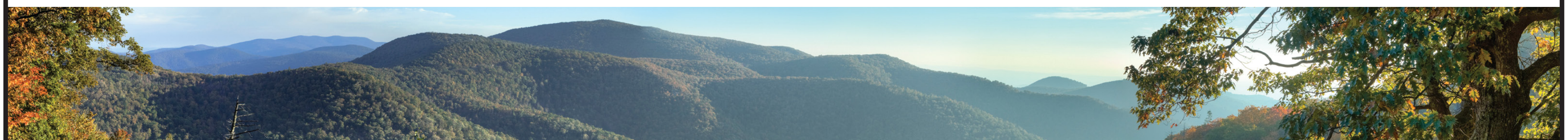
Pipeline Reports: A Special Series

Let’s talk about property rights, values, and respect.

Perhaps the biggest enemy to landowners and local communities along the proposed Mountain Valley Pipeline (MVP) route is misinformation. While no topic is immune to distortion, one area that seems to attract its share of myths and untruths is the subject of property rights and property values.



The MVP project includes a proposed underground, interstate natural gas pipeline that when complete will transport natural gas from the Marcellus and Utica shale regions through West Virginia and Virginia to energy consumers along its approximately 300-mile route and then access existing infrastructure to provide natural gas to the nation’s Mid-Atlantic and Southeast regions. The project is subject to approval and regulatory oversight by the Federal Energy Regulatory Commission (FERC).

Let’s take a closer look at four property rights myths that can often be misconstrued when referencing the construction or operation of natural gas pipelines:

MYTH #1: The pipeline can take away property without compensation. For the privilege of establishing a permanent easement across a property owner’s land, a fair value is determined based on market value and the number of acres required. Landowners may receive additional compensation if there is disturbance to crops, grazing lands and timber, or for structures that may be built on their lands as part of the project. One thing property owners along the proposed pipeline route can trust is that MVP is committed to work fairly, and to every extent possible, to negotiate and arrive at an equitable agreement that respects property owners' needs and concerns.

An easement does not transfer title of the land; it merely grants the company the right to use the land for the specific purposes. This is no different than when utility companies need to run power or sewage lines.

MYTH #2: Companies use eminent domain to take away property for pipeline construction. Only after all avenues of negotiation have been exhausted would MVP consider using the eminent domain process. First of all, eminent domain authority can only be utilized once a pipeline project has been approved by the FERC. Eminent domain does not apply to the non-invasive, preliminary surveying activities that occur when studying proposed or alternative pipeline routes. Upon survey completion and final route determination, the MVP project team will contact landowners to discuss the crossing of the pipeline route on their properties. Construction details and easement issues will be discussed in-depth, as it is our goal to ensure landowners receive as much information as they desire so that both parties are mutually comfortable moving forward.

Once an agreement has been reached, MVP will compensate each landowner for the right-of-way access and any surface disturbances. These agreements are negotiated on an individual basis as each landowner’s property size and situation are unique.

If the FERC authorizes the project and the necessary easement cannot be negotiated with a property owner, the pipeline operator is granted the right of eminent domain under Section 7(h) of the Natural Gas Act. In this case, it would be the court that would determine the fair compensation given to a landowner in return for an easement.

MYTH #3: Property owners cannot use their land once the pipeline is built. Pipeline easements allow light vehicles, including farm equipment, to access and cross the pipeline without added precautions. In most cases, these easements also allow for existing land-use activities to continue. For instance, if the property is currently used for farming, these activities can normally continue after the pipeline is constructed. If the current activities are forestry or mining that use heavy equipment, an easement agreement can include provisions for roads and heavy equipment crossings. MVP is committed to working fairly and equitably with property owners along the proposed route and we continuously strive to respect and value landowners’ needs and concerns.

MYTH #4: Property values near pipelines will suffer. Historically, natural gas pipeline easements have had no measureable effect on property values. A 2001 national case study performed by the Interstate Natural Gas Association of America (INGAA) revealed no significant impact on the sales price of property located along natural gas pipelines. They further determined that neither the size of the pipeline (diameter) nor the product carried by a pipeline had any significant impact on sales price. The study also concluded that the presence of a pipeline did not impede the development of surrounding properties.

More recent studies investigating property values near natural gas pipelines are consistent with the findings of this earlier work. In 2008 (Fruits), a study evaluated the impact of the South Mist Pipeline Extension on residential home sales in two Oregon counties. Based on sales price data for more than 10,000 homes located within one mile of the pipeline, the study found that proximity to the pipeline had no statistically or economically significant impact on residential property values. Another 2008 study (PGP Valuation) relating to the same pipeline concluded that high-pressure natural gas pipelines had no measurable long-term impact on property values. The study also concluded that variations in short-term values were either not substantial or non-existent and that residential properties were not impacted by the pipeline easement any more or less than other property types.

The safety of our communities, our employees, our contractors, and our pipeline will always remain a top priority – as will the preservation and protection of the environment. This is the standard we live by every day, reinforcing what we mean when we say we’re completely committed to building the Mountain Valley Pipeline safely and responsibly. Nothing is more important to us.