



Kinder Morgan Responds to TREAD Lawsuit

April 22, 2019

Houston -- The TREAD lawsuit is about NIMBY'ism – not in my backyard – and not about a constitutional eminent domain process that has worked well for decades, or the Railroad Commission's process, whose requirements this project has already exceeded. This was apparent when TREAD's representatives said if we moved the pipeline north of Georgetown or south of San Antonio they wouldn't file a lawsuit.

This lawsuit takes aim at not just the Permian Highway Pipeline (PHP) project, but all infrastructure projects, threatening the very thing that has made the Texas economy the envy of the nation. Oil and natural gas represent almost 30 percent of the Texas gross domestic product. In 2018, the oil and natural gas industry paid more than \$14 billion in state and local taxes and state royalties— \$38 million a day to fund schools, roads, universities and first responders throughout the entire state. Those revenues allow Texas to increase funding to public schools and give teachers a pay raise. The PHP project alone, and the oil and gas production it will enable, will provide almost \$1 billion in additional revenue each year to the state and counties for schools, first responders and other vital needs, and individual leaseholders will receive more than \$2 billion per year in new oil and natural gas royalties.

Eminent domain ensures that no single landowner can block the infrastructure that provides those public revenues and moves the energy needed to heat and cool homes, schools, businesses and public buildings. Through court proceedings, affected landowners are compensated a fair value for easements on their property. This is a time honored process that is used on a limited basis when good-faith negotiations aren't enough. Otherwise, one selfish landowner could stand in the way of a project that would benefit millions of Texans throughout the state.

Changing the route as proposed by TREAD would only increase the amount of impacted landowners without providing any environmental benefits, and we do not view one group of landowners as more deserving of accommodation than another group of landowners. Going north of Austin would impact a significantly greater number of landowners and create additional environmental impacts due to the rocky soil that would require extensive blasting. Moving south closer to or around San Antonio would greatly increase the mileage directly through the center of the Edwards Aquifer.

In developing PHP, we've gone above and beyond the requirements of Texas law. We've met with more than 100 elected officials about the project, we've held five public meetings to discuss the project with Hill Country communities, and we've met with hundreds of individual landowners. We've also made more than 150 route changes to accommodate landowners and in response to what we've learned in land surveys.

Eminent domain has worked well in Texas for decades, and it has helped Texas lead the way toward energy independence while providing just compensation to individual landowners.

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