

 AAPL

72ND ANNUAL MEETING

SALT LAKE CITY

Unpacking Easements and the Claims Process

Mark Isanhart
Wolverine Pipe Line Company

Easements and Property Damages



Understanding Rights,
Responsibilities, and Compensation

Presentation Objectives

1

DEFINITION OF
EASEMENT

2

WHAT CONSTITUTES
PROPERTY
DAMAGES

3

EXAMPLES OF
DAMAGE CLAIMS

4

WALK THROUGH
THE ASSESSMENT,
CALCULATION, AND
PAYMENT PROCESS

What Is an Easement?

A legal right to use another person's land for a specific purpose



Ownership remains with the underlying property owner



The easement holder has limited, defined rights

Common Types of Easements

Permanent Utility
Easements

Access Easements

Temporary Construction
Easements

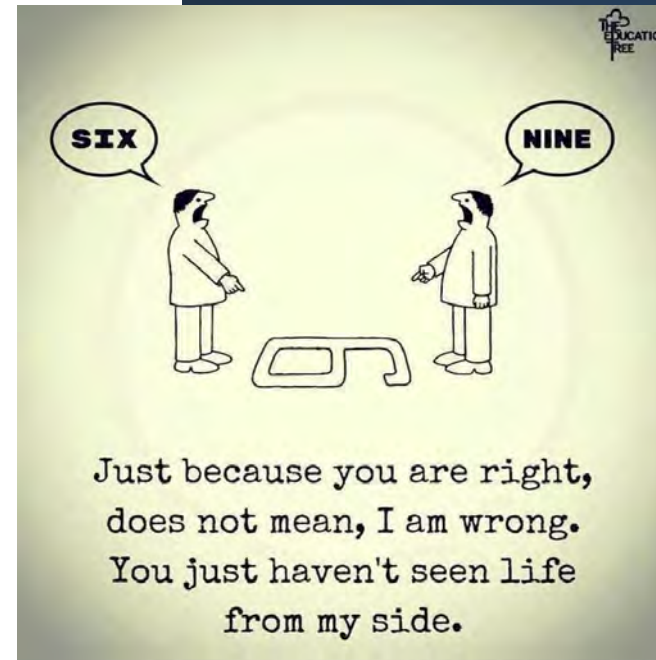


Rights of the Easement Holder

- What does your document say?
- The right to access and use of a defined area for authorized activities
- The right to build, operate, maintain, and replace assets and facilities
- Defined surface maintenance rights and responsibilities
- Limitation on liability
- Additional rights and responsibilities as negotiated between the parties

Understand Your Documents

- Always read your easement documents prior to the start of any work and in the case of an emergency as soon as practical after the initial response
- You have to know and understand your rights and responsibilities as an easement holder prior to completing work upon the right of way
- Never assume you know the terms of an easement without reading it



Basic Documents

per lineal rod, to be paid when this grant shall be used or occupied Fred W. Gailey and Nettie L. Gailey his wife (hereinafter called the Grantors.), do hereby grant to MICHIGAN-TOLEDO PIPE LINE COMPANY (hereinafter called the Company) its successors or assigns, the right to lay a pipe line, and maintain, operate, repair, replace and remove the same, ~~and to erect, maintain, operate, and remove telegraph or telephone lines along said pipe line, if the same be found necessary, over and through~~ their lands situate in Ingham Township Ingham County, State of Michigan, and described as follows:
Being ~~the N.E. 1/4~~ that part of of Section 25 Township 2 N Range 1 E and laying south of the east and west road and west of North and South road.
Being ~~of Section~~ of Section 25 Township 2 N Range 1 E and
Being ~~of Section~~ of Section 25 Township 2 N Range 1 E and
Being ~~of Section~~ of Section 25 Township 2 N Range 1 E and
Containing sixty (60) Acres. More or less

With the right of ingress and egress to, and from the same; the said Grantor, 3. to fully use and enjoy said premises, except for the purpose hereinbefore granted to the Company. Said pipe to be buried so as to not interfere with the cultivation of the land, and said Company to pay any damages which may arise to crops and fences from the laying, maintaining, replacing, repairing, operating and removing said pipe line, said damages, if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by the said Grantor, their heirs or assigns, one by the Company, its successors or assigns, and the third by the two appointed as aforesaid, and the award of such three persons shall be final and conclusive.

And it is hereby further agreed that the said Company, its successors or assigns, ~~may at any time lay, maintain, operate, relay, replace, repair and remove other lines of pipe over the said premises upon the payment of a like consideration for each line and subject to the same conditions as above, and may also at any time change the size of its lines by paying the damages, if any, to growing crops and fences which may arise in making such change. No oral agreements shall be binding on either party hereto unless specifically set out herein in writing.~~

grantor shall repair any tile drain that may be damaged by reason of the laying or removing of said pipe line so as to leave the same in as good condition as same was in before damage was sustained

IN WITNESS WHEREOF, The parties have set their hands this 18th day of

October A. D. 1935

Signed and acknowledged in presence of

R. L. Halladay
P. D. P.

Fred W. Gailey (Seal)
Nettie L. Gailey (Seal)

.....
.....
.....
.....

.....
.....
.....
.....

(a) Except in an emergency situation, if WOLVERINE or any of its agents enters the property without making all reasonable effort to provide at least 48 hours notice, WOLVERINE agrees to pay LANDOWNER \$1,000 for failing to give the required advance notice. "All reasonable effort" as used herein shall mean a phone call to LANDOWNER'S residence leaving a voicemail message if unanswered, a letter by U.S. mail to LANDOWNER'S residence postmarked at least four days before entering the property, and a visit to LANDOWNER'S residence by a WOLVERINE representative, leaving a written message attached to the door if LANDOWNER does not answer the door.

There are
snakes in the
grass!

- This one has cost me more than once
- The landowner even attempts to claim that parking on the public road right of way outside of his property is a violation since he owns the underlying land
- We have also been in court on more than one occasion with him.

Rights of the Property Owner

- Continue normal land use that is not in conflict with the rights of the Easement holder
- Receive compensation for damages as prescribed in the Easement document and/or the applicable law
- Expect reasonable restoration or just compensation to complete reasonable restoration following work on their property





What are Property Damages?

- Physical or economic harm to:
 - Land
 - Personal/Private Property
 - Human/Animal Health
- Temporary or Permanent Impacts



Who can cause damages?

- Operators
- Landowners
- Excavators
- Farmers



Some Ways Damage Can Occur

- Excavations
- Heavy equipment traffic
- Site clearing
- Emergency activities
- Deep tiling/agricultural excavation

Common Examples of Property Damages Caused by Construction and Operation of Assets



Crop loss



Livestock
damages



Land damages



Structural
damages



Temporary vs. Permanent Damages

- Temporary:
 - Damage to seasonal crops
 - Driveways/parking lots
 - Rutting
 - Damages that can be repaired or compensated for that do not detract from the value of the land once corrected
- Permanent:
 - Contamination
 - Reduced land value (real, not perceived)
 - Damages that have resulted in a permanent loss of value/usefulness of their property outside of your operational rights and responsibilities

Why Damage Compensation Matters

- Legal obligation
 - Could be a term in your easement agreement and/or an obligation under the law
- Stakeholder trust
 - Operators should always endeavor to make a damaged party whole quickly and completely. This will build trust in the stakeholder base and help to overcome objections in the future
- Dispute prevention
 - Allowing a \$2,500 claim to become a \$100,000 lawsuit is not good business
 - While damaged parties may not always file suit to reclaim damages, they will not forget and in the future when your company may need a concession from them, they will remember!



Claims Against an Operator

- During regular maintenance or other routine activities, as well as, during an emergency response, operators can cause damages to a third-party stakeholder's property requiring compensation for or replacement/repair of the damaged property
- Properly documenting and investigating these claims starts long before the work ever begins

Initial Damage Identification

- Inspector reports
 - You should always be told about damage by your on-site representatives first, waiting for a landowner notification causes an erosion of trusts
- Landowner notification
 - Landowner notifications may be a legitimate claim or may not, but you will need to follow your vetting process make this determination



Assessment: Site Inspection & Documentation



PRE-EXISTING
CONDITION REVIEW



PHOTOS AND
MEASUREMENTS



ON-SITE
INSPECTION

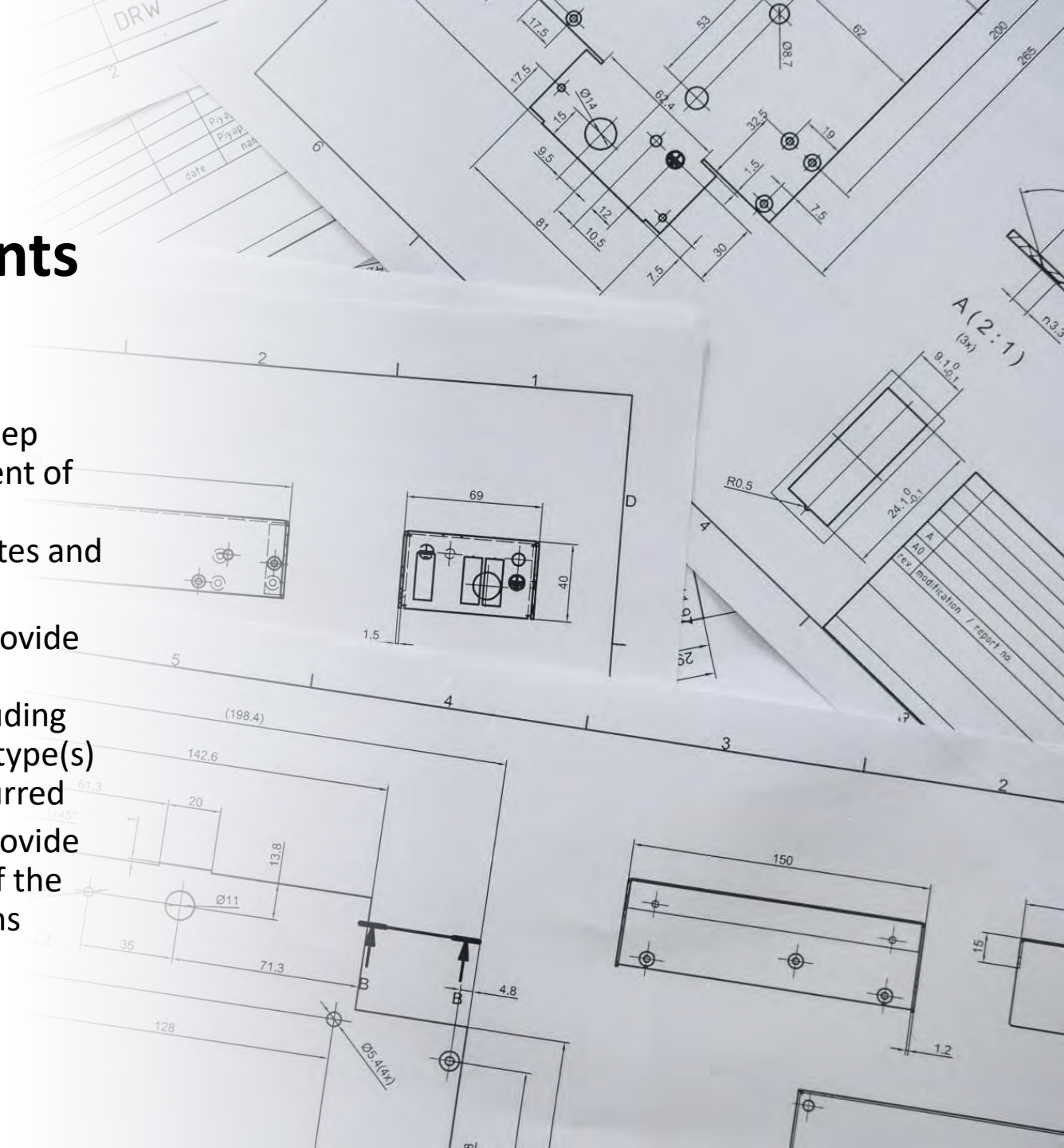
Pre-Existing Condition Review

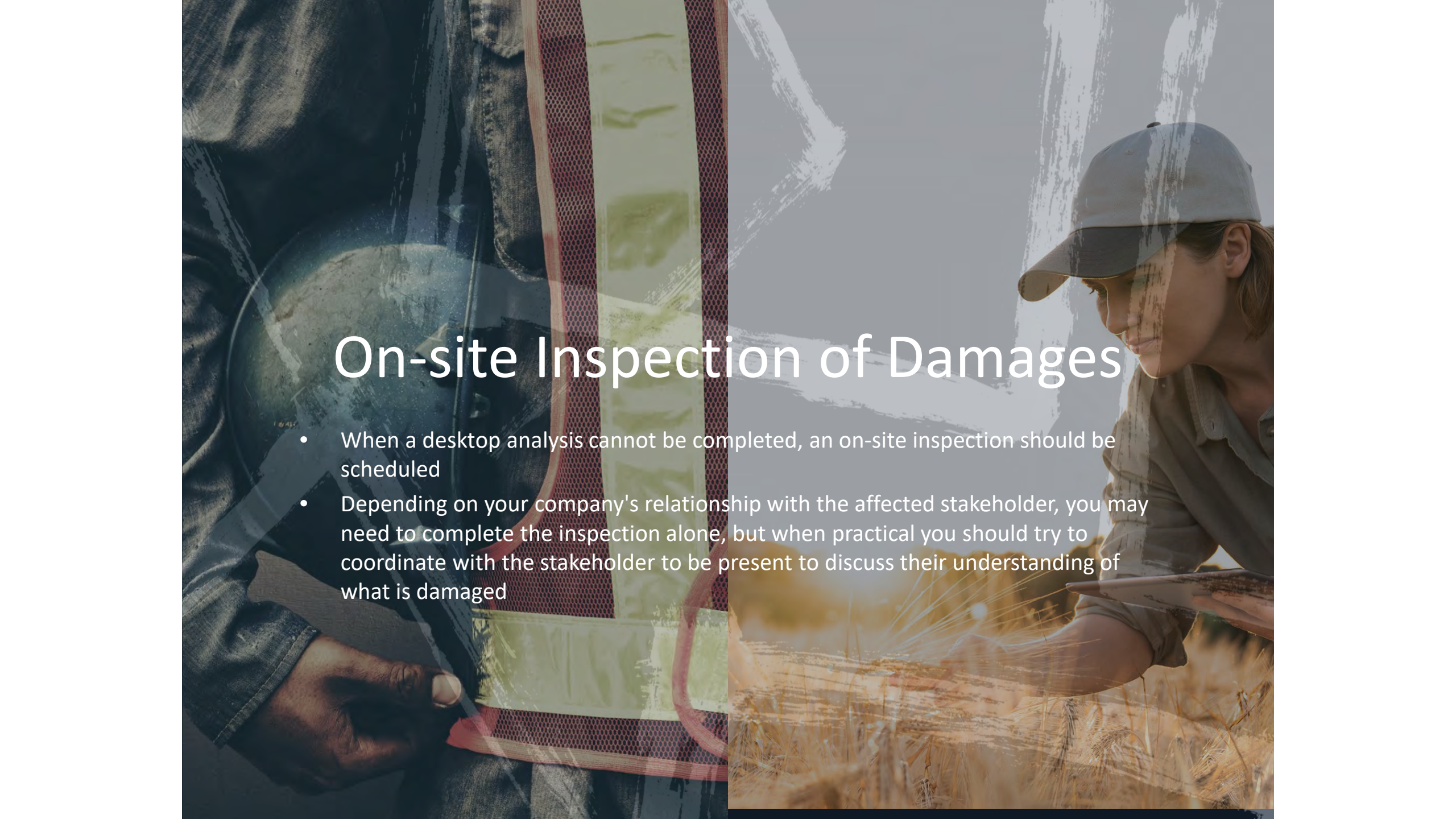
- Whenever possible, you should document the prework condition of all locations, access routes, staging areas, etc. with geotagged photos



Photos and Measurements

- Inspectors should keep detailed measurement of all disturbed areas including access routes and staging areas
- Inspectors should provide a detailed sketch of damaged areas including measurements and type(s) of damage that occurred
- Inspectors should provide geotagged photos of the damaged areas/items





On-site Inspection of Damages

- When a desktop analysis cannot be completed, an on-site inspection should be scheduled
- Depending on your company's relationship with the affected stakeholder, you may need to complete the inspection alone, but when practical you should try to coordinate with the stakeholder to be present to discuss their understanding of what is damaged

Assessment: Determining Responsibility



WAS THE ACTIVITY ALLOWED BY THE TERMS
OF THE EASEMENT OR SOME OTHER
SUPPLEMENTAL AGREEMENT?



WERE BEST PRACTICES FOLLOWED?



Was The Activity Allowed By The Terms Of the Easement?

- Was Right of Way consulted and an opinion rendered if the work was being completed in compliance with the terms of the Easement?
- If the work was not cleared in advance, then a post work review of the easement terms needs to be completed prior to working on the claim and if there is any ambiguity within the easement, then Law should be looped in prior to taking any action

Were Best Practices Followed



It is critical that all work is completed following best practices as required of a Prudent Operator



If a deviation from best practices creates the opportunity for a claim, then Law will need to be involved in any claims settlement to minimize liability

Investigating Claims

Let's look at few recent investigations

- It is critical that all investigations are thorough and completed without bias
- Never jump to conclusions
- Let the facts lead to the correct conclusion



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

Fiber Optic Line Strike

- During a recent shorted casing dig, a contractor struck a fiber optic line on a Friday afternoon knocking out phone and internet to most of Southeast Michigan
- The site was closed immediately
- The strike was reported to management, and attempts were made to determine who owned the damaged line





Start With The Two Fundamental Questions

- Was the activity allowed by the terms of the Easement or some other supplemental agreement?
- Were best practices followed?



Was the activity allowed by the terms of the Easement or some other supplemental agreement?

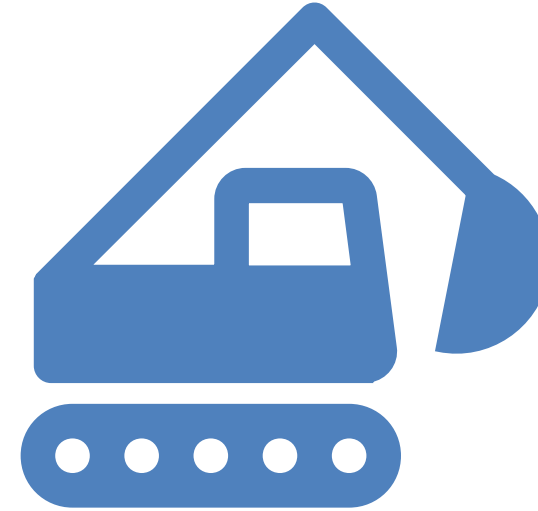
Passed the first test



Were best practices followed?

What are the best practices for excavation of a buried asset?

- White box the excavation site
- Place OneCall (MISSDIG) in this case and wait the appropriate amount of time
- Examine the location for above ground markers, pedestals, or line drops that may indicate the Presence of other buried utilities
- Look for phone or other telecom pedestals
- Ask the property owner if there are any known private utilities, lines, or drain tiles



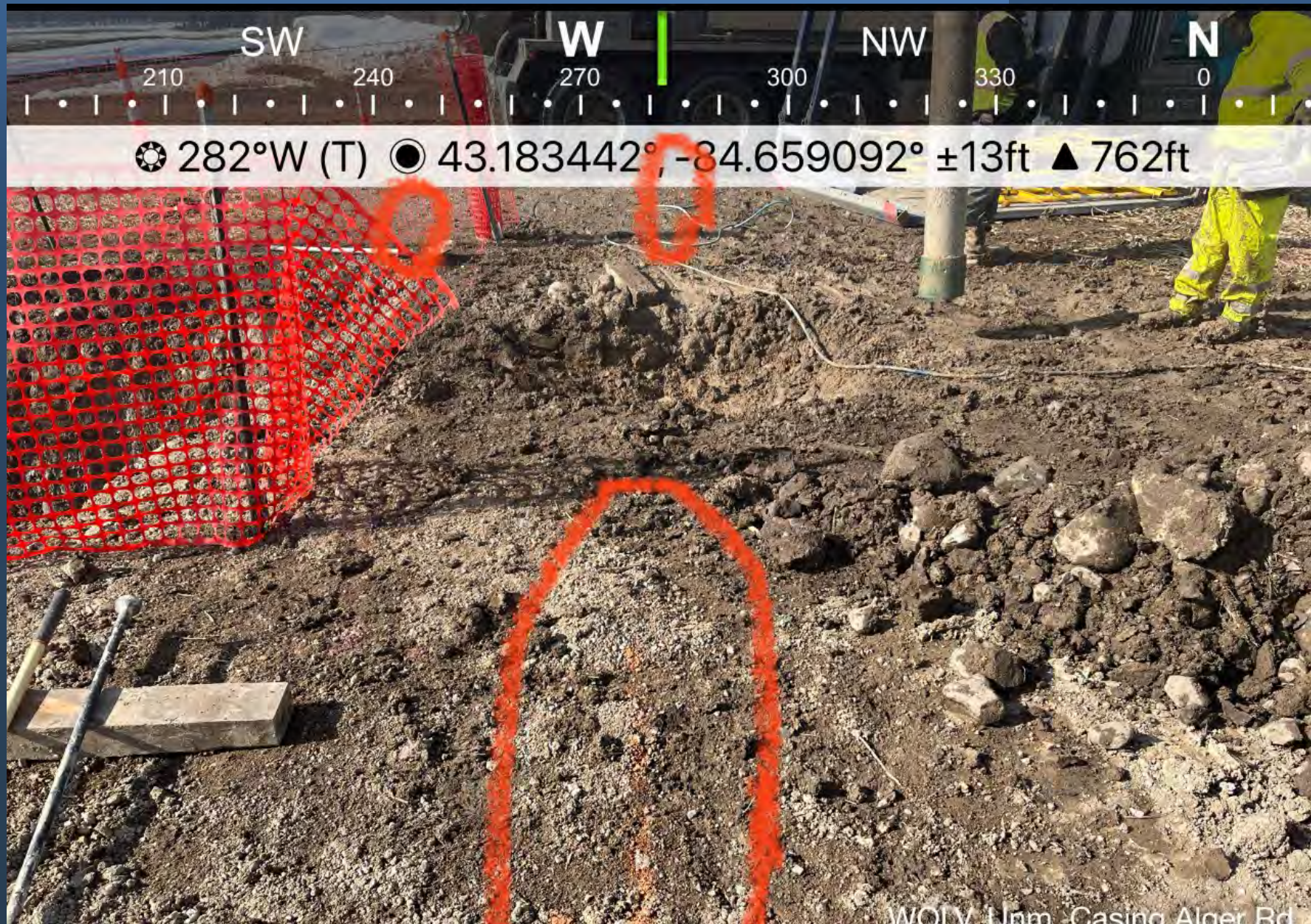
7669–7699 S Alger Rd Perrinton MI

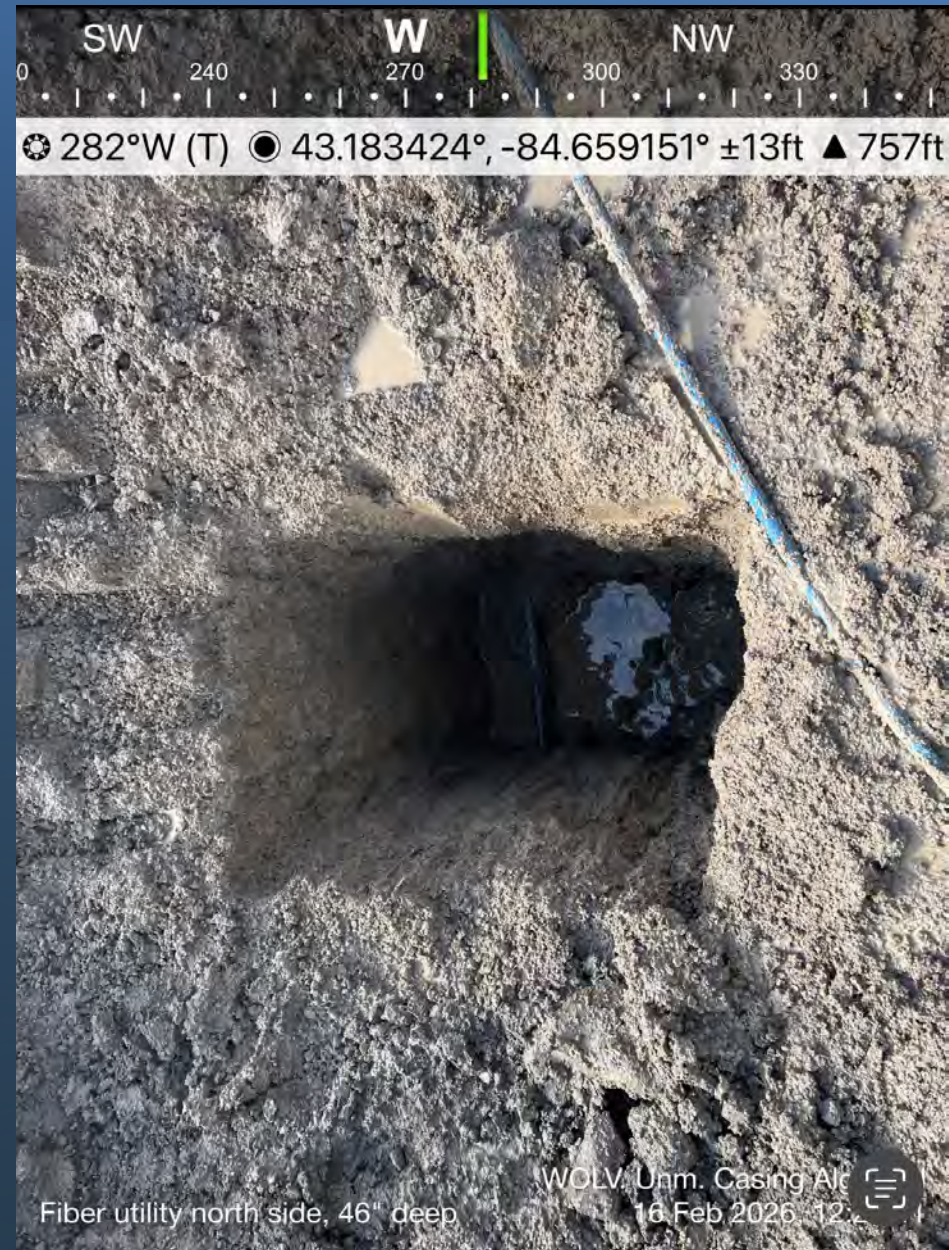
© 43.183392°, -84.659116° ±6ft



Casing 2 North side
Integrity Solutions Field Services

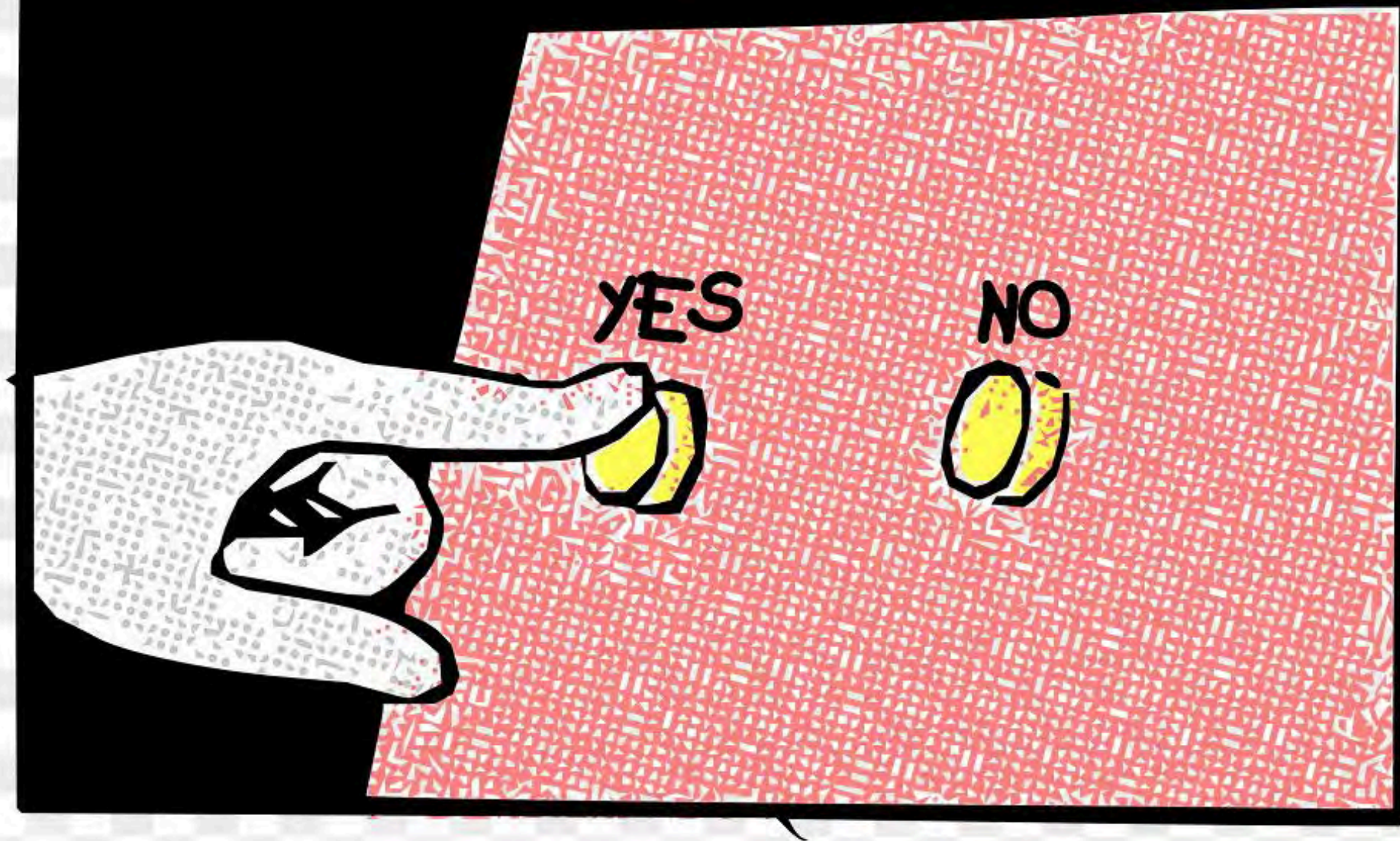
Wolverine pipeline co.
06 Feb 2026, 09:22:11





Fiber utility north side, 46" deep

WOLV Unm. Casing Alc
16 Feb 2026 12:2



7669–7699 S Alger Rd Perrinton MI

© 43.183487°, -84.659093° ±6ft



Casing 2 North side
Integrity Solutions Field Services

Wolverine pipeline co.
20 Feb 2026, 15:08:45

7669–7699 S Alger Rd Perrinton MI

● 43.183467°, -84.659133° ±19ft



Casing 2 North side
Integrity Solutions Field Services

Wolverine pipeline co.
20 Feb 2026, 14:22:29



● 43.183478°, -84.659183° ±9ft



Casing #2 North

Wolverine
23 Feb 2026, 2:31:59 PM



© 43.183481°, -84.659151° ±13ft



Casing #2 North

Wolverine
23 Feb 2026, 2:32:24 PM



Claim Denied

- Failure on the part of the utility owner to properly mark their asset in compliance with OneCall statutes for the state
- Indemnity under the statute for the contractor who properly followed the law

Crop Damages During Pipeline Maintenance

- During recent pipeline maintenance a large area of a planted field was disturbed by traffic and excavation activities
- The farmer wanted to be compensated for the lost crops as well as soil compaction



QUESTIONS



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

Start With The Two Fundamental Questions

- Was the activity allowed by the terms of the Easement or some other supplemental agreement?
- Were best practices followed?

Was the activity allowed
by the terms of the
Easement or some other
supplemental agreement?

Yes!

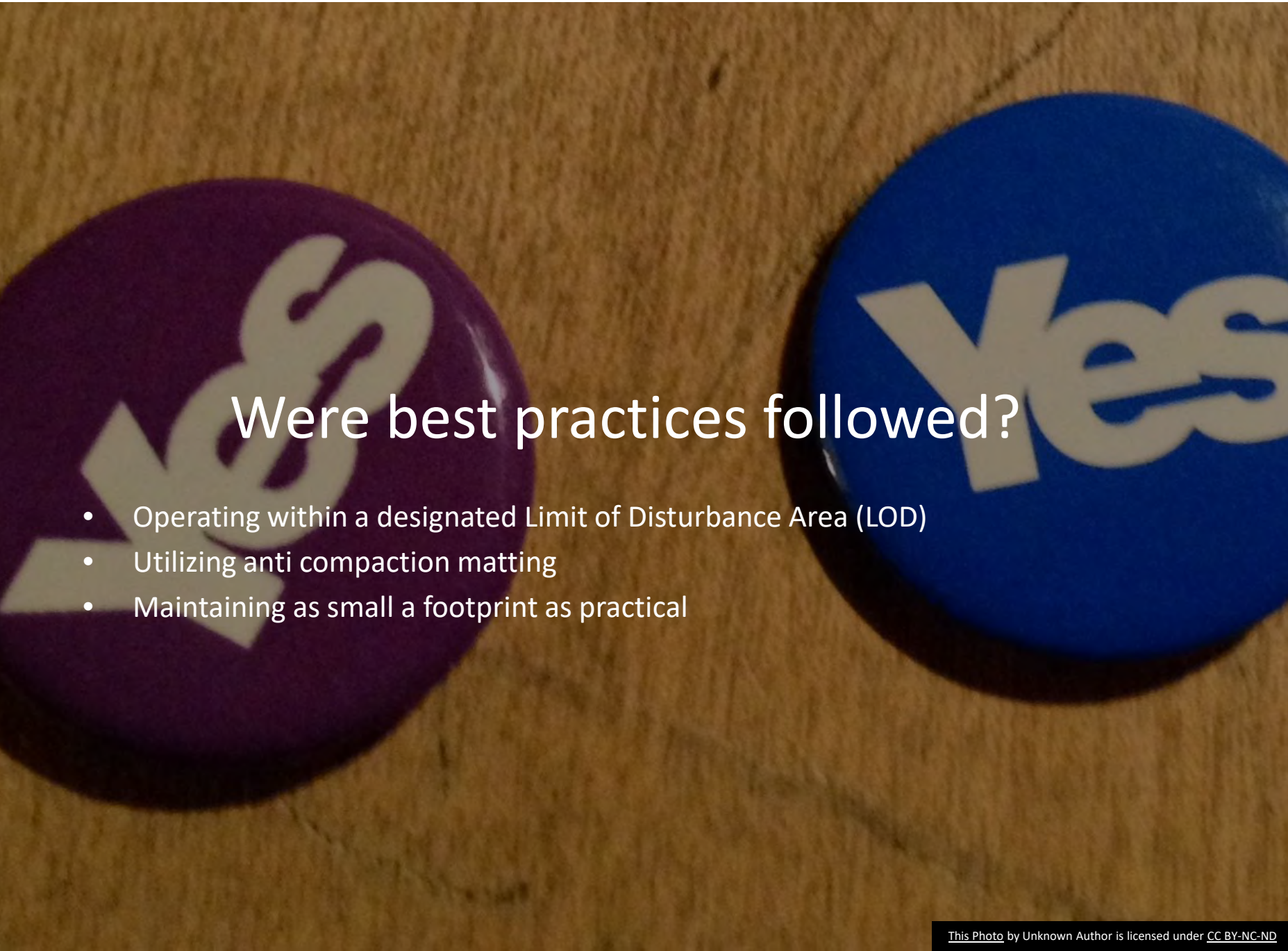
YES!

YES!

Yes!

yes.

Yes!



Were best practices followed?

- Operating within a designated Limit of Disturbance Area (LOD)
- Utilizing anti compaction matting
- Maintaining as small a footprint as practical

Defined LOD



Utilizing Anti Compaction Matting



Maintaining as small a footprint as practical



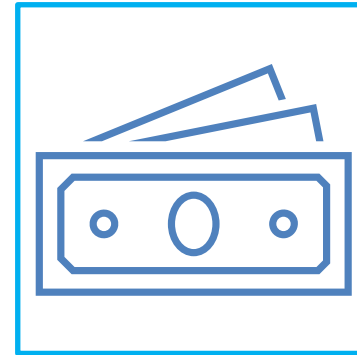


Claim Approved

Weighing Your Options



Damage calculations

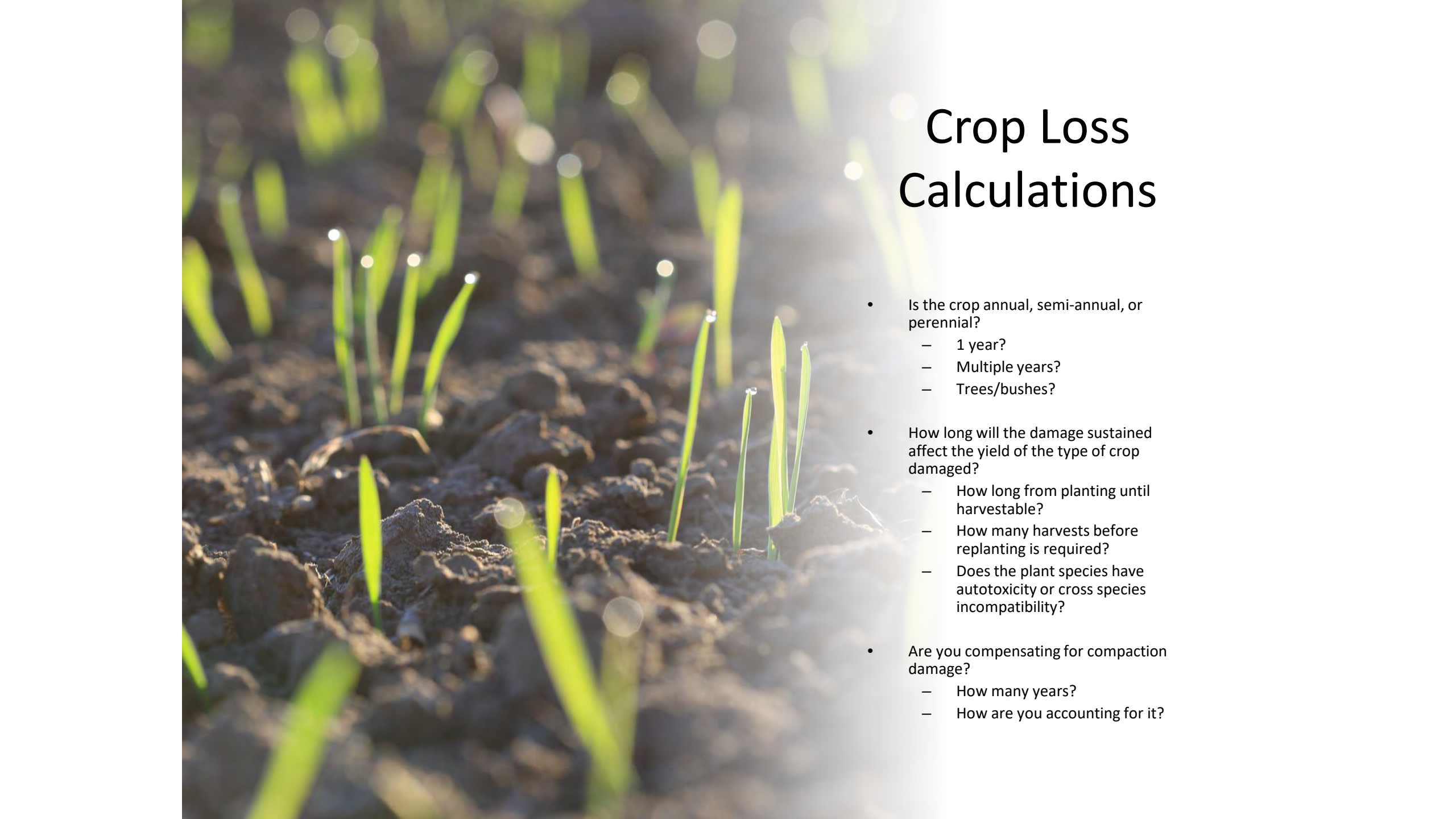


Cost-to-cure

Crop Damages

- This is the most common form of damage claim that we encounter
- The necessity to pay crop damages is usually addressed within the body of an Easement Agreement
- The methods for determining value are often addressed in newer Easement Agreements





Crop Loss Calculations

- Is the crop annual, semi-annual, or perennial?
 - 1 year?
 - Multiple years?
 - Trees/bushes?
- How long will the damage sustained affect the yield of the type of crop damaged?
 - How long from planting until harvestable?
 - How many harvests before replanting is required?
 - Does the plant species have autotoxicity or cross species incompatibility?
- Are you compensating for compaction damage?
 - How many years?
 - How are you accounting for it?

- Includes Drawing
- Location
- Area Damaged
- Crop Type
- Yield Information
- Cost Per Unit Information
- Total Amount to be Paid

[illegible]

John Doe Crop damages (AC Mitigation)

John Doe-Landowner: 555-555-5555

Jane Doe-Tenant farmer: 444-444-444

ISFS completed the work at this site and removed the matting on September 19th, 2025. The field impacted was planted in corn. 34,863.1 ft² of corn will be unharvested. Plan is to compensate for an even acre. Below are the yields provided by Jane Doe.

Crop yields: Corn: 240 bu/ac @ 5.00 bu= \$1,200.00 for crop loss.



Exmample of Cost to Cure

Contracting the work to be completed
instead of self-rectifying

-
- Damages occurred inside and/or outside of the Right of Way or defined Limit of Disturbance during a spill response.
 - The Landowner was willing to complete the restoration himself if compensated



1

- Reimbursing the stakeholder for completing all or part of the restoration work themselves
- Reimbursing the stakeholder for hiring all or part of the restoration work to be completed
- Hiring a contractor directly to complete the restoration work

Restoration Calculation Worksheet

Restoration of 1150 feet of access path, driveway, and lawn damaged while responding to the Polk and Begole drain release incident. .56 Acres of pasture/meadow restoration, 700 feet of driveway needing the gravel replaced/added, 450 feet of rutting and path restoration needing smoothing and reseeded.

Category	Items	Quantity	Actual Cost	Total Actual Cost
Operator/Labor Time	Reimbursing Homewowner for hours worked on the restoration	30	\$50.00	\$1,500.00
Equipment Time	Reimbursement for homewowner using their equipment to complete the restoration.	25	\$100.00	\$2,500.00
Equipment Fuel	Fuel for homewowners equipment 4 gallons per hour if diesel @ \$4.00/gallon	25	\$16.00	\$400.00
Restoration Planning Time	Reimbursement for estimated time for homewowner to plan the restoration and acquire materials	5	\$75.00	\$375.00
Gravel/Drive Material	Yards of 22A road gravel for driveway restoration (Kenny's Trucking and Excavation @\$850/yd³)	70	\$30.00	\$2,100.00
Top Soil	Topsoil for yard/feld restoration (40lb bag from Family Farm and Home)	200	\$4.00	\$800.00
Yard Seed	Kentucky 31 Grass Seed (50lb bag from Family Farm and Home)	4	\$80.00	\$320.00
Trail Seed	Wildlife Mix (50lb bags from Family Farm and I home)	1	\$110.00	\$110.00
Trail Mulch	Straw bale (square bale from Family Farm and Home)	25	\$5.00	\$125.00
Miscellaneous	Concrete Driveway section removal and replacement from damage during access	1	\$1,750.00	\$1,750.00
Miscellaneous 2				\$0.00
Miscellaneous 3				\$0.00
Other				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
Total		Total	\$2,220.00	\$9,980.00

Sedimental 50,000,000

Inspected Count: Add 5% 5490.00

Total	530,479.00
-------	------------

[illegible]

What are the benefits of Cost to Cure

- Stakeholder controls the outcome
- Indemnity from additional costs through advance settlement with the stakeholder
- Stakeholder receives the warranty for the work if they utilize a contractor or provides the warranty if they self-rectify



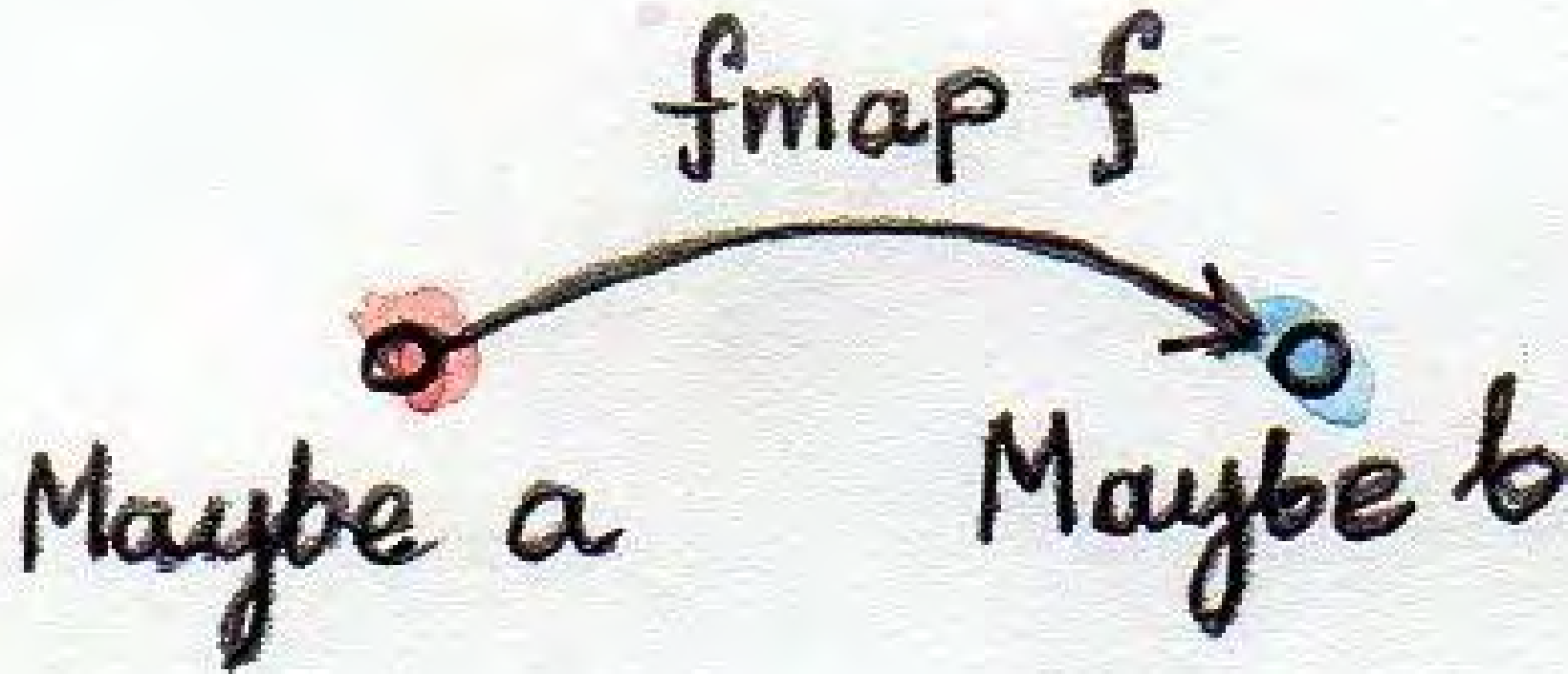


Investigating Damage to Operators Assets

Start With The Two Fundamental Questions

- Was the activity allowed by the terms of the Easement or some other supplemental agreement?
- Were best practices followed?

QUESTIONS

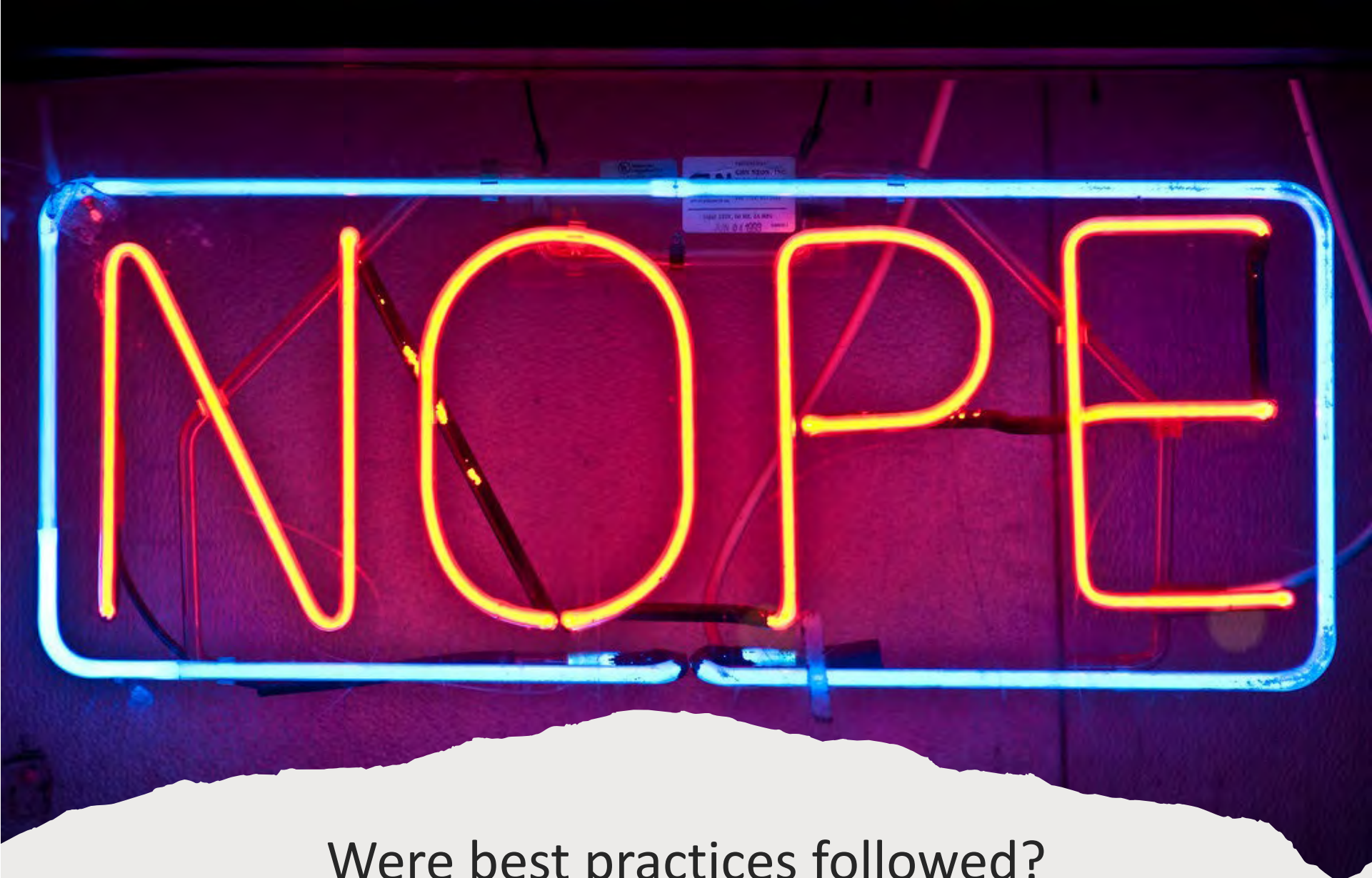


Was the activity allowed by the terms of the Easement or some other supplemental agreement?



Unapproved
grade and land
use change
within the Right
of Way, without
operator
knowledge





Were best practices followed?

Why Not?

1. The new tenant farmer failed to comply with the OneCall statute prior to subsoiling a new field
 - Tenants in Michigan must place a OneCall if tilling deeper than 12"
 - All farmers must place a OneCall if tilling deeper than 18"
2. The landowner allowed or completed an unapproved land use and/or grade change to occur within the easement without notifying the easement holder, thus creating an unsafe condition for the pipeline







Central Michigan Ag LLC

315 Prospect Ave
Alma, MI 48801

989-681-3762

RECEIVED

DEC 01 2025

Invoice Number: **013191**

Invoice Date: 11/25/2025

Bill To: Wolverine Pipe Line Company
8075 Creekside Drive, Suite 210
Portage, MI 49024

Ship To: Wolverine Pipe Line Company
8075 Creekside Drive, Suite 210
Portage, MI 49024

Terms	Ship To Phone	Ship To E-mail	Ship To Fax	Bill To Phone	Bill To E-mail	Bill To Fax
N30	1-269-323-2491			1-269-323-2491		

Quantity	Description	Unit Price	Amount
0.0000	Case 875 Ripper #2474-Repairs from Hitting Pipe Line	0.00	1,752.77
0.0000	Case 875 Ripper #0619-Repairs from Hitting Pipe Line	0.00	5,772.79

I give you an “A” for effort



[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)



What do you know?

Claim + Evidence

How do you know that?

+ Reasoning = Explanation

Why does your evidence support your claim?

Preparing the Damage Estimate



CLEAR
METHODOLOGY



ITEMIZED EXPENSES
SUMMARY



SUPPORTING
DOCUMENTATION

Clear Methodology

A company needs to have a clearly outlined claims process which should include:

- A rubric for determining a claims legitimacy
- Predefined requirements outlining what documentation is necessary to file and process a claim
- A documented review process including step by step instructions
- A forms library for any required forms



A person wearing a yellow sweater is sitting at a white table, using a white calculator. The background is blurred, showing a dark couch and a light-colored wall.

Itemized Expenses Summary

- All expenses that are being included in a claim should be itemized into a summary sheet
- If necessary, details about where the information used for calculation of a line item in the summary came from should be included in the comments section of the summary

Supporting Documentation

- All claims should be properly supported
- Companies may choose to require none, some, or all of the following information in their finished claims packets:
 - Checklist of required steps
 - A copy of the easement agreement (if applicable)
 - A copy of the Itemized Expenses Summary
 - A copy of all applicable invoices/receipts
 - A copy of all internal approvals
 - A copy of all required documents, Releases, W-9, Contracts, Calculation worksheets, etc..
- A copy of proof of payment



Use of Experts

Soil/Crop specialists

Appraisers

Engineers

Calculation: Communicate The Investigation Findings and Work Through Disputed Points



EXPLAIN FINDINGS



REVIEW
COMPENSATION



ANSWER
QUESTIONS

Calculation: Negotiation & Agreement On The Final Terms



Adjustments



Document agreement

Payment Process



INTERNAL
APPROVAL



ISSUE PAYMENT



MAINTAIN
RECORDS

Post-Payment Follow-Up

- Confirm Payment Received
- Close claim





Key Takeaways

- Always read your documents before any work is conducted
- At a minimum settle damage claims according to your document terms and/or applicable law whichever is greater
- Easements allow use, not ownership
- Damages must be compensated
- Clear processes protect all parties