

# What is the proposed Bluegrass Pipeline?

- The pipeline is a joint venture between Boardwalk Pipeline Partners and Williams that is intended to transport “Natural Gas Liquids” (NGLs) from West Virginia, Ohio, and Pennsylvania, to the Gulf region in Louisiana
  - Williams has indicated plans to have the pipeline in service by 2015 <sup>1</sup>
- The project would approximately double the two companies combined portfolio of NGL pipelines from ~1,300 to ~2,500 miles
  - Boardwalk owns and operates 240 miles of NGL pipeline in Louisiana <sup>2</sup>
  - Williams co-owns a 1035 mile NGL pipeline (“Overland Pass”) through a joint venture with another company (OneOK); that pipeline was constructed in 2006 and is located in Wyoming, Colorado, and Kansas. Williams also owns a smaller NGL pipeline (“PGX”) located in 2 counties in Colorado <sup>3</sup>

## Proposed Overall Route <sup>4</sup>

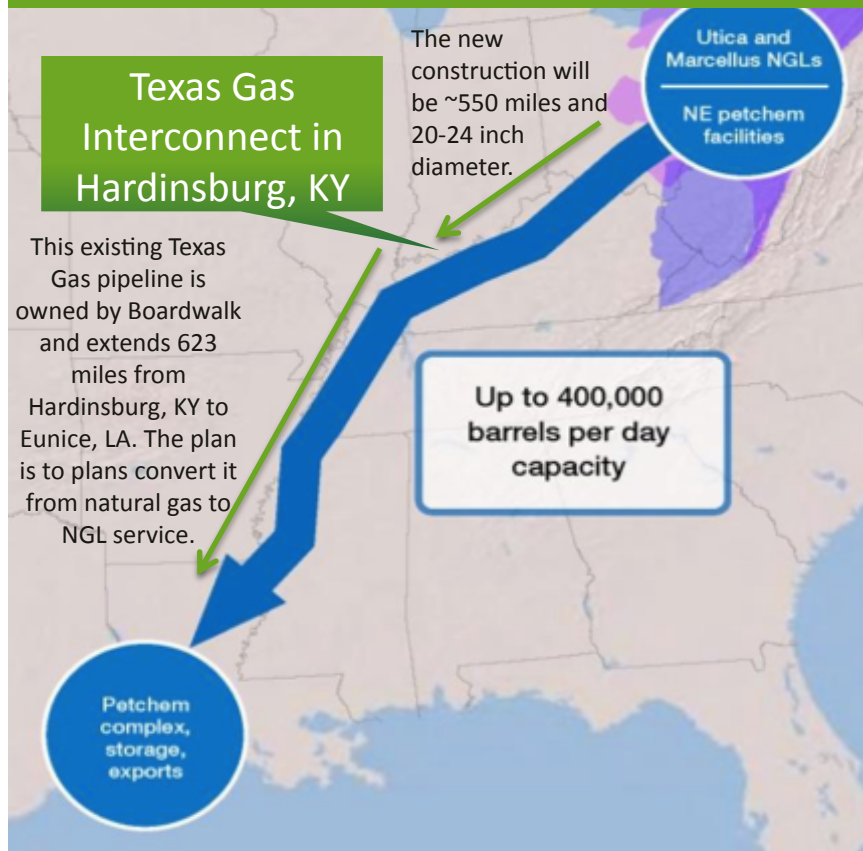


Illustration from Williams's CEO Presentation March 28, 2013  
<http://b2icontent.irpass.cc/630%2F144391.pdf?AWSAccessKeyId=1Y51NDPSZK99KT3F8VG2&Expires=1374358906&Signature=FZyGHAeuKvby3RL7kSZn2n03z9o%3D>

## Proposed Kentucky Route <sup>4</sup>



Map source: [www.bluegrasspipeline.com](http://www.bluegrasspipeline.com)

- New construction could impact 13 KY counties, although survey permission is being sought in numerous counties not highlighted on the route above
- All pipeline in KY will be 24 inches in diameter
- The newly constructed portion will link up with an existing natural gas pipeline in Hardinsburg, KY, which will be converted to NGL service

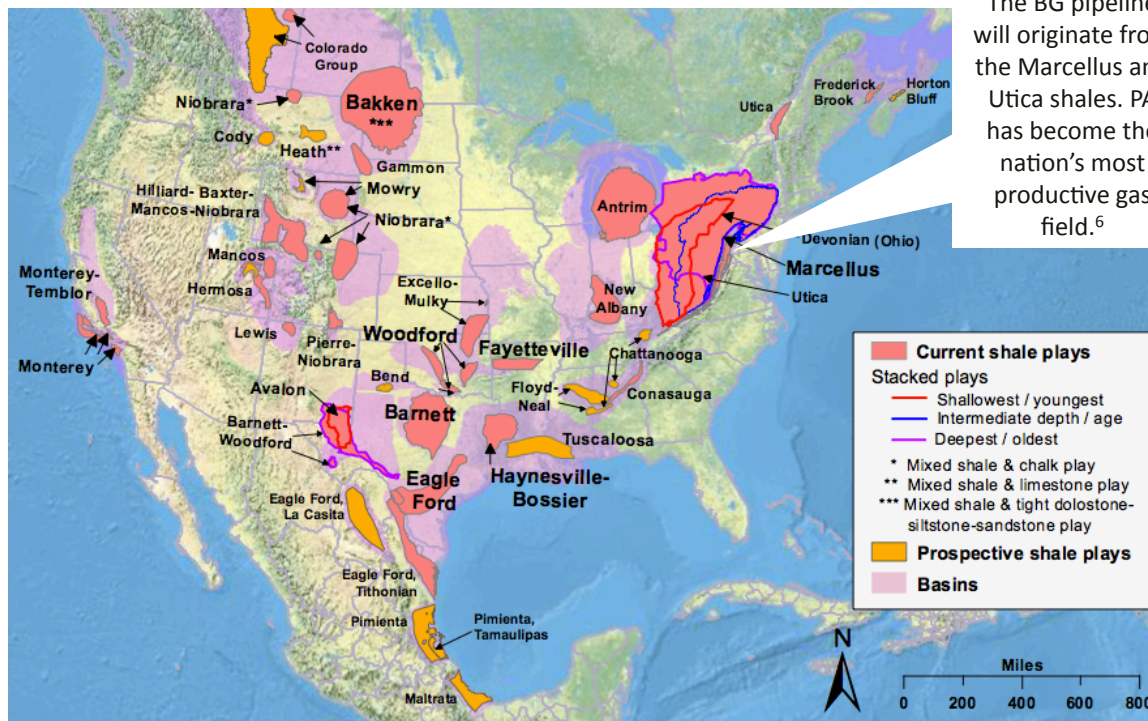
Sources: 1) [http://bluegrasspipeline.files.wordpress.com/2013/06/wmb-bwp-formalize-bluegrass-iv-news-release\\_final\\_052813.pdf](http://bluegrasspipeline.files.wordpress.com/2013/06/wmb-bwp-formalize-bluegrass-iv-news-release_final_052813.pdf) 2) Boardwalk 2012 10k: <http://www.sec.gov/Archives/edgar/data/1336047/000133604713000024/hwp10k123112.htm> 3) [http://www.williamsip.com/Midstream\\_Gas\\_Liquids](http://www.williamsip.com/Midstream_Gas_Liquids); <http://co.williams.com/williams/customers/natural-gas-liquids/overland-pass-pipeline/>; [http://www.northwest.williams.com/Files/Northwest/NWP\\_Customer\\_meeting\\_08-14-08.pdf](http://www.northwest.williams.com/Files/Northwest/NWP_Customer_meeting_08-14-08.pdf) 4) Texas Gas Transmission, LLC Abbreviated Application for Authorization to Abandon Certain Mainline Facilities Texas Gas Abandonment Project (submitted to FERC on 5/29/13)

# What are Natural Gas Liquids (NGLs)?

The map below exhibits “shale plays” in the United States.<sup>1</sup> Shales are fine-grained sedimentary rocks that can be rich sources of petroleum and natural gas. Over the past decade, new technology combining horizontal drilling and hydraulic fracturing has allowed access to large volumes of shale gas that were previously uneconomical to produce.<sup>2</sup>

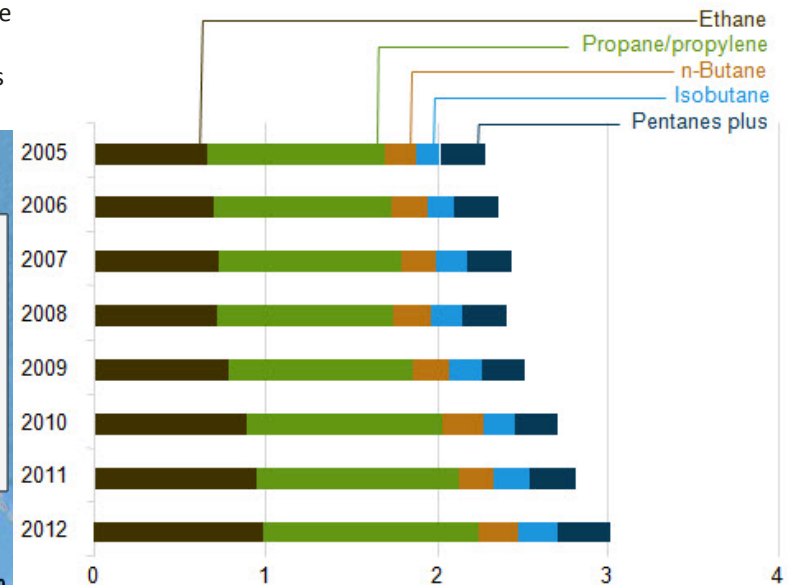
Natural gas liquids (NGLs) are produced during natural gas processing and petroleum refining. As natural gas production in recent years has grown, there has been a rapid increase in NGL production. NGLs include ethane, propane, normal butane (n-butane), isobutane, and pentanes plus (sometimes referred to as natural gasoline).<sup>3</sup> Historically, the majority of NGL production has occurred in the Gulf Coast region, mostly in Texas. However, significant volumes of NGLs are expected to come from newer formations like the Bakken, Marcellus and Utica formations in Pennsylvania, West Virginia, and Ohio (where the Bluegrass Pipeline will originate).<sup>4</sup> NGLs are inputs to industrial activities such as:<sup>5</sup>

- Ethane: petrochemical building block used to produce ethylene, a common feedstock in plastics manufacturing
- Propane: petrochemical feedstock for making ethylene and propylene, although used primarily as a fuel
- Normal butane: petrochemical feedstock and a refining blend stock for gasoline
- Iso-butane: refining feedstock and a component of gasoline octane blends
- Pentanes Plus: ethanol denaturant, blendstock for gasoline, chemical feedstock, and, more recently, as diluent for the extraction and pipeline movement of heavy crude oils from Canada<sup>3</sup>



The BG pipeline will originate from the Marcellus and Utica shales. PA has become the nation's most productive gas field.<sup>6</sup>

Growth of Natural Gas Liquids Production by Type (millions barrels/day)<sup>3</sup>



Sources: 1) EIA Shale Plays as of May 2011 [http://www.eia.gov/oil\\_gas/rpd/northamer\\_gas.pdf](http://www.eia.gov/oil_gas/rpd/northamer_gas.pdf) 2) [http://www.eia.gov/energy\\_in\\_brief/article/about\\_shale\\_gas.cfm](http://www.eia.gov/energy_in_brief/article/about_shale_gas.cfm) 3) [http://www.eia.gov/forecasts/aeo/IE\\_all.cfm#natural\\_gas](http://www.eia.gov/forecasts/aeo/IE_all.cfm#natural_gas) 4) <http://www.brookings.edu/~media/research/files/reports/2013/04/01%20natural%20gas%20ebinger%20avasara/natural%20gas%20briefing%201%20pdf.pdf> 5) <http://www.eia.gov/todayinenergy/detail.cfm?id=1150> 6) <http://www.csmonitor.com/Environment/Latest-News-Wires/2013/0218/Shale-gas-boom-slows-in-Marcellus-formation>

## What are the potential human health consequences of exposure to NGLs?

*Explosions from vapor clouds are typically the most immediate danger while benzene and other NGL leaks into water supply pose immense hazard as well*

- **Ethane** is a “highly flammable gas and a dangerous fire hazard”, according to the New Jersey Hazardous Substances Fact Sheet. Under pressure as a liquid, exposure can cause frostbite. <sup>1</sup>
- **Propane** is a colorless, odorless, flammable gas. <sup>1</sup>
- **Butane and isobutane** are colorless, flammable gases with a gasoline-like or natural gas odor that are shipped as a liquefied compressed gas. <sup>1</sup>
- **Natural gasoline** (pentane plus) includes the chemical compounds benzene, toluene, ethylbenzene and xylenes (typically referred to as “BTEX constituents”).<sup>2</sup> Benzene, which is the most mobile constituent and poses the greatest hazard. Exposure to benzene can result in a wide range of side effects and ailments from acute (from short-term exposure) to chronic (from long-term exposure), and can be deadly. <sup>2</sup> Effects of exposure, depending on the dosage, can range from dizziness, nausea and headaches to major bone marrow troubles, immune system deficiency, cancer or death. <sup>2,4</sup> **Benzene has been labeled a “Class A Carcinogen” by the U. S. Environmental Protection Agency.**<sup>2</sup>
- All appear to have the potential for **adverse effects on the respiratory and neurological systems at high concentrations.** <sup>1</sup>
- A primary concern relative to public health and safety is **the flammable nature of the NGLs.** <sup>1</sup>
- According to Williams, **the only indication for small leaks in buried pipe may be the appearance of frozen ground over the pipeline location. Large leaks may be detected by the appearance of a high velocity vapor jet** near the exit point. In the event of a leak from an NGL pipeline, Williams advises <sup>3</sup>:
  - All forms of ignition must be turned off immediately.
  - Do not start any kind of electrical motor or gasoline engine. Do not start cars or trucks. Do not turn on lights.
  - Do not drive into low points where a vapor cloud (colorless and odorless) may exist. Driving into a vapor cloud may cause an explosion.
  - Leave the area immediately on foot – up wind, uphill and upgrade – and try to gain higher ground.

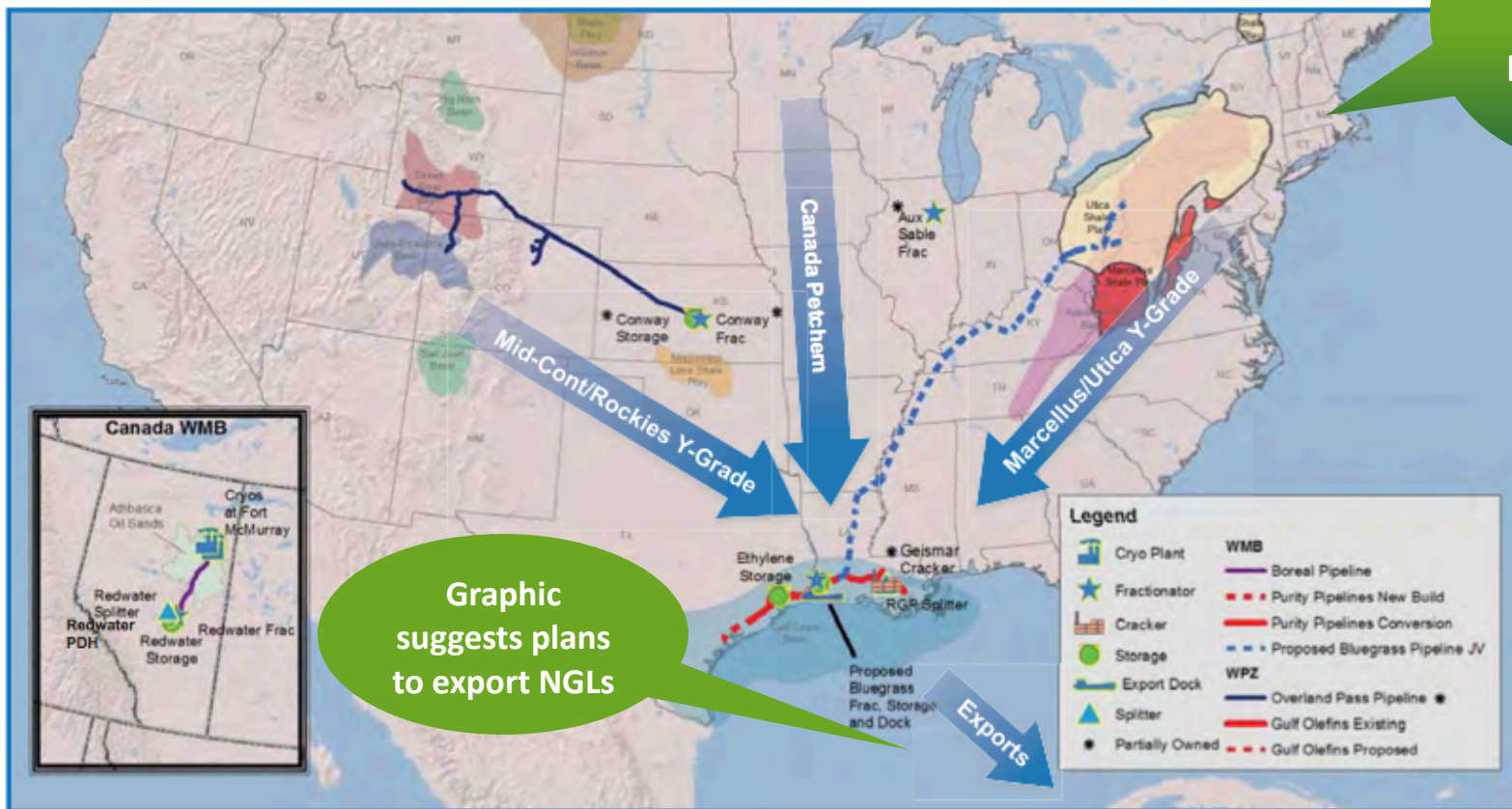
Sources: 1) <http://www.kyrc.org/webnewspro/13703539323638.shtml> 2) <http://www.colorado.gov/cs/Satellite/CDPHE-HM/CBON/1251643472679> under “What are natural gas liquids/hydrocarbons and what are the health risks of exposure to them?” 3) <http://williamscom.files.wordpress.com/2012/01/nglfactsheet.pdf> 4) <http://www.oneok.com/~/media/ONEOK/SafetyDocs/Natural%20Gasoline.ashx>

# What will Williams do with the NGLs running through the proposed Bluegrass Pipeline?

The company has publicly expressed plans to export the NGLs

- According to Williams's press releases, the proposed Bluegrass pipeline would transport mixed NGLs from the Marcellus and Utica shale plays to the Gulf Coast, as shown below.
  - It would have 200,000 barrels/day of take-away capacity in phase one and 400,000 barrels/day capacity in phase two. <sup>1</sup>
- The screenshot below was taken from Williams's Analyst Day presentation given on May 21, 2013; the graphic suggests plans to export NGLs. <sup>2</sup>
- Quote from Williams Chief Financial Officer during May 8, 2013 earnings call: "There's quite a few moving pieces. I think the biggest change is the expansion of the scope of the Bluegrass system to include, I think as Jim described, fractionation, storage and export." <sup>3</sup>

William's  
Analyst  
Day Slide



Sources: 1) [http://bluegrasspipeline.files.wordpress.com/2013/06/wmb-bwp-formalize-bluegrass-jv-news-release\\_final\\_052813.pdf](http://bluegrasspipeline.files.wordpress.com/2013/06/wmb-bwp-formalize-bluegrass-jv-news-release_final_052813.pdf) 2) <http://b2icontent.irpass.cc/630%2F146005.pdf?AWSAccessKeyId=1Y51NDPS7K99KT3F8VG2&Expires=1374369724&Signature=ijf6wMbz9x4key5T1Bj%2B4%2BN4hKo%3D> 3) <http://b2icontent.irpass.cc/1296%2F145611.pdf?AWSAccessKeyId=1Y51NDPS7K99KT3F8VG2&Expires=1374368867&Signature=D4Uf%2Bb4p62TCBw6WJU77cNuR1po%3D>

# Is Kentucky terrain suited for an NGL pipeline?

*The proposed route will go through intense and prone karst areas*

- Kentucky has one of the most famous karst areas in the world, which means its landscape is filled with sinkholes, sinking streams, caves, and springs. <sup>1</sup>
  - 9 KY caves are among the 50 longest caves in the US.
  - 55% of KY is underlain by rocks that could develop karst, given enough time.
  - 38% of the state has at least some karst development.
  - 25% of the state is known to have well-developed karst features
  - An estimated 11% of karst springs in Kentucky are used for domestic water supplies. <sup>2</sup>
  - Of major economic importance are the livestock that are watered from springs. <sup>2</sup>
- Even if every KY citizen living in a karst region were provided with public water service, protecting ground water would still be necessary <sup>1</sup>
  - Water treatment plants in karst areas must get their supply from a stream or lake fed by karst springs, or directly from a karst spring.
  - Georgetown lost its water supply during the winter of 1988-89 when gasoline was detected in the spring that supplies the city. Georgetown water customers had to be issued bottled water for several weeks.

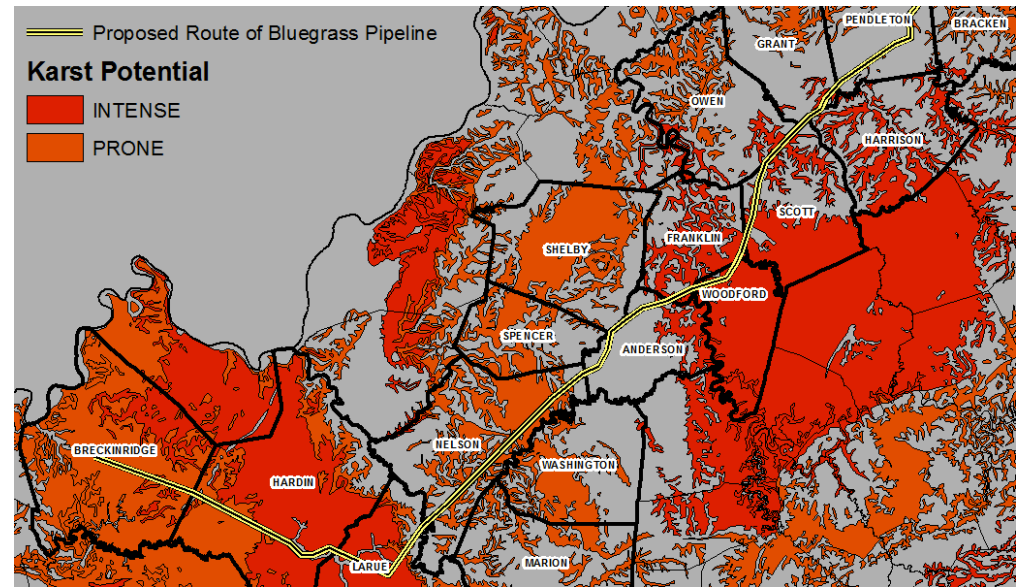
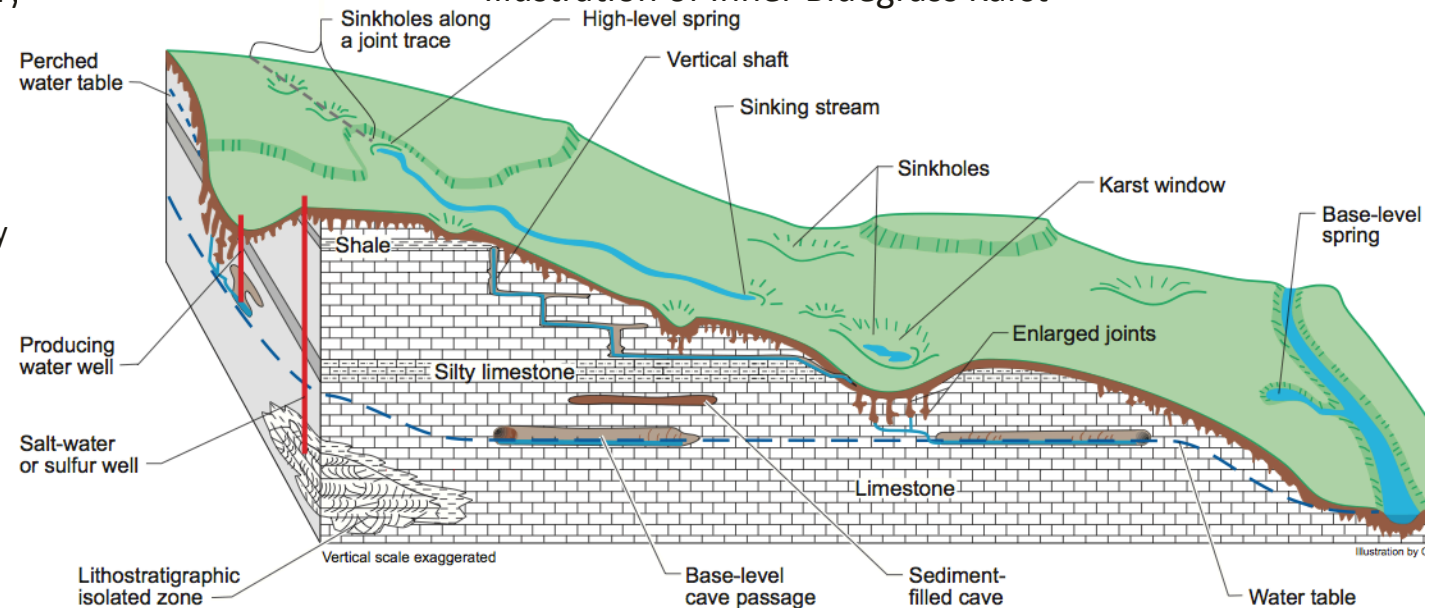


Illustration of Inner Bluegrass Karst <sup>3</sup>



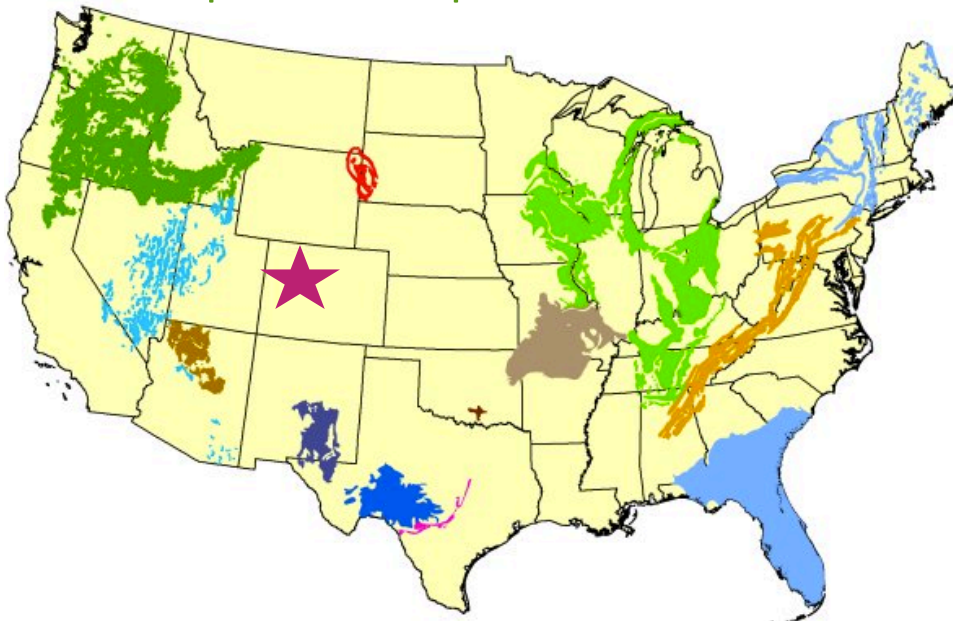
Sources: 1) [http://kgs.uky.edu/kgsweb/olops/pub/kgs/ic04\\_12.pdf](http://kgs.uky.edu/kgsweb/olops/pub/kgs/ic04_12.pdf) 2) <http://www.uky.edu/KGS/water/general/karst/gwvulnerability.htm> 3) [http://kgs.uky.edu/kgsweb/olops/pub/kgs/mc15\\_12.pdf](http://kgs.uky.edu/kgsweb/olops/pub/kgs/mc15_12.pdf)

## How do karst features increase groundwater vulnerability?

- Flow velocities in karst aquifers are fast compared to velocities in granular aquifers, allowing little time to warn downstream users following a reported spill. <sup>5</sup>
- Water recharge to karst aquifers occurs directly, either through swallow holes and sinkholes, or indirectly through the pores in the soil overlying the limestone bedrock. <sup>5</sup>
  - Although the soil overlying a karst aquifer provides some filtration of contaminants from in-flowing water, almost none takes place between swallow holes and springs.
  - The water has little opportunity to be filtered or for contaminants to become bound to the bedrock as the water flows rapidly through karst conduits.
- Benzene, which is present in NGLs (a “BTEX” constituent in natural gasoline), is the most mobile constituent and poses the greatest hazard. <sup>6</sup>
  - BTEX can dissolve into water, allowing it to move in the groundwater. Since BTEX can “stick” to soil particles, these chemicals move slower than the groundwater. If oxygen is present in sufficient quantities, BTEX can also degrade biologically, albeit slowly. <sup>7</sup>
  - Benzene is labeled a Class A carcinogen by the EPA. <sup>6</sup>

*“An NGL pipeline release in an at-risk area such as a karst aquifer will have very serious and permanent consequence to the karst aquifer. Karst aquifers, by their nature, are different from conventional aquifers as the large network of conduits or caves in karst aquifers causes oil released into such fast flowing and turbulent underground streams to move or spread very rapidly, much more quickly than conventional aquifer.” Accufacts Inc. study on impact of OneOK NGL Pipeline release in karst areas of Crook County, WY <sup>8</sup>*

## Principal Karst Aquifers of the US <sup>2</sup>



Site of William’s recent NGL leak in Paraclete, CO, <sup>3,4</sup> which unlike KY, is not a principal karst area.

- In December 2012, a natural gas liquids leak began at a facility in Parachute, Colorado.
- The leak went unnoticed for 14 days and made a significant impact on the area.
- An estimated 10,000 gallons of hydrocarbons reached soil and groundwater.
- Based on data from groundwater monitoring wells, natural gas liquids traveled approximately 900 feet southeast of the release point, while trace amounts in ground water have been detected approximately 1,500 feet southeast of the release point.
- 6 months after the leak, benzene readings in Parachute Creek spiked to 9.2 parts per billion, the highest reading since testing began following discovery of the leak (a maximum standard of 5,300 ppb applies to protect aquatic life)
- Tons of contaminated soil are being hauled to a landfill in Utah.
- Clean-up efforts will last a few to many years.

Sources: 1) [http://kgs.uky.edu/kgsweb/olops/pub/kgs/ic04\\_12.pdf](http://kgs.uky.edu/kgsweb/olops/pub/kgs/ic04_12.pdf) 2) <http://water.usgs.gov/ogw/karst/aquifers> 3) <http://www.colorado.gov/cs/Satellite/CDPHE-HM/CBON/1251643472679> 4) <http://coyotegulch.wordpress.com/2013/07/27/parachute-creek-spill-williams-estimates-total-groundwater-treatment-at-26-million-gallons-coloradoriver/> 5) <http://www.uky.edu/KGS/water/general/karst/gwvulnerability.htm> 6) <http://www.colorado.gov/cs/Satellite/CDPHE-HM/CBON/1251643472679> under “What are natural gas liquids/hydrocarbons and what are the health risks of exposure to them?” 7) [http://www.egr.msu.edu/tosc/akron/factsheets/fs\\_btexpdf.pdf](http://www.egr.msu.edu/tosc/akron/factsheets/fs_btexpdf.pdf) 8) [http://xa.yimg.com/kq/groups/468332/2121713921/name/1\)+Comments+on+ONEOK+NGL+Pipeline.pdf](http://xa.yimg.com/kq/groups/468332/2121713921/name/1)+Comments+on+ONEOK+NGL+Pipeline.pdf)

## A Sample of NGL Pipeline Incidents

- **1973** In Austin, TX an NGL pipeline ruptured due to an improper weld. A passing car or truck set off a vapor cloud explosion and fire. Six people were killed, and 2 others injured. <sup>1</sup>
- **1975** An NGL pipeline ruptured due to previous mechanical damage in Devers, TX. 4 people were killed in a following vapor cloud fire. The pipeline had been damaged when a valve was installed on the pipeline. <sup>2</sup>
- **1976** A repair crew working on natural gas gathering compressor station at Cedardale, Oklahoma on January 7, opened the wrong valve in an attempt to increase gas flow. Natural gas & Natural Gas Liquids flow out of an open 12-inch pipeline, and were ignited by an open flame heater. 5 of the crew were killed, and 2 seriously burned. <sup>3</sup>
- **1984** An 8-inch NGL pipeline near Hurst, Texas, was hit by a front loader, and the escaping gases ignited, causing burns to the equipment operator. <sup>4</sup>
- **1987** In July, a fishing vessel, working in shallow waters off Louisiana struck and ruptured an 8" NGL pipeline operating at 480 psi. The resulting explosion killed two crew members. Divers investigating found that the pipe, installed in 1968, was covered with only 6" of soft mud, having lost its original 3-foot cover of sediments. <sup>5</sup>
- **2004** On November 8, a NGL pipeline failed in a housing division in Ivel, Kentucky. The vapor cloud from the leak ignited, seriously burning a Kentucky State Trooper evacuating those living in the area. Eight others were injured and five homes were destroyed. The pipeline, only 65 miles long, had 11 previous corrosion failures. <sup>6</sup>
- **2011** An Enterprise Products Partners pipeline carrying natural gas liquid leaked approximately 140,000 gallons of natural gasoline (an NGL) into an Iowa section of the Missouri River. <sup>7</sup>
- **2012** In December 2012, a natural gas liquids leak began at a facility in Parachute, Colorado and leaked for 14 days. Company spokesman for Williams was quoted saying "It's actually a good thing they found it." An estimated 10,000 gallons of hydrocarbons reached soil and groundwater. <sup>8</sup>

*"It's inevitable that as pipelines age, as they are exposed to the elements, eventually they are going to spill," said Tony Iallorardo of the National Wildlife Federation. "They're ticking time bombs."*<sup>9</sup>

Sources: 1) [http://books.google.com/books?id=UDAwZQO8ZGUC&pg=SA16-PA291&lpg=SA16-PA291&dq=austin,+tx+ngl+explosion+1973&source=bl&ots=2m\\_r0D1KXU&sig=DZmEmFeK-39TaxrSZket1868P1o&hl=en&sa=X&ei=UNn1UaSCDYezyAGkrIDgCg&ved=0CEwQ6AEwBQ#v=onepage&q=austin%2C%20tx%20ngl%20explosion%201973&f=false](http://books.google.com/books?id=UDAwZQO8ZGUC&pg=SA16-PA291&lpg=SA16-PA291&dq=austin,+tx+ngl+explosion+1973&source=bl&ots=2m_r0D1KXU&sig=DZmEmFeK-39TaxrSZket1868P1o&hl=en&sa=X&ei=UNn1UaSCDYezyAGkrIDgCg&ved=0CEwQ6AEwBQ#v=onepage&q=austin%2C%20tx%20ngl%20explosion%201973&f=false) 2) [http://www.nts.gov/doclib/reclatters/1976/P76\\_42.pdf](http://www.nts.gov/doclib/reclatters/1976/P76_42.pdf) 3) [http://www.nts.gov/doclib/reclatters/1975/P75\\_14.pdf](http://www.nts.gov/doclib/reclatters/1975/P75_14.pdf) 4) [http://www.nts.gov/doclib/reclatters/1985/P85\\_1\\_3.pdf](http://www.nts.gov/doclib/reclatters/1985/P85_1_3.pdf) 5) [http://www.epd.gov.hk/eia/register/report/eiareport/eia\\_1252006/html/eiareport/Part2/Section13/Sec2\\_13\\_AnnexB.htm](http://www.epd.gov.hk/eia/register/report/eiareport/eia_1252006/html/eiareport/Part2/Section13/Sec2_13_AnnexB.htm) 6) [http://primis.phmsa.dot.gov/comm/reports/enforce/documents/220045017H/CPF2\\_2004\\_5017H\\_CAO.pdf](http://primis.phmsa.dot.gov/comm/reports/enforce/documents/220045017H/CPF2_2004_5017H_CAO.pdf) 7) <http://www.propane.pro/blog/floods-responsible-ngl-leak-missouri-river1608/> 8) <http://www.colorado.gov/cs/Satellite/CDPHE-HM/CBON/1251642662859> ; [http://www.huffingtonpost.com/2013/04/03/colorado-river-pipeline-parachute-creek\\_n\\_3006702.html](http://www.huffingtonpost.com/2013/04/03/colorado-river-pipeline-parachute-creek_n_3006702.html) 9) <http://www.propublica.org/article/pipelines-explained-how-safe-are-americas-2.5-million-miles-of-pipelines>

## What type of permitting is required for the proposed Bluegrass Pipeline?

*Unlike natural gas pipelines, natural gas liquids pipelines **are not** subject to rigorous environmental impact and routing studies making their routes potentially less safe*

- ***FERC Jurisdiction Appears To Be Limited To Approval Of Tariffs***

The Federal Energy Regulatory Commission regulates electricity, petroleum and petroleum products, and natural gas in interstate commerce, under various statutes. While the regulation of wholesale natural gas pipelines is effectuated under the Natural Gas Act, and requires that any new pipeline first receive a “Certificate of Public Convenience and Necessity,” there is no comparable FERC jurisdiction over the construction, siting, or environmental consequences of a NGL pipeline.

NGL pipelines are not regulated under the Natural Gas Act, but are instead regulated pursuant to the Interstate Commerce Act, and FERC authority over the NGL pipelines is limited to economic regulation through the approval of “tariffs” (rates).

- ***Kentucky Public Service Commission does not regulate siting of natural gas pipelines such as the proposed Bluegrass Pipeline***

The Public Service Commission has jurisdiction over utilities that are providing utility service to the public. There is a “siting board” for electric transmission lines and for pipelines that are shipping carbon dioxide, but not for NGL pipelines. The Certificate of Public Convenience and Necessity obligation does not apply to wholesale NGL pipelines.

- ***US Army Corps of Engineers and Division of Water Have Regulatory Jurisdiction Over Impacts on Streams, Lakes and Wetlands***

The location of any pipeline across or through a jurisdictional water is subject to review by the Corps of Engineers under Section 404; however, the Nationwide Permit process provides blanket authority for utility line crossings in many cases instead of review of each individual water crossing.

Kentucky’s Division of Water has issued a “general” water quality certification for nationwide permits, provided that certain additional conditions are met. The Division of Water also has regulatory jurisdiction over stream crossings, and any water withdrawals needed for construction and hydrostatic testing of the line.

- ***The U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (DOT PHMSA)***

The DOT PHMSA regulates the construction standards for NGL pipelines. Pipeline companies are not required to submit routing or design plans for approval, and no permitting is required from DOT. Instead, notification is required for a proposed pipeline, and DOT will send inspectors to spot-check pipeline installation. There are no standards specifying distances from houses, institutional buildings, or other sensitive features, while there are limitations concerning proximity to other pipelines. Welding is a critical thing, coating weld joints, lowering and backfilling are all important.



# What should I consider if I'm approached by a land agent seeking survey permission?<sup>1</sup>

Here are some considerations in deciding whether or not to grant permission to Bluegrass Pipeline and its agents to enter onto your land. (In reviewing the standard form agreement that landowners are being asked to sign, there are several key provisions missing). You may want to include these terms in any permission agreement that you sign, and to have your attorney draft a permission form that includes these protections.

1. You might require that notice be given to you of the date(s) and times that any person will be on your property. That notice should be in writing at least two weeks before the surveying is scheduled, and should be followed up by additional notice by mail or phone call at least 3 days prior to when anyone will be on the property.
2. You might require that no person be allowed onto your property unless you or another person of your choice is on the property at the time.
3. You might require proof of liability, casualty, and worker compensation insurance policies. By giving permission to anyone to enter onto your property, you become potentially liable for certain personal injuries that may occur on the property. Conversely, while the survey permission form indicates that Bluegrass Pipeline will "pay for any and all damages to property, crops and fences that are caused by the Survey Work," proof that the company conducting the surveying has both worker compensation and liability/casualty insurance is an important protection in the event that there is damaged caused to or by the surveyors. Additionally, the company should be asked to provide a letter of credit or evidence of a performance bond that will cover any damages.
4. You might require that the surveying company agree in the permission agreement to hold harmless and indemnify you for any injuries that occur to those surveying, and for any damage to the person or property of others caused by the surveying activity.
5. You might want to limit the duration and frequency of the permission so that it is not open-ended.
6. You might include a clause that terminates the permission if the surveying company violates any terms of the permission, such as not providing notice.
7. You might want to include a requirement that a copy of all survey information and reports concerning your property, (including geotechnical borings or surveys, and cultural and archaeological resource surveys) be provided to you within thirty (30) days after the information is collected.
8. You may want to include language indicating that "this permission does not constitute the grant of an easement, and is only a grant of permission to enter the property for the limited purposes described above."
9. You may want to be specific about the sorts of surveying that you are allowing. The standard form provides an open-ended permission to conduct surveys that "include, but are not limited to".... This open-ended language should be eliminated so that the specific activities that the permission allows are clear.

<sup>1</sup> This informational handout was developed by Tom FitzGerald, Director, Kentucky Resources Council, Inc. It is not intended to provide legal advice, but instead to provide some considerations for landowners who may wish to grant permission to allow surveys on their property, or who wish to rescind that permission. The Council recommends that landowners do not sign any document granting permission to survey, or any easement, without first consulting a lawyer.

## If I've granted survey permission, can I rescind it? <sup>1</sup>

*Survey permission may be taken away if you granted it to a land agent; you may obtain help from the Kentucky Resources Council to ensure permission is properly rescinded*

If you have given permission rather than making a written contract giving permission in return for payment or other “consideration,” you can rescind that permission at any time. A letter sent by certified mail, return receipt requested, is recommended, so that you have proof that the mail was delivered. If you have accepted a gift as part of the grant of permission, you should return that with the letter rescinding permission. Your letter can be straightforward, stating simply that:

“This letter provides notice that the permission to survey my land that I previously granted is withdrawn and rescinded effective today, \_\_\_\_\_. Bluegrass Pipeline Company, LLC and its successors, assigns, affiliates, agents, employees, and contractors, and including your company and its representatives, no longer have my permission to perform any surveys, or to enter onto my land for any reason or at any time.”

Send your rescission of permission letter by first-class mail, certified, return receipt requested, to the following: **1)** name and address on the card from the land agent who contacted you **2)** Williams Company President Alan S. Armstrong, One Williams Center, Tulsa, OK 74172 and **3)** C T CORPORATION SYSTEM, Registered Agent for Bluegrass Pipeline Company, LLC, 306 W. MAIN STREET, SUITE 512, Frankfort, KY 40601.

### Obtaining Legal Assistance

If you don't have an existing relationship with an attorney with whom you can consult, contact your county Bar Association, or the Kentucky Bar Association in Frankfort, for names of attorneys in your area that might be able to help advise you on whether to grant permission to survey, and on the language and conditions of any grant of permission.

Sources: 1) This information was developed by Tom FitzGerald, Director, Kentucky Resources Council, Inc. It is not intended to provide legal advice, but instead to provide some considerations for landowners who may wish to grant permission to allow surveys on their property, or who wish to rescind that permission. The Council recommends that landowners do not sign any document granting permission to survey, or any easement, without first consulting a lawyer.

2) <http://www.kyrc.org/History.shtml>

## Sample Letter to Rescind Survey Permission

Date: \_\_\_\_\_

Address of Recipient:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_:

This letter provides notice that the permission to survey my land that I previously granted is withdrawn and rescinded effective today, \_\_\_\_\_. Bluegrass Pipeline Company, LLC and its successors, assigns, affiliates, agents, employees, and contractors, and including your company and its representatives, no longer have my permission to perform any surveys, or to enter onto my land for any reason or at any time.

Thank you,

Name (printed) \_\_\_\_\_

Signature \_\_\_\_\_

## If I don't want the proposed pipeline on my property, can I stop it?

- ***Eminent domain power in KY for this proposed pipeline is not at all certain***<sup>1</sup>

A strong argument exists that the Bluegrass Pipeline project lacks the authority under Kentucky law to condemn lands for the location of and access to easements for the proposed pipeline, since it is not a “common carrier” and is not “in public service.”

Until a Kentucky court of law determines that the company has the power of eminent domain, and that the state grant of that power is consistent with the state constitution restraints on the exercise of eminent domain, it is not settled that the company would have the power to condemn property in Kentucky.

- ***There are steps you can take to help keep the pipeline off your property***

- Band together with neighbors and your community. If you're neighbors are also opposed, it will be more difficult for the company to come through your property.
- Do not give survey permission. If you have already given survey permission, you may rescind it.
- Call your County Judge Executive or Magistrate and ask that they pass a resolution opposing the proposed pipeline. Learn more about Franklin County's vote here: <http://www.state-journal.com/local%20news/2013/07/25/fiscal-court-votes-against-pipeline>
- Contact your State representatives and let them know that you oppose the pipeline. You may find contact information here: <http://www.lrc.ky.gov/Legislators.htm>
- Help improve oversight of the proposed project and clarify eminent domain laws by getting these topics on the on the August 19 General Assembly Special Session. This can be done by:
  - Calling Governor Beshear's office at 502-564-2611 and stating, “Governor Beshear, add this to Special Session of the General Assembly on August 19: Amend KRS 278.704 through 278.712 to include natural gas liquids pipelines in the requirements for advance scrutiny for public safety and environmental standards for review and approval of NGL pipelines. Limit eminent domain powers to utility-owned pipelines (this is privately owned non-utility).”
  - You may also contact the Governor through this web address: <http://governor.ky.gov/Pages/contact.aspx>
  - Get signatures on the paper petition provided at the back of these handouts, and send to the Governor
  - Sign this online petition and spread the word: <http://petitions.moveon.org/sign/governor-beshear-stop>

## A few more frequently asked questions.....

- **Will this pipeline create local jobs?**

There has been no guarantee of local employment.

- **Isn't transport by pipeline safer than by rail or truck?**

While there may be more individual truck or rail accidents than pipeline incidents, the damage from every truck or rail spill is limited to the amount of product that can be held in transit. The IEA (International Energy Association) found the risk of a rail spill is six times as high as the risk of a pipeline spill, but pipelines simply spill more when they rupture.<sup>1</sup> Between 2002 and 2012, the average railroad oil spill dumped 738 gallons compared with an average pipeline spill of 10,777 gallons per spill. Total gallons spilled from rail cars was 95,256 compared with 19,926,540.<sup>2</sup>

- **Won't this proposed project reduce our dependence of foreign oil?**

The pipeline will carry natural gas liquids, not natural gas. Williams has publicly shared plans to export refined petrochemicals.

- **What kind of tax revenue will this proposed project create?**

Pipelines are subject to an Ad Valorem tax under KRS 136.120. This is based on the value of the pipeline. At this time it is not know how much tax revenue will be provided to the counties and state. An elected official in Nelson County indicated at a community meeting that the existing natural gas pipeline in the county generates roughly \$35,000/year in Ad Valorem taxes.

- **What is the size of the easement?**

According to the Bluegrass Pipeline website, the amount of land required for the easement will vary for each tract of land depending on a number of factors. Typically, Williams will need a 50-foot wide permanent easement for operation and maintenance of the pipeline. The total width of the construction workspace will vary depending on such factors as slope, soil conditions and regulatory requirements. Generally, another roughly 50 feet of additional temporary workspace width will be required to construct the pipeline.<sup>3</sup>

- **How will granting an easement affect my land ownership?**

Consult an experienced real estate lawyer to ensure you understand all conditions of the easement. You may need to review your **mortgage contract** to ensure you aren't violating it by allowing an NGL pipeline on your property. If you intend to sell your land in the future, the easement may impact the buyer's ability to obtain a mortgage. **Property taxes** usually remain the responsibility of the landowner. You could potentially be named party to a lawsuit, or hold liability, should an incident occur on your land that impacts neighbors. You may consider purchasing **additional liability insurance**. **You may be unable to construct** barns, buildings, roads, or even plant trees along the easement. **Your heirs** will see no benefit from the easement and will be subject to the same terms you agree to.

There are countless other significant issues involved in easement negotiations. Please consult an experienced land lawyer if you are considering negotiating with Williams.