Railway Company, which owns rail property interests in Missouri.

Map - Exhibit A: 49 C.F.R. § 1180.6(a)(6)

Maps of the line to be leased by MSL and the rail lines owned, operated or controlled by PRI are shown on the maps attached and incorporated herein as Exhibit A.

Agreement: 49 C.F.R. § 1180.6(a)(7)(ii)

PRI already owns and controls MSL, currently a non-carrier. No additional agreement is contemplated or necessary for PRI to continue in control of MSL once MSL leases the Montgomery Sub and becomes a carrier.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

Pursuant to 49 U.S.C. § 11326(c), no employee protective conditions may be imposed on this transaction. PRI is currently a Class III rail carrier, and MSL will be a Class III carrier upon its commencement of operations.

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2), the proposed control transaction is exempt from environmental reporting requirements. PRI's continuance in control of MSL will not result in

significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(c)(4) or (5).

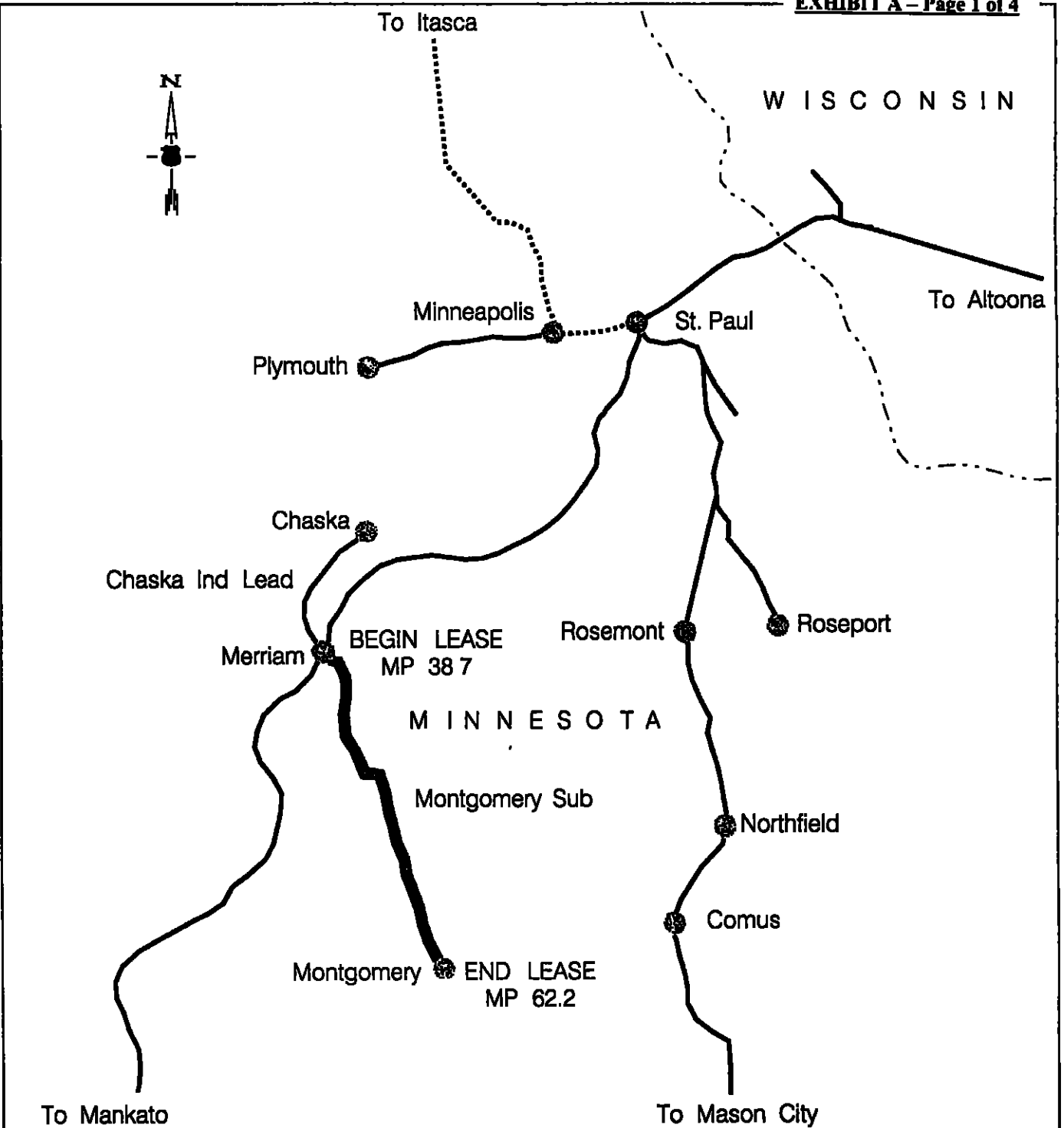
Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. This is simply a continuance in control transaction related to another transaction where the purpose is continuing rail operations. There will be no substantial change in the level of maintenance of railroad property.

Respectfully submitted,

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

**ATTORNEYS FOR
PROGRESSIVE RAIL INC.**

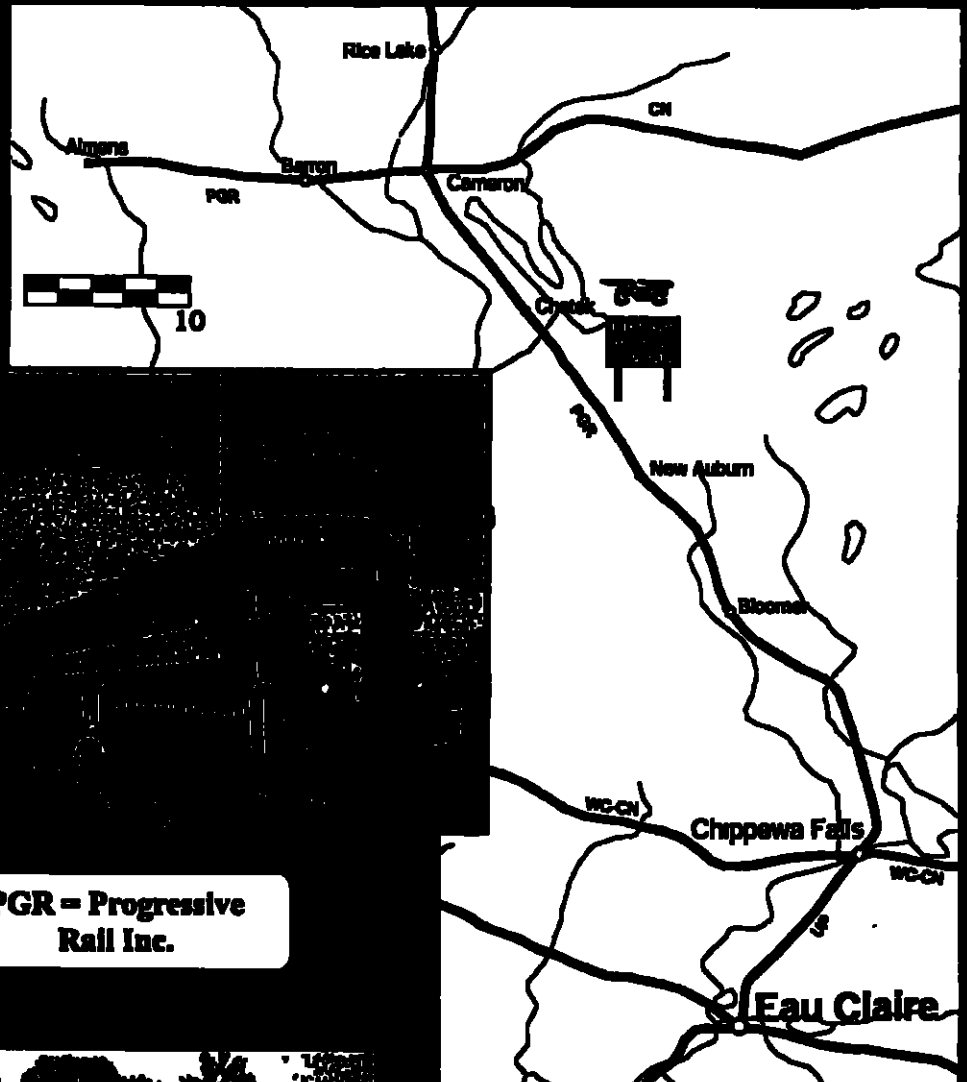
Dated: October 24, 2007



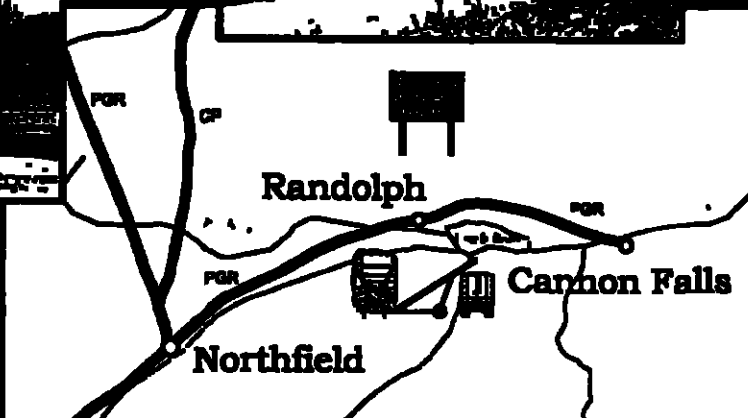
LEGEND UPRR LINES TO BE LEASED OTHER UPRR LINES	UNION PACIFIC RAILROAD CO. MONTGOMERY SHORT LINE LLC LEASED LINE APRIL 16, 2007 FILE q \Exhibit_A\progress_rail_montgomery_lease.dgn PEN TABLE DR0715 PEN
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PROGRESSIVE RAIL
CORPORATED

Wisconsin Northern Line

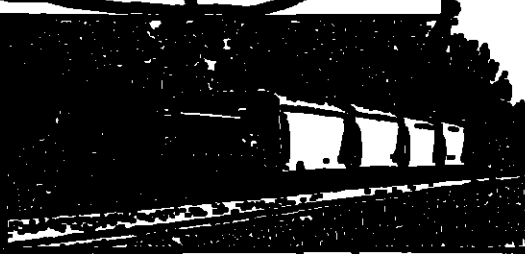


**PGR = Progressive
Rail Inc.**

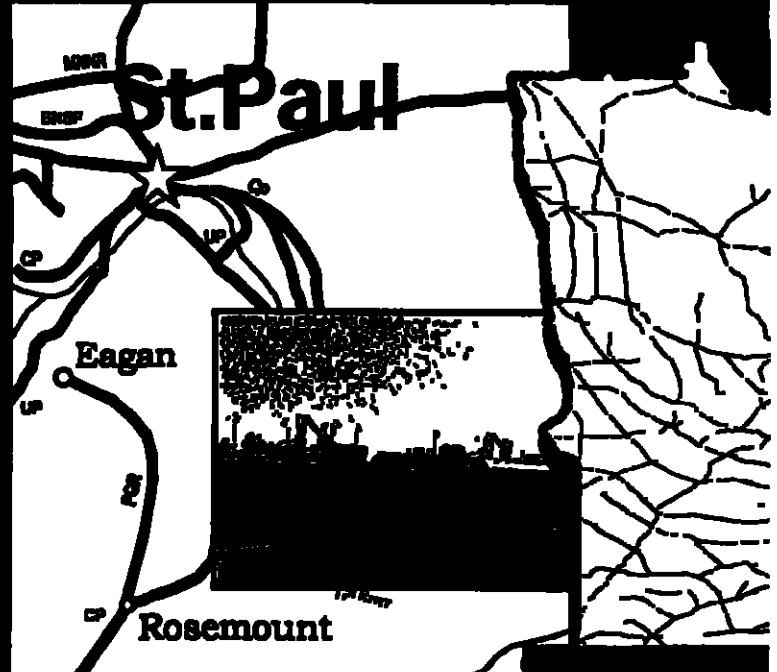


 Custom Connection Transportation Services	
Industrial Park.....	
Progressive Rail ...	
Warehouse Service.	
Liquid Transfer	
Dry Bulk Transfer.....	
Certified Scale.....	
Bulk Conveyor	
Machinery Ramp....	
Rail Served Land Avail.....	
Heavy Lift	
Railcar Heating....	

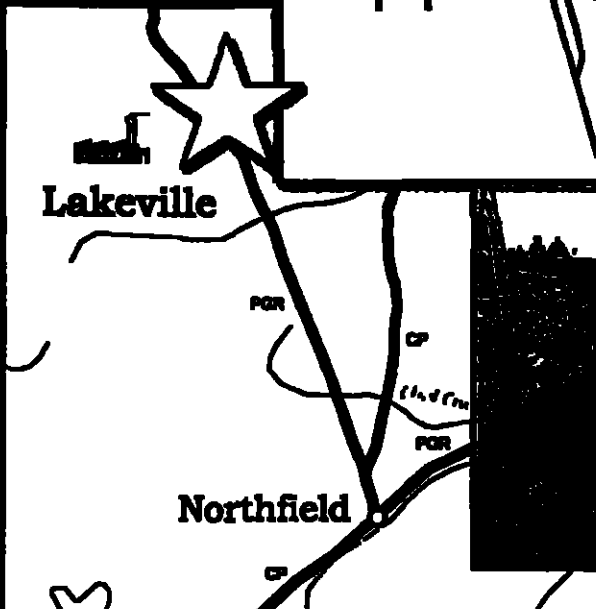
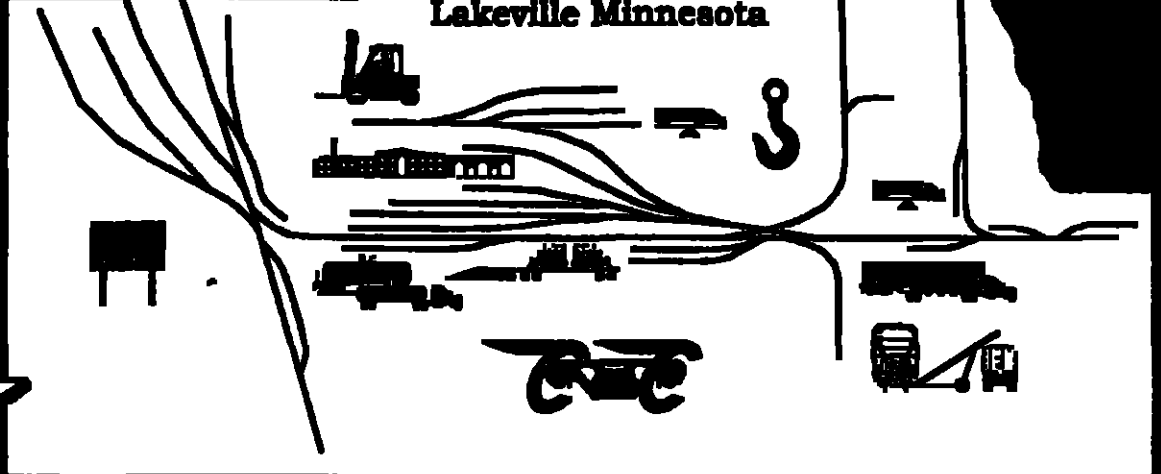
Dan Patch Line



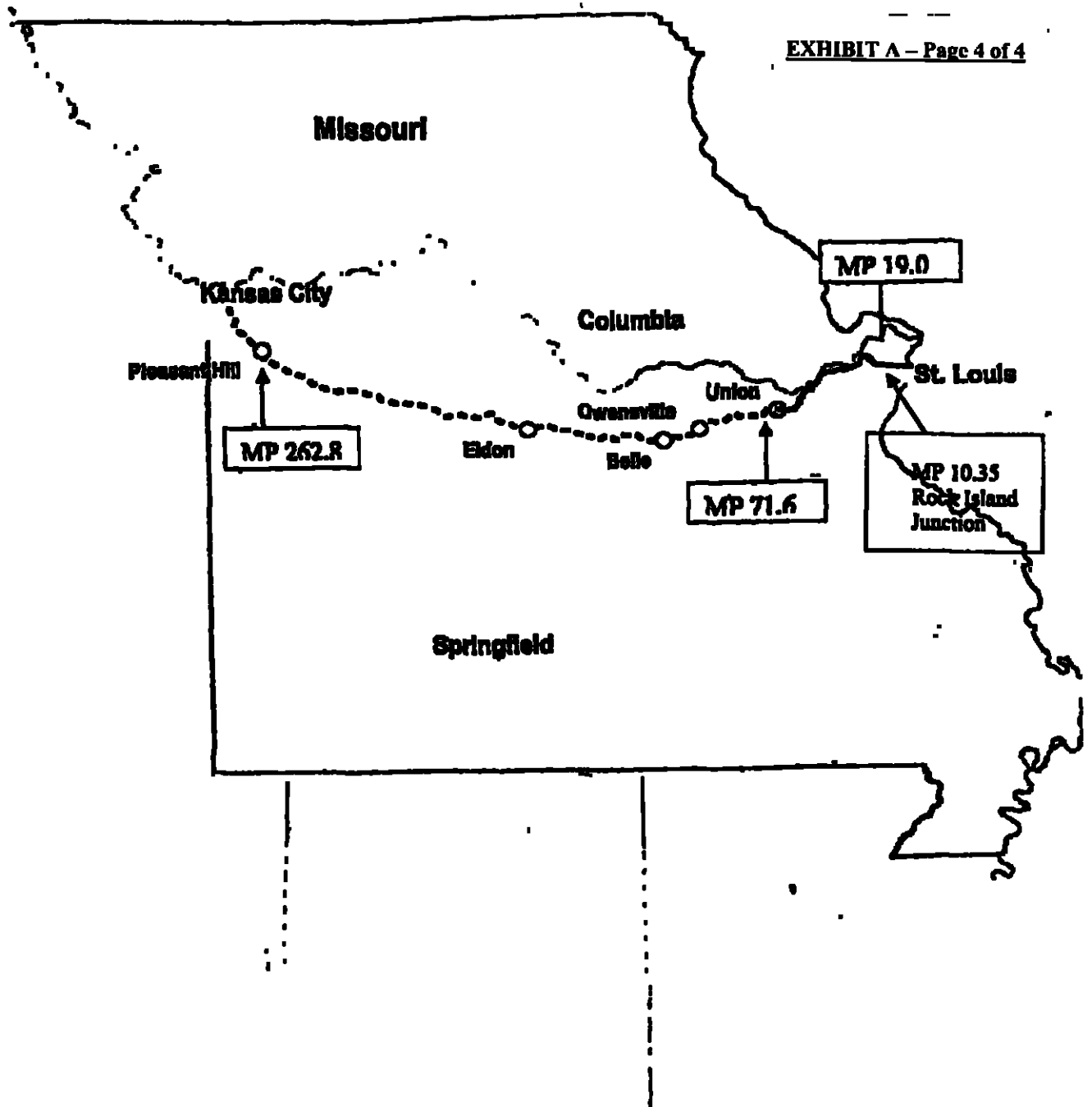
Eagandale Line



Airlake Industrial Park Lakeville Minnesota



Jesse James Line



**LINES OPERATED BY
CENTRAL MIDLAND RAILWAY COMPANY**

VERIFICATION

State of Minnesota)
)
County of Dakota)

ss

Andrew E. Whiteley, under penalty of perjury, declares and verifies that he is
Chief Financial Officer of Progressive Rail Inc., 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
Douglas Whiteley

Subscribed and sworn before me this
23rd day of October, 2007.

[Signature]
Notary Public

My Commission expires:

