



Watch Your Assets

Texas Railroad Omission:

May 8, 2015

Eminent-Domain Billionaires Spark West Texas Pipe Lying

Texas' leaders extoll the sanctity of private property while turning a blind eye to a system that routinely lets private pipeline companies condemn the private lands of hundreds of people. This is particularly delicate for the three Texas Railroad Commissioners, whose office rubber stamps minimalist "T-4" [applications](#) granting pipeline companies powers of eminent domain. This may explain why the commission falsely disavowed responsibility for two dicey pipeline projects in West Texas for the better part of a year, seeking to shift responsibility to the Obama administration.

Energy Transfer Partners (ETP), a billionaire-led company in Dallas, has teamed up with Mexican billionaire Carlos Slim Helú to build two 42-inch pipelines stretching 336 miles across the lands of hundreds of private landowners in West Texas. Awkwardly, the three current Railroad Commissioners have taken almost \$225,000 from ETP's PAC and executives since 2010.

Energy Transfer Partners, LP Transfers to Commissioners

Amount ('10 thru '14)	Railroad Commissioner	Latest Election
\$88,365	Ryan Sitton	2014
\$80,000	Christi Craddick	2012
\$55,000	David Porter	2010
\$223,365	TOTAL	

Contributions from ETP PAC and executives.

Remember the Alamo?

Something else about these projects is perhaps even more awkward for the Railroad Commissioners and their xenophobic Republican Primary base. Granting a private company power to condemn private land is rationalized by claims—however perfunctory—that the pipeline serves a [common public interest](#). Yet the primary purpose of these ETP pipelines is to supply gas to Mexico's state-owned electricity company. What's the best way to explain to ranchers—or the Come-and-Take-It wing of the Tea Party—that you're condemning private Texas lands on behalf of a Mexican government company? "You go to talking about condemning something by eminent domain, you'll get shot in this part of the country," Alpine rancher Mary Luedeke told the *San Antonio Express-News* about the project. "Mexico can turn blue as far as I'm concerned if they think they can condemn my land."

Since rumors of this project surfaced last June, the Railroad Commission repeatedly [claimed](#) that it had nothing to do with it. The Commission claimed that the project involves interstate, international pipelines regulated by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration. ETP countered that just the last 1,000 feet of its pipeline requires federal approval. Project [bids](#) by Mexico's Federal Electricity Commission (known by the Spanish acronym CFE) and

statements by contractor ETP have consistently identified the project as an intrastate pipeline chiefly regulated by the Texas Railroad Commission.

These contradictory spins reached a head at an April meeting in Alpine when an [ETP engineer went so far as to say](#) that the Railroad Commission—which sent no visible representative to the meeting—*already* had approved ETP’s application for the Trans-Pecos Pipeline. Records that the commission released to TPJ under the Public Information Act confirm this account. The documents reveal that the agency received a Trans-Pecos Pipeline application no later than February 2, 2015. Yet Railroad Commission spokesperson Ramona Nye continued to tell reporters that the agency was not involved with the project for almost three more months.

ETP Pipeline Documents Released by Railroad Commission

Note: Dates on ETP documents may not match date RRC received them

RRC date stamps Marked in Green

RRC Denials in Red

Trans-Pecos Pipeline	Date	Comanche Trail Pipeline
RRC’s Nye denies knowledge/responsibility	6/14	
ETP “Pre-Construction Report” date	1/19/15	
Date on ETP’s Trans-Pecos map	1/24/15	
ETP T-4 & PS-8000A application dates	1/29/15	Date on ETP’s Comanche map
ETP operator registration with US DOT	1/30/15	
RRC receives T-4/PS-8000A apps above	2/2/15	ETP “Pre-Construction Report” date
	3/23/15	ETP tells RRC it will comply w/ many state rules
	3/23/15	ETP operator registration with US DOT.
	3/25/15	ETP T-4 application
	3/27/15	RRC receives form PS-8000A w/ pipeline specs
	3/27/15	ETP affidavit vows to comply w/ many RRC rules
RRC approves T-4 application	4/6/15	
ETP email to RRC says both T-4s submitted	4/8/15	ETP email to RRC says both T-4s submitted
Nye denies RRC role in project	4/8/15	
Nye “has said repeatedly” RRC not involved	4/11/15	
	4/13/15	RRC says T-4 complete, ruling due w/in 45 days
Nye acknowledges RRC issued permit	4/29/15	

Crossing the Rio Grande

Mexico’s Congress took controversial steps in 2013 to court [foreign investment](#) in energy markets that it nationalized in 1938. Mexico’s state oil company, Pemex, was long a source of national pride. But Mexican oil and gas production plummeted in recent years and imports surged, making Mexico’s energy costs uncompetitive with those of its fracking neighbor to the north. Industry in Mexico subsidizes residential consumers by paying electric rates much higher than those in the USA. Now private power utilities will be able to sell electricity to industry directly, bypassing the state-owned CFE electricity commission, which needs to cut costs. One way to do this is to generate more power with the cheap natural gas lying across the Rio Grande.

Mexico’s CFE [solicited bids](#) last fall for contractors to build pipelines to the Texas-Mexico border from the Waha gas hub between Fort Stockton and Pecos. ETP—headed by Texas billionaire Kelcy Warren—and Mexican billionaire Carlos Slim Helú jointly won contracts to build the pipelines by early 2017. The Comanche Trail Pipeline is to stretch 190 miles west to San Elizario near El Paso and Ciudad Juarez. The Trans-Pecos Pipeline aims 143 miles southwest to the border between Presidio and Ojinaga.

Condemnation

More than 600 landowners along the proposed pipeline paths received letters by this March seeking permission to survey their lands. ETP says that it seeks amicable deals with landowners over how much to compensate them for pipeline easements. It said it will only use its eminent domain powers to condemn land as a last resort.



ETP Chief Kelcy Warren

It is too soon to predict how litigious matters will become. Even an attorney advising landowners in the path of the pipelines [admits](#) that ETP holds all the legal cards and cannot be stopped outright. ETP and billionaire CEO Kelcy Warren have a complex record on litigation.

Warren contributed \$250,000 in 2010 to Texans for Lawsuit Reform PAC, which opposes consumer lawsuits against businesses. ETP later sued another company for pulling out of a joint pipeline deal, [demanding \\$1.3 billion](#) in damages. “We were cheated on,” an ETP lawyer argued in 2014. “They kicked us like we were dogs.”

The Trans-Pecos Pipeline cutting through relatively pristine areas west of Big Bend National Park has generated the most controversy. Residents around Alpine and Marfa have raised concerns about environmental damage, increased traffic, explosion risks and using eminent domain to benefit a Mexican government company. ●

Top Recipients of ETP Money (2013 through 2014)

Amount	Recipient	% of ETP Total
\$531,000	*Greg Abbott	42%
\$124,262	†Malachi Boyuls	10%
\$102,500	*Dan Branch	8%
\$102,500	Glenn Hegar	8%
\$88,365	†Ryan Sitton	7%
\$71,000	†*Barry Smitherman	6%
\$52,500	Dan Patrick	4%
\$52,500	*Ken Paxton	4%
\$25,000	David Dewhurst	2%
\$20,000	†David Porter	2%
\$10,000	†Christi Craddick	1%
\$10,000	Joe Straus	1%
\$7,500	George P. Bush	1%
\$7,000	John Carona	1%
\$5,000	TX Pipeline Assn.	
\$3,000	Troy Fraser	
\$2,500	Water Texas PAC	
\$2,000	Brandon Creighton	
\$2,000	Myra Crownover	
\$2,000	Kevin Eltife	
\$2,000	Jim Keffer	
\$1,500	Travis Clardy	
\$1,500	Drew Darby	
\$1,500	Lyle Larson	
\$1,500	John Otto	
\$1,500	Dade Phelan	

*Politicians who have run for Attorney General.

†Politicians who have run for Railroad Commissioner.

Some will rob you with a fountain pen. - Woody Guthrie

“Watch Your Assets” is a [Texans for Public Justice](#) project.