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June 28, 2006

VIA FEDERAL EXPRESS

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

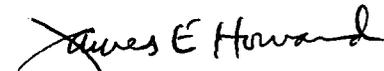
Re: Buffalo Southern Railroad, Inc.--Acquisition and Operation
Exemption--Line in Croton-on-Hudson, New York
Finance Docket No. 34903

Dear Secretary Williams:

Enclosed for filing in the above-captioned matter are the original and 10 copies of a Verified Notice of Exempt Transaction. Also enclosed are a check in the amount of \$1,500 for the filing fee and a disk containing the Verified Notice and a caption summary.

Could you please date stamp and return to me, in the enclosed, self-addressed, stamped envelope, the extra copy of the Verified Notice? If you have any questions or need additional information, please contact me. Thank you very much for your attention to this matter.

Very truly yours,


James E. Howard

FILED

JUN 29 2006

SURFACE
TRANSPORTATION BOARD

Enclosures

ENTERED
Office of Proceedings

JUN 29 2006

Part of
Public Record

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SURFACE
TRANSPORTATION BOARD

14.2

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34903



BUFFALO SOUTHERN RAILROAD, INC.--ACQUISITION AND
OPERATION EXEMPTION--LINE IN CROTON-ON-HUDSON, NEW YORK

VERIFIED NOTICE OF EXEMPT TRANSACTION

FILED

JUN 29 2006

SURFACE
TRANSPORTATION BOARD

James E. Howard
One Thompson Square
Suite 201
Charlestown, MA 02129
Telephone 617-886-9322

Attorney for Buffalo Southern
Railroad, Inc.

Dated: June 28, 2006

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SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34903

BUFFALO SOUTHERN RAILROAD, INC.--ACQUISITION AND
OPERATION EXEMPTION--LINE IN CROTON-ON-HUDSON, NEW YORK

VERIFIED NOTICE OF EXEMPT TRANSACTION

This Verified Notice of Exempt Transaction is filed pursuant to 49 CFR 1150.41 by Buffalo Southern Railroad, Inc. ("BSOR"), a Class III rail carrier, to exempt from regulation under 49 U.S.C. 10902 the acquisition and operation by BSOR of a line located in Croton-on-Hudson, New York. BSOR is also filing a Motion to Dismiss this Verified Notice of Exempt Transaction on the grounds that the line in question is excepted track within the meaning of 49 U.S.C. 10906. The following information corresponds to the requirements of 49 CFR 1150.43:

(a) The full name and address of BSOR are as follows: Buffalo Southern Railroad, Inc., 8600 Depot Street, Eden, NY 14057.

(b) The name, address and telephone number of the representative of BSOR who should receive correspondence are as follows: James E. Howard, One Thompson Square, Suite 201, Charlestown, MA 02129, 617-886-9322.

(c) BSOR has leased the line and adjacent property from RS Acquisition Co., LLC, which in turn has leased the line from Greentree Realty, LLC, the owner of the line and adjacent property.

(d) As described more fully below, BSOR is the current operator of the line.

(e) Prior to the acquisition of the line and adjacent property by BSOR, certain unrelated parties operated a construction and demolition debris processing facility on the line and the adjacent property. The prior lessee received rail service from CSX Transportation, Inc. ("CSX"). RS Acquisition is the current lessee of the line and the adjacent property, all of which was subleased to BSOR in March, 2006. Since that time, BSOR has been providing common carrier rail transportation service on the line which, as described in the Motion to Dismiss, is an excepted track within the meaning of 49 U.S.C. 10906. BSOR has received requests from several rail customers to ship commodities, including sand and other construction materials, to the BSOR line for trans-loading into trucks. As of the date of this Verified Notice of Exempt Transaction, three car loads of sand destined for the BSOR line in Croton are being held, but have not been delivered, by CSX.

In response to threats by the Village of Croton-on-Hudson, New York, to acquire the line and adjacent property by eminent domain and to interfere with rail operations on the line, BSOR sought injunctive relief in the United States District Court for the Southern District of New York. Buffalo Southern Railroad, Inc. v. Village of Croton-on-Hudson, et al., 06 Civ. 3755 (CM). By decision and order dated June 12, 2006, the court determined that BSOR is a rail carrier providing common carrier rail transportation services at Croton-on-Hudson and that such activities preempt state and local regulation.

The court entered a preliminary injunction prohibiting the Village of Croton-on-Hudson from attempting to exercise any right of eminent domain or to otherwise interfere with rail operations by BSOR on the line.

In connection with the proceedings before the Court, the Village of Croton-on-Hudson expressed the view that the line was in fact an excepted track within the meaning of 49 U.S.C. 10906 but argued that BSOR could not "legally" provide common carrier service on the line without authorization by the Board. Although the court in effect rejected these arguments, BSOR is filing this Verified Notice of Exempt Transaction in an effort to address the concerns of the Village of Croton-on-Hudson, either by the effectiveness of this Verified Notice of Exempt Transaction or by the granting of the Motion to Dismiss, and to further clarify the situation.

(1) The entity transferring the line to BSOR is RS Acquisition Co., LLC, 2730 Transit Road, West Seneca, NY 14224.

(2) BSOR expects to commence operation on the line as a line of railroad if and when the Verified Notice of Exempt Transaction becomes effective or to continue to operate the line as BSOR currently operates it.

(3) The line does not have milepost numbers. It connects at milepost QC 35 in Croton-on-Hudson, New York with a line that is owned by Metro North and over which CSX has rights to provide freight service. The line is the same line that was described in and the subject of Northeast Interchange Railway, LLC--Lease and Operation Exemption--Line in Croton-on-Hudson, New York, STB Finance Docket No. 34734 (exemption never ineffective). BSOR and NIR are not affiliated.

(4) The total mileage to be acquired and operated by BSOR is approximately .3 miles.

(f) Attached as Exhibit A to this Verified Notice of Exempt Transaction is a map showing the line and its relation to the CSX line and highways in the area.

(g) As set forth in Exhibit B attached hereto, BSOR certifies that its projected revenues as a result of the transaction will not result in the creation of a Class II rail carrier and that the annual revenues expected to be generated by the transaction will not exceed \$5,000,000.

Caption Summary. Attached hereto as Exhibit C is a caption summary in the form prescribed by 49 CFR 1150.44.

Environmental and Historic Impact. In accordance with 49 CFR 1105.6(c)(2), the proposed transaction does not require any environmental documentation, because there will be no significant changes in operations by BSOR compared to rail operations related to the activities of the prior lessee that will exceed the thresholds established in 49 CFR 1105.7(e)(4) or (5). No historic report is required, because the proposed transaction meets the criteria of 49 CFR 1105.8(b)(1).

Respectfully submitted,

BUFFALO SOUTHERN RAILROAD, INC.

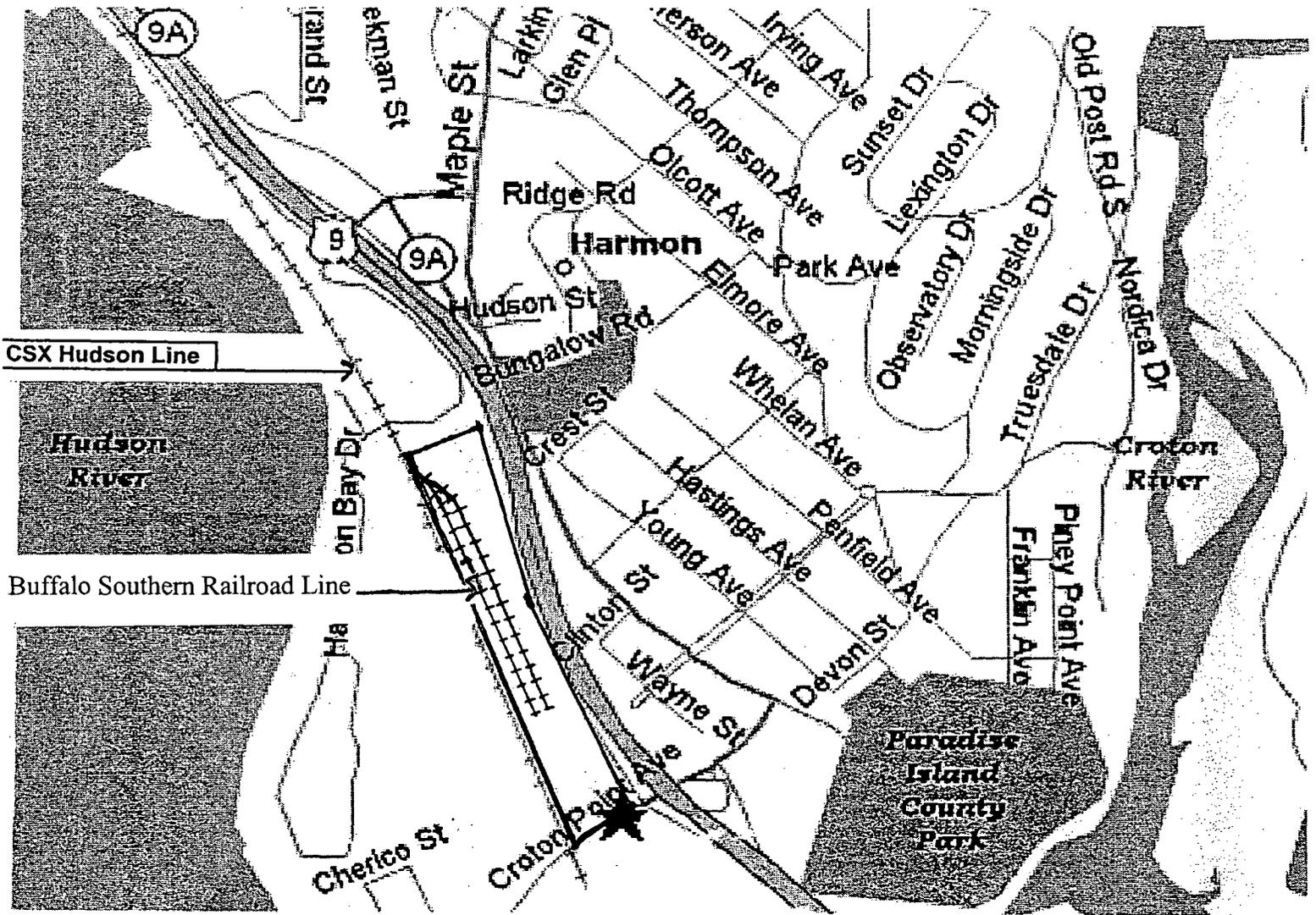


James E. Howard
One Thompson Square
Suite 201
Charlestown, MA 02129

Attorney for Buffalo Southern Railroad, Inc.

Dated: June 28, 2006

EXHIBIT A



CROTON-ON-HUDSON

EXHIBIT B

CERTIFICATION

I, Albert Feasley, Vice President of Operations of Buffalo Southern Railroad, Inc., hereby certify under penalty of perjury that (1) the projected annual revenues of Buffalo Southern Railroad, Inc. relating to the transaction described in the foregoing Verified Notice of Exempt Transaction will not exceed \$5,000,000 and that the total annual revenues, including revenues from such transaction, will not exceed the maximum amount for a Class III rail carrier as provided in 49 CFR 1201 and (2) I am qualified and authorized to make this certification on behalf of Buffalo Southern Railroad, Inc.

Albert Feasley

Dated: June 27, 2006

State of New York
County of ERIC
Subscribed and Sworn to before me
this 27th day of June 2006
Karen A. Lutz
Notary Public

KAREN A. LUTZ No. 01LU4980073
Notary Public, State of New York
Qualified in Erie County
My Commission Expires APR 2007

EXHIBIT C

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

Finance Docket No. 34903

BUFFALO SOUTHERN RAILROAD, INC.--ACQUISITION AND
OPERATION EXEMPTION--LINE IN CROTON-ON-HUDSON, NEW YORK

Buffalo Southern Railroad, Inc. ("BSOR"), a Class III rail carrier, has filed a Verified Notice of Exempt Transaction under 49 CFR 1150.41 to acquire and operate a line located in Croton-on-Hudson, New York. The owner of the line is Greentree Realty, LLC and the lessee/sub-lessor is RS Acquisition Co., LLC, both of which are non-carriers. The line is approximately .3 miles in length, and it connects with the Hudson line of CSX Transportation, Inc. at approximately milepost QC 35 in Croton-on-Hudson, New York.

Any comments must be filed with the Surface Transportation Board and served on James E. Howard, One Thompson Square, Suite 201, Charlestown, MA 02129.

This Notice is filed under 49 CFR 1150.41. If the Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the

exemption under 49U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke the exemption will not automatically stay the transaction.

VERIFICATION

State of New York :

ss

County of Erie :

Albert Feasley, being duly sworn, deposes and states that he has read the foregoing Verified Notice of Exempt Transaction, knows the facts asserted there are true and the same are true as stated.



Albert Feasley
Vice President of Operations
Buffalo Southern Railroad, Inc.

Sworn and subscribed to
before me this 27, day of
June, 2006.


Notary Public

KAREN A. LUTZ No. 01LU4980073
Notary Public, State of New York
Qualified in Erie County
My Commission Expires Apr. 8, 2007