

General Manager's Report

Update on the Permian Highway Pipeline Project

Activities to Date:

- ❖ Obtained information from Texas Railroad Commission, USACE, USFWS, Texas Pipeline Association
- ❖ Coordinating information with HTGCD, HCUCD, BPGCD, EAA, Wimberley Valley Watershed Association
- ❖ Meetings Attended: Hays County Public Meetings, Kinder Morgan Open Houses, Wimberley Valley Watershed Association, Kinder Morgan - GCD meeting

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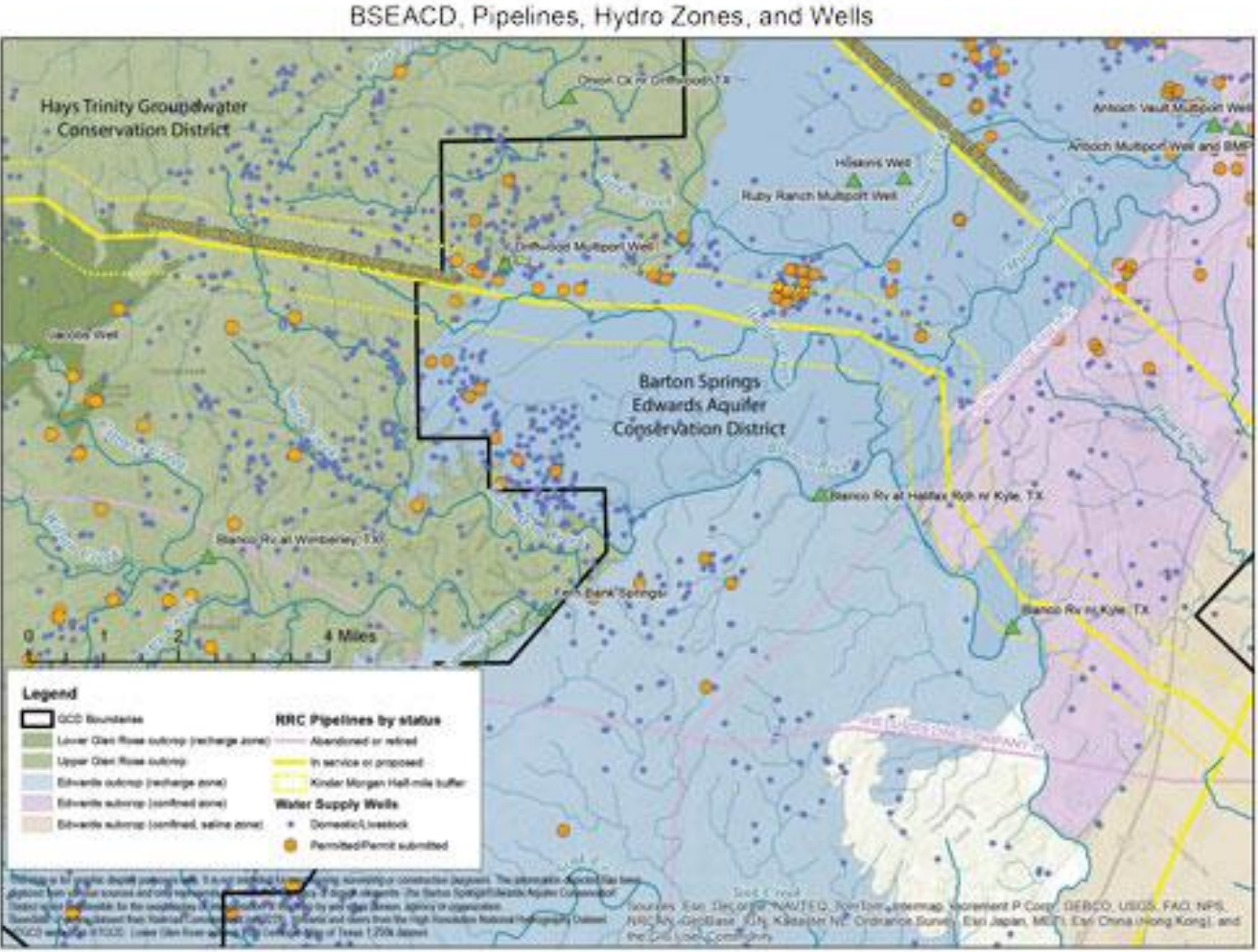
**42' PIPELINE CONSTRUCTION
IN THE NEBRASKA HILLS**



Regulations and Permits

- Texas Railroad Commission: Permit to Operate a Pipeline (obtained)
- USACE: Nationwide Permit 12: Utility Line Activities (application expected to be filed in April). Compliance with Clean Water Act and Endangered Species Act. Requires approval of biological assessment from USFWS and must restore area to pre-construction conditions.
- USDOT: Pipeline Hazardous Materials Safety Administration: safety regulations
- Does not need to comply with Edwards Aquifer Rules

Update on the Permian Highway Pipeline Project GCDs Meeting with Kinder Morgan



- ❖ The Trinity and Edwards Aquifer meet the definition of a karst aquifers due to conduit permeability within soluble rocks.
- ❖ These aquifers are very sensitive to activities, such as construction and contaminant spills, at and near the surface.
- ❖ Tens of thousands of people in central Hays County depend on these aquifers as their sole source of drinking water.

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GCDs Meeting with Kinder Morgan



- ❖ Hired a Karst expert
- ❖ Started survey of Karst features
- ❖ Will be developing a Void Mitigation Plan
- ❖ Will work with GCDs to allow access to ROW during surveys
- ❖ Conducting geo-testing to determine if they will burrow underneath rivers or streams
- ❖ Conducting assessment for corrosion protection methodologies
- ❖ Pipeline will not be double-walled
- ❖ Will be transporting natural gas for 10 years
- ❖ Promised to keep communications open
- ❖ Will be presenting at March 14 Board meeting