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[FR Doc. 2012-19596 Filed 8-9-12; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35637]

Watco Holdings, Inc.—Continuance in Control Exemption—Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption pursuant to 49 CFR 1180.2(d)(2) to continue in control of Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company (PVR), upon PVR's becoming a Class III rail carrier. Watco owns, indirectly, 100 percent of the issued and outstanding stock of PVR, a Texas limited liability company.

This transaction is related to a concurrently filed verified notice of exemption in *Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway—Lease Exemption—Pecos Valley Southern Railway*, Docket No. FD 35636, wherein PVR seeks Board approval to lease and operate approximately 24 miles of rail line owned by Pecos Valley Southern Railway Company between Pecos, Tex., and a point north of Saragosa, Tex.

The transaction may be consummated on or after August 26, 2012, the effective date of the exemption (30 days after the notice of exemption was filed).

Watco is a Kansas corporation that currently controls, indirectly, one Class II rail carrier, operating in two states, and 25 Class III rail carriers, operating in 21 states.¹ For a complete list of these rail carriers, and the states in which they operate, see Watco's notice of exemption filed on July 27, 2012. The

notice is available on the Board's Web site at "WWW.STB.DOT.GOV."

Watco represents that: (1) The rail lines to be operated by PVR do not connect with any of the rail lines operated by the carriers in the Watco corporate family; (2) the continuance in control is not a part of a series of anticipated transactions that would result in such a connection; and (3) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Watco states that the purpose of the transaction is to reduce overhead expenses, coordinate billing, maintenance, mechanical, and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C. 11326(b) and *Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad*, 2 S.T.B. 218 (1997).

If the verified 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 effectiveness of the exemption. Petitions for stay must be filed by August 17, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35637, must be filed with the Surface Transportation Board, 395 E Street SW., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Ball Janik LLP, 655 Fifteenth Street NW., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our Web site at www.stb.dot.gov.

Decided: August 6, 2012.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

Jeffrey Herzog,
Clearance Clerk.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35636]

Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company—Lease Exemption—Pecos Valley Southern Railway Company

Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company (PVR), a noncarrier, has filed a verified notice of exemption pursuant to 49 CFR 1150.31 to lease from the Pecos Valley Southern Railway Company (PVS) and operate 24 miles of rail line located between milepost 0.0 at Pecos, Tex., and milepost 24.0, north of Saragosa, Tex.

This transaction is related to a concurrently filed verified notice of exemption in *Watco Holdings, Inc.—Continuance in Control Exemption—Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway*, Docket No. FD 35637, wherein Watco Holdings, Inc., seeks Board approval to continue in control of PVR upon PVR's becoming a Class III rail carrier.

As a result of this transaction, PVR will provide common carrier rail service over the rail lines owned by PVS between Pecos and Saragosa. PVR states that the lease agreement between PVS and PVR will not contain any interchange commitments.

PVR certifies that its projected annual revenues as a result of this transaction will not result in PVR's becoming a Class II or Class I rail carrier and further certifies that its projected annual revenues will not exceed \$5 million.

The transaction is expected to be consummated on or after August 26, 2012, the effective date of the exemption (30 days after the notice of exemption was filed).

If the verified 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 effectiveness of the exemption. Petitions for stay must be filed by August 17, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35636, must be filed with the Surface Transportation Board, 395 E Street SW., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Ball Janik LLP, 655 Fifteenth Street NW., Suite 225, Washington, DC 20005.

¹ Watco notes that it has filed for Board approval to continue in control of San Antonio Central Railroad (SAC) upon SAC's becoming a Class III railroad by leasing and operating a four-mile line of railroad in San Antonio, Tex. See *Watco Holdings, Inc.—Continuance in Control Exemption—San Antonio Cent. R.R.*, FD 35604 (STB served June 15, 2012).