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ASSOCIATION**

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Pipeline Companies Balance Respect for Landowner Rights with the Public Good

Eminent Domain Authority is Rarely Exercised and Follows an Open Process

What is Eminent Domain?

The United States – and especially Texas – is built on a firm foundation that respects private property rights, while striking a balance between those rights and the public need. For projects that serve the public, the government or designated private entity conferred the right by the government, can promptly purchase or use (by paying or securing for the landowner just compensation) private property for the public use through eminent domain authority.

Contrary to popular myth, eminent domain does not allow for the “taking” of private property without just compensation. In fact, both federal and state constitutions guarantee just compensation for all takings. The landowner must be properly compensated and has a right to contest the taking and the payment. Entities exercising eminent domain authority must show a "public use" for the land and must follow a specific legal process to ensure that all parties are treated fairly.

Pipeline Companies Work Hard to Respect Landowner Rights

Common carrier and gas utility pipeline companies are but one of a number of entities that must obtain rights to private property in order to provide the infrastructure that Texans needs to grow and prosper. That's because the government has long determined that the transport of energy (e.g., oil, gas, etc.) is vital to the public interest. That said, our member companies use that authority rarely and only after all other means have been exhausted.

It's the industry's preference to acquire private land and rights-of-way through fair, market-driven negotiations with landowners. In fact, the condemnation process can delay projects, increasing time and costs for companies negatively impacting consumers.



**In 2017, TPA sampled
15,000 miles of
pipeline that were
constructed over the
past six years, showing
that the industry filed
condemnation actions
less than four percent
of the time. That is a 96
percent success rate in
landowner negotiations.**

Pipeline Industry Follows a Transparent Process

In rare cases when an easement is not purchased outright and eminent domain is exercised, the pipeline industry takes great care to adhere to a transparent process. TPA spent five years developing best practices for rights-of-way acquisition, construction and operations designed to enhance communication and mutual respect throughout the pipeline process. Its member companies have committed to abiding by these practices to create the best possible relations between pipeline companies and landowners.

Open Communication with Landowners is Key

The industry understands the importance of maintaining open communication with landowners. Only by working together can the pipeline industry and landowners identify areas of agreement that respect the rights of property owners, while also allowing for the development of these vital infrastructure projects that are critical to the economic development of the state.

TPA members regularly meet with landowners to resolve any issues and to work through project details, such as road access, temporary easements and compensation. By fostering open lines of communication, landowners are assured of having a voice in the process.

Paying Landowners a Fair Price

The industry prefers to pay landowners incentive prices for the easement rights. The prices offered are never less than appraised values, and most often significantly exceed appraised values. Each property has unique characteristics, and the variation in prices paid reflect those characteristics. Agricultural landowners also benefit from substantial tax subsidies under Texas law.

State and Federal Governments Hold Pipeline Companies Accountable

Industry mandates are but one layer of accountability. Pipeline companies are heavily regulated by a number of state and federal agencies. The Railroad Commission of Texas (RRC) is the primary agency charged with overseeing pipelines as gas utilities, common carriers or private lines. The agency can revoke a pipeline operator's permit if it determines it does not meet or is not following state rules and regulations.

When pipeline companies do use eminent domain, they must be prepared to justify the action as something that is necessary for public use. They are also required to provide affected landowners with the Texas Attorney General's "Landowner Bill of Rights," which details the condemnation process and landowner rights under Texas law.

Industry Supports Cooperative and Productive Dialogue to Further Strengthen Process

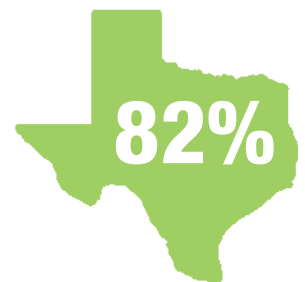
The pipeline industry is adamantly opposed to any type of unethical behavior and supports cooperative and productive discussions with landowners to ensure that all stakeholders are treated fairly and respectfully. That's just good business and, most importantly, good for Texas.

Texas is expected to cross the



30-million-resident threshold around 2020, says the Texas State Data Center. Critical infrastructure – including the gas, electric and water utilities, as well as our transportation systems, that deliver basic public services – must be allowed to support this growth.

The Texas Comptroller's office reports that



of eminent domain condemnations in 2013 were done by government entities – NOT the oil and gas industry.



Texas Pipeline Association is the largest state trade association in the country representing solely the interests of the intrastate pipeline network. TPA is the primary resource for information regarding the Texas pipeline industry and provides advocacy on issues related to pipeline safety, environmental regulations, taxation and legislation. Member companies and their representatives commit to conducting their business in accordance with integrity, honest communication, fair right-of-way acquisition, respectful construction and safe operations.