



April 14, 2006

AREA LANDOWNERS TO NEGOTIATE OIL PIPELINE EASEMENTS

I attended the Transcanada Pipeline Open House in Odell last week. Transcanada, at an estimated cost of \$2.1 billion dollars, is building the Keystone Oil Pipeline that will be capable of transporting approximately 435,000 barrels, per day, of crude oil from Alberta, Canada to markets in the U.S. The project is a cost-competitive way to link growing Canadian oil sands supply to refineries in the U.S. Midwest. Canada is the number one importer of oil to the United States.

Keystone would initiate at the crude oil supply hub near Hardisty, Alberta Canada and terminate near the crude oil storage and pipeline hub near Patoka, Illinois. Keystone would also interconnect with other existing crude oil pipelines that could supply refinery markets in Cushing, Oklahoma; Wood River, Illinois; and the U.S. Gulf Coast.

The total length of the proposed Keystone Pipeline is 1,830 miles and approximately 1,070 miles of new pipeline will be constructed in the U.S. The proposed new pipeline will be 30 inches in diameter and will be buried with a minimum depth of cover of four feet depending on land use right through the middle of Saline County. The estimated operating pressure of new pipeline sections will be 1,440 psi with pumping stations every 40 miles. Satellite Internet linkage will allow instant access to pressure readings at a command center.

A Norris Public Power official indicated one pumping station will be equivalent of the electrical power requirement of an ethanol plant. Great news for business at Norris. The project manager at the Open House helped to relay important information to area landowners effected by the project in 2008.

The main message was landowners will all receive a standard easement document but any individual concerns can be added to an appendix document on the easement to protect both parties. For instance, a landowner said there was a potential for terraces or tile outlets in the next 10 years on a proposed site for the oil pipeline. The solution is the easement appendix will stay 8 feet deep on that property. Another landowner indicated he needed a driveway to get in and out of his property across the trench to a building. Once again, have the main message in writing. The appendix is used to write orders to the pipeline construction workers as they enter your property.

A farmer near Swanton indicated he never has had a problem with a gas company who promised to pay for any damages for his gas easement on farmland. A couple flat tires from leftover welding rods was quickly reimbursed. Any additional soil that needed to be added was taken care of, upon notice by the farmer.

One landowner near Dorchester commented that he deserved major compensation for an oil easement. With oil at \$66.00 a barrel, 28.71 million dollars of oil will flow through his farm each day or 28.71 million dollars daily equals 10.48 billion dollars a year. That's equivalent to \$26,831.78 per mile per day. Each year, \$9,793,598 of oil, per mile, flows through his farm. In 100 years, one percent of the gross would be the equivalent of 1 million dollars per mile. Therefore, an easement should be worth a million dollars.



Now if we could only convince Transcanada executives and shareholders we deserve one percent of the gross for mandatory easements. Fair market value for farmland, plus damages, will be the offers extended to area landowners for permanent easements according to information given at the Open Houses. For more information on the project, go to www.transcanada.com

Randy Pryor, Extension Educator
University of Nebraska-Lincoln Extension in Saline County
306 West 3rd Street, Wilber, NE 68465

Phone (402) 821-2151 • Fax (402) 821-3398 • e-mail: randy.pryor@unl.edu