

Surface Transportation Board Conditionally Grants Exemption for "Burlington Northern's" Construction & Operation of a New Rail Line Between Seadrift & Kamey, Texas

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision conditionally granting The Burlington Northern and Santa Fe Railway Company's (BNSF) request for an exemption to construct and operate a 7½-mile railroad line between Seadrift and Kamey, Texas. The proposed line will connect with a Union Carbide Corporation (UCC) industrial complex at Seadrift and with a former Southern Pacific Transportation Company (SP) line, now owned by the Union Pacific Railroad Company (UP), between Placedo and Port Lavaca, TX, near Kamey. Final approval of the exemption is subject to the Board's consideration of the proposal's anticipated environmental impacts.

The UCC complex, served exclusively by UP, is located about 120 miles southwest of Houston, TX, near the Gulf Coast. It produces several billion pounds of chemicals and plastics a year, which are shipped to other UCC facilities in the United States for further processing or to various customers throughout the country. In the late 1980s, UCC determined that a build-out from the complex to SP's Victoria-Port Lavaca line would be feasible to provide an alternative to UP's exclusive rail service. SP agreed with UCC's assessment of the situation, but the line was never constructed because a full commercial agreement was not reached with SP.

In its decision in *Union Pacific/Southern Pacific Merger*, 1 S.T.B. 233 (1996) (*UP/SP Merger*), *aff'd sub nom. Western Coal Traffic League v. Surface Transp. Bd.*, 169 F.3d 775 (D.C. Cir. 1999), the Board approved the merger of the UP and SP railroads. In the *UP/SP Merger* proceeding, the Board granted a condition sought by UCC that would preserve its build-out option for access to service by a second railroad. That condition provides for a grant of trackage rights to BNSF over SP's Victoria-Port Lavaca line in connection with the right of BNSF to serve UCC via a build-out or build-in. Now prepared to go forward with the project, UCC has requested BNSF to provide service through a combination of *UP/SP Merger* trackage rights and construction of this new line. BNSF has agreed and intends to enter into a trackage rights agreement with UP as provided by the Board in the *UP/SP Merger* proceeding.

In this case, the Board found that the construction proposal meets the statutory criteria for granting an exemption. In particular, the Board noted that the requested exemption will promote the national transportation policy by providing alternative rail service options to UCC and by increasing competition. Once the necessary environmental review has been completed, the Board will issue a further decision addressing environmental issues, making the exemption effective, and permitting construction to begin, if appropriate, at that time. The Board's action is consistent with its handling of a number of other procompetitive line constructions that it has authorized.

The Board issued its decision today in the case entitled *The Burlington Northern and Santa Fe Railway Company--Construction and Operation Exemption--Seadrift and Kamey, TX*, STB Finance Docket No. 34003. Printed copies are available for a fee by contacting **D~To-D~ Office Solutions, Room 405, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 293-7776 or e-mail [http://Da_To_Da@Hotmail.com](mailto:Da_To_Da@Hotmail.com)**. The decision also is available for viewing and downloading via the Board's Website at <http://www.stb.dot.gov> . [STOP]