

Montana's
Schwinden...6

High in
the Uintas...8

Arizona
water war...10

High Country

news

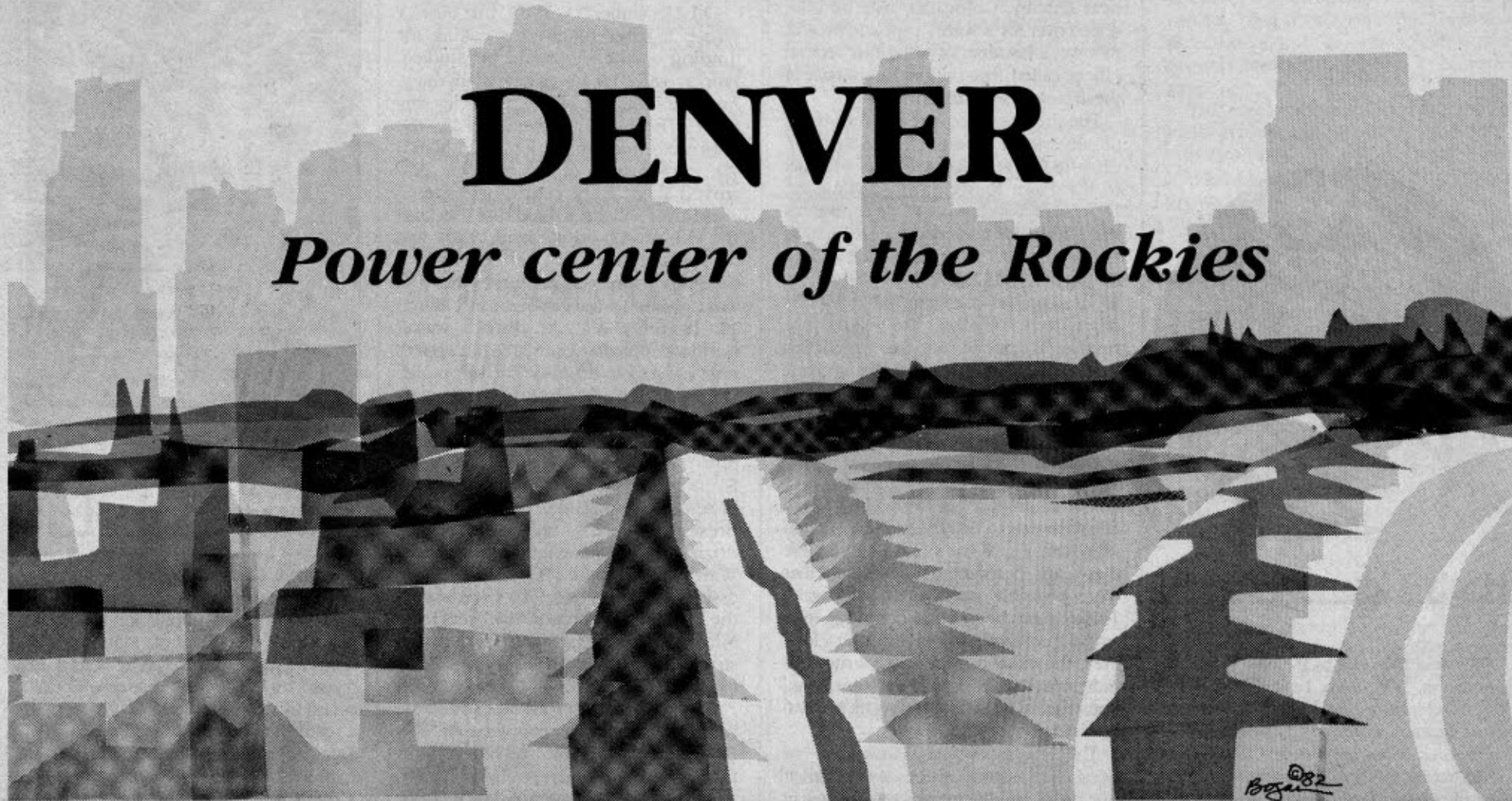
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DENVER

Power center of the Rockies



by Peter Wiley and Robert Gottlieb

Around the table at a dinner meeting of the Western Regional Council sat some oilmen, some bankers and a hip, up-and-coming executive from Amoco. This energy giant, a subsidiary of Standard Oil of Indiana, was making a move into Denver and the intermountain West. Amoco planned another skyscraper to grace the new Denver downtown to accommodate its expanding oil business in the nearby Overthrust Belt and its coal, oil shale and uranium interests.

The young executive and his wife, transplanted Texans, chatted about the new styles, the theatre in New York, California boutiques, Jerry Brown, things that were happening in Houston. "I love Denver," the young executive told the others seated around the table. "You know, it's the last place left where you have people like R.O. (Anderson of Atlantic-Richfield Corporation) — adventuresome types, not some robot doing the routine work of a faceless management. Denver is like a last frontier where the great plays can still be made."

Seated next to him was the president of one of the big local banks. This Denver banker and his colleagues were happy to share in the divvying up of the interior West among the big energy companies, more than happy to take the crumbs of the big development bucks dropped by the New York and California banks. The banker, a Denver native, felt a little out of place dealing with these high-flying energy boys, a cowhand among wheeler-dealers. Dressed casually in his red sports jacket and striped pants, he was out of place in

conversations about last frontiers and the newest cultural events to hit the intermountain West.

Not the trendy oilman, however. "Say," he asked the banker, ready to make an elaborate point, "did you hear about this new film? All about Jack Kerouac, Neal Cassady and the Beats."

"What's that you say?" the banker interjected. "Sugar beets?"

Awkwardly, the subject was dropped, and the two men continued their dinner, feeling comfortable only with the subject of how, where and when the big boom would strike next.

Denver, like most of the cities of the interior West, has little sense of its own history. It has been characterized as a series of boomtowns, a process that began with the discovery of gold by a group of Georgia prospectors and Indian territory half-breeds on the South Platte River in 1858. From the gold-rush days, Denver, as the *Wall Street Journal* put it, "reeled and caroused through a silver boom, a lead boom, a zinc boom and in the 1950s, a uranium boom." There was also a government-spending boom in the 1940s, a military boom from the 1940s to the 1960s and a real estate boom in the 1950s. Today the town is being rapidly transformed by the onslaught of the multinational energy and mining companies in what promises to be the most extensive and far-reaching boom to date.

Denver, like Los Angeles and Phoenix, was not a "natural" city. It did not lie on the original east-west thoroughfare of the Union Pacific. Nevertheless, this new town on the western edge of the High Plains did become a crossroads for the interior West. It became a trans-

portation center because of the rail lines to Cheyenne, Omaha and Chicago. Denver also became a commercial center for the Rocky Mountain region, helping sustain early mining activities.

Although a native Denver elite emerged within two or three decades after the city's founding in 1858, the key decisions affecting the region were made in the East. Major financing of the great mining fortunes came from New York and Boston. Powerful families such as the Rockefellers and the Guggenheims took over the main mining operations by the turn of the century.

By the 1920s, the leading families of Denver, such as the Boettchers (Great Western Sugar), the Hugheses (Denver's First National Bank) and the Phippses (U.S. Steel), had already developed the distinctive western version of the old free-market ideology. They attacked the regulation of the private sector and excessive government spending on social matters. At the same time, they pushed for massive federal subsidies for oil shale development and highway construction to promote tourism. The Denver elite also joined their counterparts further west in urging government aid for crucial water projects.

The old elite also supported a strategy of modest growth based on the development of natural — particularly extractive — resources as well as agriculture and tourism, while they opposed any kind of large-scale industrialization. The opposition to industrialization came out of a basic nativist ideology built up during nearly half a century of bitter struggles in the mines. According to historian Lyle Dorsett, a leading Denver establishment figure attacked indus-

trialization because it would bring "low-brows, foreigners and dirt into a respectable city."

The anti-immigration, anti-industrialization perspective of the elite helped spawn the local Ku Klux Klan, which became extremely strong in Colorado during the Klan's brief national rise to prominence in the 1920s. In the 1924 elections, Klan support was responsible for the election of the governor, Sen. Lawrence Phipps, and the mayor and police chief of Denver. When Colorado Klan leader Dr. John Galen Locke was jailed in 1925 for contempt of court and the Klan-backed officials performed poorly in office, the group's popularity quickly faded. By the end of the decade, the Klan had vanished from the scene, although the nativist undercurrent remained.

The advent of World War II was a turning point in the development of Denver as an "instant city." To focus on the Pacific, the federal government established a number of defense plants in Denver, many of them operated by out-of-state companies. The first large plant, operated by Remington Arms, became a major factor in Denver's growth during this period. At its height, the plant employed 20,000 workers, about 40 percent of Denver's factory personnel.

After the war, the government converted the plant into a massive government complex. This complex combined with Denver's historical role as a crossroads city to make an attractive location for the massive federal regional center that was needed to handle the postwar growth of the interior West. By 1980, Denver had more than 33,000 federal employees, more than any other

(continued on page 12)

WESTERN ROUNDUP

Windy Gap archeology site periled

An 8,000-year-old archeological site near Granby, Colorado, may be bulldozed over for a water pipeline project this week because of what one federal official called "the colossal ineptitude of the Interior Department."

The site was discovered in the course of surveying a pipeline route that will carry 48,000 acre-feet of water annually to the Front Range cities of Boulder, Longmont, Loveland, Greeley and Estes Park, Colorado. According to Richard Eggan, regional environmental officer for the Bureau of Reclamation, the site is located on private land about three miles from Granby. He said, "The resources appear to be significant. Based on carbon dating, they range back as far as 8,000 years. It is wattle and daub construction of walls of some sort — though we don't know what they were used for."

However, Eggan said, "This nature of construction is not unknown. It's found in southwestern Colorado, New Mexico and Arizona. What's unusual is that these are permanent structures that were probably used again and again. This area has been considered too high and too cold for early civilization. However, the existence of these structures indicates that the Indians moved in, constructed facilities and came back to the areas."

The site, known as Windy Gap, has been under study since last summer. The water pipeline project was halted in December because of weather conditions. The Northern Colorado Water Conservancy District, which is building the pipeline, had spent \$320,000 of its own money to study the project. Earl Phipps, a spokesman for the district, said "We think we've done our part. We're already getting complaints about

the amount of money spent from the water users. We're trying to get a cooperative agreement so the significant cultural resources can be further examined without creating any hardship."

Eggan said, "The district has been very cooperative. We asked the Interior Department in Washington for funding so that we can study more of the area." So far, only six to ten percent of the site has been studied.

On December 11, 1981, the district wrote a letter to Interior asking for funding so the site could be studied. Phipps said, "We never heard anything. And we couldn't afford to delay any more. The weather cleared up and the contractor was on the job." On March 29, construction of the pipeline destroyed about 10 percent of the site.

Interior solicitors ruled that, because the site was on private land, there was no statutory authority for expenditure of federal funds to preserve the site. That opinion wasn't issued until March 11, however. And the district wasn't notified until after that date that no federal assistance would be forthcoming.

On March 30, Interior Secretary James Watt sent messages to the Smithsonian Institute, the National Geographic Society, the National Science Foundation and the National Academy of Sciences asking for private funding to preserve the site — one day after bulldozing had commenced on the site. Watt's letter said, "Time is of the essence." Phipps said, "To their credit, the contractor (Johnson Brothers from Minnesota) voluntarily suspended construction until we can see if something can be worked out."

One source, who asked not to be identified, said, "The problem is, 'Why did Interior take three and half months to respond?' If they'd responded earlier, some other actions could have been taken. It was just ineptitude."

Harmon Kallman, Interior Department public information officer, when asked about the delay, said, "You're wondering, too. It takes time for things to filter up through the levels. It's been under consideration for some time." Richard Woodcock, the agency solicitor

who prepared the opinion, referred all questions to the public information office.

Construction has been delayed until April 5 in the hope that some funding will be forthcoming.



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Hunting for bear habitat

A plan to delineate "bear units" in Kootenai National Forest in an effort to protect a small population of grizzly bears in the Cabinet Mountains of northwest Montana was unveiled last month by U.S. Forest Service officials.

Led by forest biologist Al Christensen, a team of researchers studied 515,000 acres of public lands in the southern Cabinets. The area is said to be home to a small population of grizzlies — officials say they have "no idea" how many, but estimates of 10 or more have been made — and is currently attracting a large number of mineral exploration companies.

What officials described as a "totally unique management tool" was put together using infra-red aerial photo-

Dear friends,

Our first acquaintance with Californians Bob Gottlieb and Peter Wiley was in 1980, when they contacted us and proposed that we run an article by them on plans to ship Rocky Mountain coal to Japan. Like most writers, they winced at our rates, but they gave us the story anyway (*HCN*, 6/13/80) which came out of research they were doing for a book.

Both had good credentials in the news business. Wiley had been an editor with Pacific News Service and Gottlieb had written a book about the *Los Angeles Times*. Their articles have also appeared in numerous magazines and newspapers.

Their interest in *High Country News* proved to be more than mere business, however. When an independent writers' group in southern California folded with a few bucks left in the till, Gottlieb suggested the money go to the High Country News Research Fund. And last year, then-Director Geoff O'Gara drove to Salt Lake City to chat with the duo for an article on *HCN* they had proposed to the *Columbia Journalism Review*.

Gottlieb and Wiley were in Salt Lake to interview Gov. Scott Matheson (D) for an airline magazine story when they talked to O'Gara. Wiley said at one point *HCN* was the only way for people outside the region to get crucial information on the Rocky Mountain states without subscribing to innumerable dailies — and even then, they'd still need *HCN*.

Since they showed such insight, we

began to recognize that they were truly great journalists. Unfortunately, the short-of-space *Columbia Journalism Review* left the story on the cutting room floor. (We did score an editor's note in the last *CJR* issue when a letter-writer questioned the omission of *HCN* from an article on Rocky Mountain journalism and was told the editors tried to get a sidebar on *HCN*, but failed. Bob and Peter, take note.)

At any rate, a Gottlieb-Wiley book is

due out shortly. Titled *Empires in the Sun: The Rise of the New American West*, it covers the big western issues of the 1980s: energy, scarce water and the environment. With a good bit of history and some investigative flair, the authors take a look at the new western power centers. Among them is Denver, and we're publishing an abbreviated version of that chapter in this issue. The book is published by G.P. Putnam's Sons and will retail for \$15.95.

— the staff



Carolina Butler

Gottlieb and Wiley

graphy to evaluate forest land for bear habitat, identifying 13 components of year-round bear habitat, among them marshes, stream bottoms and snow chutes. Each drainage was catalogued, and usable bear habitat was assembled into eight "bear units" averaging 99 acres. Researchers say each such unit could sustain one female bear year-round.

However, forest officials did not claim that bears were actually using the units. "We probably couldn't figure out how many bears are there in 10 years," said forester Bill O'Brien.

O'Brien said the units would not be absolutely protected against development, but "we would set a lower threshold level for significant impact to the bear" in the units. Development would not be allowed if it would eliminate completely any of the essential components for grizzly habitat from one of the units.

Hank Fischer, Defenders of Wildlife representative from Missoula, said the Kootenai officials were "striving to get a handle on the problem," but he could not be sure this approach would be effective in dealing with pressure from mining operations.

There are currently 20 ongoing or proposed mining projects in the area described by the U.S. Fish and Wildlife Service as the Cabinet-Yaak Grizzly Bear Ecosystem, according to the *Missoulian*. Among them are exploration in the Star Gulch area near the Idaho border, and a core drilling project in the Chicago Peak area of the Cabinet Wilderness by ASARCO, Inc. The Western Sanders County Concerned Citizens group has gone to court to block ASARCO's exploration permit; the suit, rejected by a lower court, is now before an appeals court in Washington, D.C.

John Mitchell, a researcher at John Craighead's Wildlife-Wildlands Institute in Missoula, said he could draw no final conclusions on the plan's usefulness until he reads it. From what he had heard, however, he thought the delineation of bear units might have "very little to do with what bears actually do."

— Geoffrey O'Gara

Coalgas plant bows out

A coal gasification plant planned near Douglas, Wyoming, has been laid to rest. The project, sponsored by WyCoalGas Inc., a subsidiary of Panhandle Eastern Company of Houston, Texas, was one of 11 under consideration for loan and price guarantees from the Synthetic Fuels Corporation (HCN, 2/19/82). The company has withdrawn its application for aid.

Fred Ebdon, manager of public affairs for Panhandle, said the company decided to withdraw its application for aid and cancel the project because of escalating costs, soft coal markets and the Reagan administration's financial cutbacks, which will probably mean less chance of federal subsidies.

Ebdon said about "\$50 million has gone into the project to date. Thirty million dollars from Panhandle, \$9 million from government cost-sharing programs and \$5 million each from Ruhrgas AG of West Germany and Pacific Gas and Electric Company of San Francisco," Panhandle's two partners in the plant project.

In 1980 when Panhandle applied for the SFC aid, the gasification plant was estimated to cost \$2.3 billion. Ebdon said the most recent estimates reach \$3.5 billion. "In 1981, the calculated cost just for more permits was approximately \$88 to \$100 million. That's before construction could even begin," he said.

The project was shelved in 1981, while the company hoped to obtain SFC price guarantees. But the company would need almost \$3 billion in subsidies to keep the project going over the next few years due to the current and

projected world energy prices, WyCoalGas told the *Casper Star-Tribune*.

Ebdon explained that Panhandle obtained plant sites and water rights in a joint venture with Peabody Coal Company of St. Louis in the early 1970s. The two companies plan to mine the coal for utilities after various permits are acquired. Ebdon said one project, the North Antelope mine, should be under construction in 1982.

Another proposed Wyoming synfuels project, a coal liquefaction plant near Gillette, has passed the first SFC evaluations necessary to obtain price guarantees.

Hampshire Energy, of Englewood, Colorado, is one of five projects still in the running for SFC aid. The company predicts the plant will cost more than \$2 billion and will produce 270 million gallons of unleaded gasoline and by-products per year.

The project must pass another evaluation before subsidies are granted.

Another dam proposed for Snake River

The Raft River Electric Cooperative filed in February for Federal Energy Regulatory Commission permission to dam Idaho's Snake River seven miles downstream of American Falls Dam. Protests and petitions by fishermen and conservationists quickly followed.

Raft River Administrative Coordinator Bud Tracy said the 47 megawatt capacity, \$97 million Eagle Rock Dam is necessary to meet growing power demand in its service area of south-central Idaho, northeastern Nevada and northwestern Utah. Tracy said the need projections are based on a study by the Pacific Northwest Generating Cooperative that determined Raft River Electric would fall 12 Mw short of demand by 1983-84 and 179 Mw short of demand by 1987-88. Tracy said the growing power demand is caused by farmers switching from flood to sprinkler irrigation, and by new land going into irrigation, commercial and residential use. Ninety percent of Raft River Electric power goes to irrigators.

Fishermen are fighting the dam because it would flood virtually all the remaining free-flowing river between American Falls and Minidoka Dams, 35 miles apart. The Snake River below American Falls Dam "produces the biggest average fish of any river in the state," said Idaho Fish and Game Department Fishery Manager Herb Pollard. The Department has not taken a stand on the dam.

Water quality suffers below American Falls Dam because of low oxygen levels and high water temperatures, said Pollard. With Eagle Rock Dam creating a four and a half mile reservoir that would reach within two miles of American Falls Dam, the opportunity for the Snake River to re-oxygenate itself in running water is greatly reduced, and the chance of further increasing water temperature is increased, Pollard said.

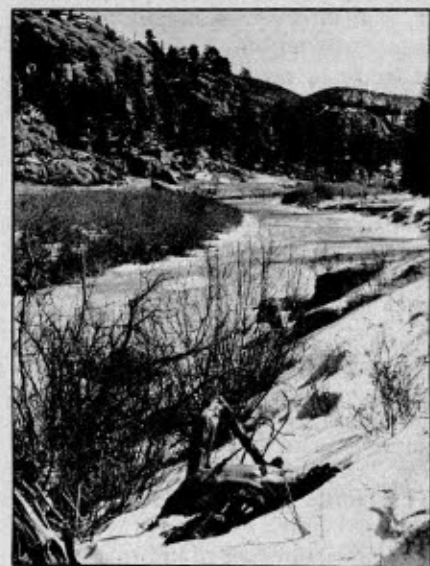
Tracy said two miles of river below American Falls Dam would remain relatively unaffected by Eagle Rock Dam, a concession Raft River Electric is allowing because most fishing occurs just below American Falls. Pollard said 60 to 65 percent of the fishermen stay within a few miles of the American Falls Dam, although the fish travel throughout the entire stretch. However, Pollard said he counted 123 boats between American Falls Dam and the Eagle Rock site last year on opening day of fishing season.

About a half mile of the Snake River below Eagle Rock Dam would be drastically dewatered because the dam would divert most of the river through a 70 foot-wide canal parallel to the river before running it through the turbines back into the Snake River channel. Tracy

said Raft River Electric is proposing a 500 cubic-foot-per-second flow for the bypassed section of river below the dam. The normal summer flow is 10,000 to 12,000 cfs, according to Pollard.

The dam would consist of a 550-foot-long, 40-foot-high dam running halfway across the river, and a 600-foot-long, 20-foot-high spillway running the rest of the way across. The water would be diverted into the 12,000 cfs capacity canal that would be built on land next to the river. The canal would rejoin the Snake River about seven-tenths of a mile downstream after passing through two turbines. Tracy said Raft River Electric could begin construction as early as fall, 1983.

— Glenn Oakley



Tarryall Creek, Park County, Colo.

Front Range water war shapes up

Even though Thornton, Colorado, city officials say the reservoir project planned for Park County water is in the "very beginning stages," residents of the county are already fighting to stop it.

BARBED WIRE

This fiscal responsibility stuff has gone far enough. Interior Secretary James Watt told the *Des Moines Register* that he moved his legal residence from Colorado to Wyoming to avoid paying state income taxes.

Go to bed, Johnnie, or I'll blow your brains out. The town of Kennesaw, Georgia has passed an ordinance requiring all residents to maintain firearms. People with physical disabilities, those who oppose gun use on religious grounds and convicted felons are exempted.

Unless, of course, the tourists are foolish enough to brave the great outdoors. Senator Malcolm Wallop (R-Wyo.) told the Conference of National Park Concessioners, "In many cases, your shops and lodges will turn out to be the only contact a vacationing family will have to base its judgements on the 'quality' of a national park."

Maybe they can apply for foreign aid. Wyoming State Rep. Walter Urbigkit, commenting on the quality of the state's legislators: "We do not have people understanding the English language."

But it leaves the excitement of discovery. W. Mitchell, former mayor of Crested Butte, testifying at public meetings on the draft environmental impact statement for the proposed Mt. Emmons molybdenum mine, said he "did not agree that burying archeological sites under tailings is a benefit to future generations."

The proposed \$20 million reservoir planned by the city would flood approximately seven miles of Tarryall Creek. The Tarryall is 50 miles north of Colorado Springs in a high mountain valley called South Park. The reservoir would hold 60,000 to 80,000 acre-feet of water when completed by 1990.

Thornton, north of Denver, currently has a population of 43,000, with a potential population of 175,000 if the entire area within the city limits is developed. The town presently services a population of 65,000 with water.

"The growth rate is slow because interest rates are so high in the housing market," said Lloyd Gronning, Thornton director of utilities. He expects the growth rate to rise when interest rates drop.

The reservoir project is expected to yield 20,000 acre-feet of water a year, but Gronning said the city will need 35,000 acre-feet to meet its own project growth and service needs. "We'll have to develop more water supplies in the future, but it won't be on the Tarryall because that dam is being built to capacity," he said. Thornton already owns sizable water rights in several other mountain rivers.

Gronning said the site was the most economical for the city based on engineering studies. "The people who are angry are basing it all on speculation. They don't know our plans yet; we don't know our plans yet. We have a lot of time to discuss the property with the people and decide how to do the least amount of environmental damage. Not all the issues have been identified yet," Gronning said.

Park County residents claim the area marked for inundation is the lambing grounds for a bighorn sheep herd numbering about 250. A similar lambing area's sheep population in Waterton Canyon near Denver was reduced from 80 sheep to 16 after the Denver Water Board built its Strontia Dam.

Another problem residents fear is that an already poor county will become even poorer with the continued loss of its property tax base. "You can't tax a municipality when it takes ones," said

(continued on next page)

Wilderness jogging notes. You may think hunters are only in it for the kill, but the Montana Department of Fish, Wildlife and Parks thinks differently. Following the close of the Montana mountain lion hunting season February 15, a two-month "chase" season opened, during which those who want to just run around in the woods chasing lions can do so. Your dog can go, too. Of course, you need a license, but it's free. So, lace up your Pumas, folks...

They even advocate nationalizing the forests! John Crowell, assistant secretary of agriculture in charge of the U.S. Forest Service, told the *Albuquerque Journal*, "I think the bulk of the people who belong to the Sierra Club and the Audubon Society are people who have a genuine concern about the treatment of our natural resources. On the other hand, I'm sure the organizations are infiltrated by people who have very strong ideas about socialism and even communism."

No-fault planning. In the name of "streamlining" and "clarifying" the national forest planning process, the Reagan administration has proposed major revisions in the National Forest Land Resource Management Planning program. This has nothing to do with the environment, however: "These regulations are formulated to direct the process of preparing and revising land management plans. Consequently, they have no direct effect on the quality of the environment or the economy."

WESTERN ROUNDUP

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Midge Harbor, retired rancher in the area. She remembers the tax loss when the city of Aurora built its Spinney Reservoir in Park County.

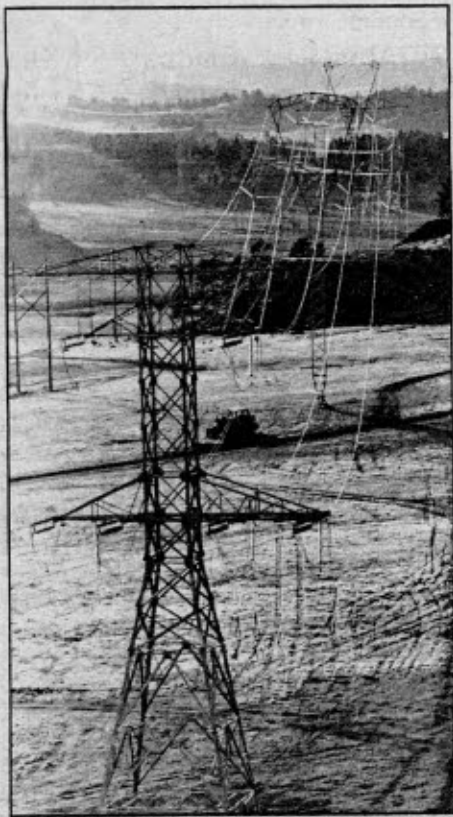
Park County has already been inundated with five other reservoirs, covering precious rangeland in an area that has been known nationally for its hay. In addition, 97 homesites and seven ranches would be flooded under 200 feet of water. Thornton plans to use the right of eminent domain to acquire land.

Rancher Maxwell Sroge said his citizen group, Save the Tarryall, offered two alternative sites to Thornton officials: an expansion of an existing dam on Tarryall Reservoir; and another site at the confluence of the South Platte River and Tarryall Creek in a remote mountain area. However, Thornton officials haven't expressed interest in them.

In addition, Sroge said, "We understand that previous studies made of the flow of the creek — it's not a river — indicate that there's not enough flow to fill a dam."

Sroge also said the proposed dam size far exceeds Thornton's needs. "Thornton is a water profiteer. They've made \$1.5 million by selling water to the city of Northglenn. They've tasted blood and they think they can get themselves into the business of selling water. But, you can only condemn land if it's in the interest of the public at large — not just because you want to sell water for profit. The ranch owners along the Tarryall don't want to sell and are prepared to fight."

— Marice Doll



BPA power line push questioned

Controversy surrounds the Bonneville Power Administration's proposed 500 kilovolt transmission lines planned to carry power across Montana from the Colstrip 3 and 4 power plants to the agency's Pacific Northwest power grid.

Critics have charged BPA with illegally bypassing Montana's Major Plant Facility Siting Act, which outlines the review and examination process for major industrial proposals. They also claim that BPA, in its rush to complete the powerlines, has hurried through the federal environmental review process too quickly for proper compliance.

If BPA gets its way, the 175-foot-tall towers of Montana's largest powerlines will march across western Montana from Townsend, southeast of Helena, to the Idaho border west of St. Regis, through some of Montana's most scenic valleys and mountain ranges.

BPA and the utilities serviced by the proposed lines maintain that unless the powerlines are completed in time to transmit power generated by the Colstrip 3 and 4 plants now under construction, consumers will suffer shortages and increased electricity costs of up to \$40 million per month.

Though no one questions the "basic need" for the electricity, said Pat Sweeney, staff director of Northern Plains Resource Council in Billings, critics of the proposed lines doubt the "urgent nature of that need." Northern Plains is a plaintiff in a suit seeking to delay construction of the powerlines.

BPA itself, in a newly released study quoted in the *Idaho Statesman*, forecasts energy demand increases of only 1.5 to 2.2 percent for the next 20 years. This is a "significant" decrease from earlier BPA predictions, BPA assistant administrator Roy Eiguren said in the *Statesman* story.

Montana Power Company officials couldn't comment on the BPA predictions. "All of the information that we have from the BPA indicates an immediate need for the Colstrip power," said Bob Emrick, director of information for Montana Power in Butte.

BPA officials questioned about the implications of their own predictions referred the question back to Montana Power. "Their (Montana Power's) forecast shows they will have a power deficit if the transmission lines are delayed," said Bill Kinsey, of the BPA in Portland.

Kinsey said that although the BPA study covers only public utilities, private and investor-owned utilities will show corresponding power demand growth slowdowns. BPA, he said, would need time to study whether projected lower demand growth rates would make completion of the transmission lines less urgent.

Montana state and local officials and some conservation and landowner groups complain that BPA is moving too fast, not taking the time to carefully study the impacts of the proposed lines and chosen routes.

BPA sidestepped the Montana Major Facilities Siting Act on the basis that federal agencies are not subject to state siting acts, and proceeded to conduct its own environmental review process under the National Environmental Policy Act. But a recent federal court ruling on a suit brought by the State of Montana requires BPA to document its compliance with "substantive standards" of the siting act.

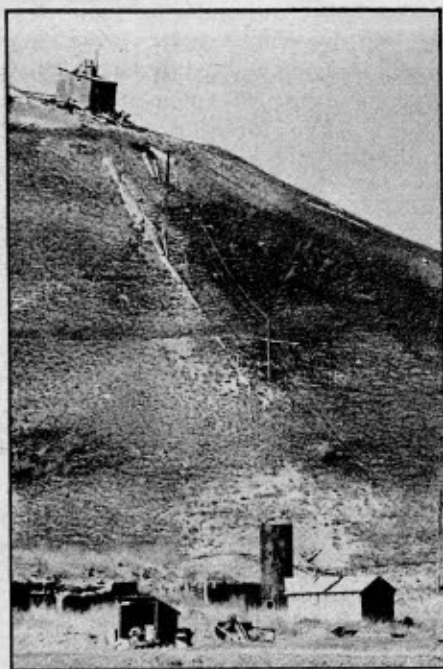
The State Board of Natural Resources, a citizen panel appointed by the governor, has the authority to decide if BPA complies with the act. Since the court set no penalties for non-compliance, it is unclear what action the state will take if the board decides that BPA did not comply with the act.

Powerline critics regard the court decision as a clear victory. "It sets a precedent that federal agencies are subject to state siting acts," said Northern Plains Resource Council's Sweeney.

Another court challenge has questioned BPA's authority to build the powerlines and its compliance with the National Environmental Policy Act. The charges were dismissed in federal district court in Billings, but are being appealed.

Northern Plains and co-plaintiffs contend BPA's environmental evaluation does not adequately consider the impact of the whole line because the route was evaluated in two separate segments. It also, they charge, does not thoroughly address urban impacts.

— Susan Tweit



uranium tailings

Uranium regs declared valid

Several major uranium producers have failed in their challenge of the first federal regulations to control uranium mill tailings. The tailings — wastes from processing uranium ore — remain hazardous to human health for more than a thousand years. They had been unregulated until 1980, and no uranium mill or mine waste dumps have been fully reclaimed yet.

When the federal Nuclear Regulatory Commission adopted regulations in 1980, several uranium producers — including Western Nuclear Corporation, United Nuclear Corporation, Kerr-McGee and the Mining and Milling Council of the American Mining Congress — challenged them. They argued that the costs of implementing the regulations could not be justified by their benefits and that the rules were invalid because the federal Environmental Protection Agency had not adopted standards.

However, the 10th U.S. Circuit Court of Appeals in Denver ruled March 17 that the regulations were valid. The judges said that when Congress adopted the Uranium Mill Tailings Radiation Control Act in 1978, it intended the milling activity to be regulated soon.

Paul Robinson of the Southwest Research and Information Center in Albuquerque, New Mexico, said the ruling was a major victory for environmentalists. The center and the National Wildlife Federation intervened on behalf of the Nuclear Regulatory Commission. "It is the first time the courts have made a decision of this magnitude on uranium tailings. The decision vindicates the NRC, confirming that the agency was doing what Congress told it to do," Robinson said.

On another front, environmentalists took the offensive to force the EPA to adopt standards for radioactive air pollutants.

On March 8 in San Francisco, Federal District Court Judge William T. Sweigert ruled that EPA has 30 days to propose a schedule for adopting the standards. Different from the tailings standards, these emission limits were required by Congress under the Clean Air Act. When adopted, they will affect not only uranium mines and mills but also coal-fired power plants, phosphate mining, medical research facilities, and nuclear power plants.

Roger Beers, an attorney representing the Sierra Club and two individuals in the suit, said the EPA's reluctance to adopt the standards is evidence of the administration's "reckless and carefree approach to meeting important environmental mandates." The standards were to be adopted by December 1980, one year after radionuclides were listed

as a hazardous substance. However, Beers said, the agency was "fully prepared to fiddle until the court put its feet to the fire."

Attorneys for the EPA argued that it was impossible for the agency to adopt such complicated standards within the timetable specified by Congress.

Several industry groups, which intervened on behalf of the EPA, have asked the court to reconsider the case.

— Marjane Ambler

WPPSS power fading fast

Ratepayers of 88 public utility districts are growing more worried as the problems for the remaining three Washington Public Power Supply System nuclear plants continue to mount.

Two factors have increased the likelihood that the three plants — two at Hanford nuclear reservation in Washington and one at Satsop, Washington — will be scrapped along with the two plants terminated by WPPSS officials early this year. Revised energy demand forecasts question the need for the three plants, and Washington's Initiative 394, passed last November, requires voter approval of bond issues needed to complete the projects.

The new forecasts come at a time when ratepayers in Oregon and Washington have challenged the legal authority of the 88 utilities to increase rates to pay the \$7 billion debt associated with termination of plants 4 and 5, (*HCN*, 3/19/82). One forecast, contained in a study commissioned by the Washington legislature, projects an average annual load growth of 1.5 percent. The most recent utility industry forecasts have estimated growth of more than 3 percent.

In addition, a study to be released April 5 by the Bonneville Power Administration is expected to forecast a growth rate of 1.7 percent per annum.

Both of those forecasts would raise serious questions about the need for plant 3, which is about 43 percent complete and is scheduled to go into operation in late 1986 or early 1987.

Still another survey has found that Northwest residents strongly favor the use of alternate energy resources, such as solar, geothermal, wind and conservation, to meet the region's energy needs. Ninety percent of the people surveyed, for example, favored solar power, while only 28 percent supported the use of nuclear sources.

Initiative 394, which takes effect July 1, requires voter approval of bond issues for major energy projects. Elections for WPPSS bonds will be held in the 19 Washington public utility districts and four municipalities that are members of the of the supply system.

As a result, WPPSS must go to those voters for authority to raise at least \$3 billion to complete plants 1, 2 and 3. Voter approval is considered unlikely. That would effectively terminate the entire five plant system.

Bond trustees for the plants are challenging the initiative in court on several grounds but hearings aren't expected to begin until June 28.

Authorities are reported to be considering two alternatives. One would issue enough bonds before July 1 to complete only plant 2. That would put plants 1 and 3 on ice until the fate of Initiative 394 is settled. Plant 2 is about 87 percent complete and requires about \$566 million to bring it on line by late 1983.

The other alternative would be for WPPSS and the BPA to jointly issue enough bonds this spring to complete Plant 2 and to keep minimum work going on the other two plants.

That attempt to circumvent the initiative would probably create added backlash among Washington voters,

however, and another big bond issue would undoubtedly raise eyebrows on Wall Street. In February, WPPSS and BPA sold \$850 million in bonds, the largest public issue in history.

Idaho Gov. John Evans (D) recently asked members of his state's congressional delegation for a federal investigation of the WPPSS debacle. Evans said the 16 Idaho utilities that are members of the WPPSS consortium face "financial disaster" because of the debt they face as a result of the termination of plants 4 and 5.

— John Soisson

Three-party land swap proposed

An unlikely cast of characters is teaming up in northwestern Wyoming to execute one of the more intriguing land swaps since the heyday of the railroads.

Rocky Mountain Energy Company, the mining subsidiary of Union Pacific, has joined Princeton University, Memorial Sloan-Kettering Cancer Center, Dartmouth College and Vermont Law School in proposing an exchange of private in-holdings in Grand Teton National Park for coal lands in the Rawlins, Wyoming, district of the Bureau of Land Management.

The park lands consist of 745 acres of Laurance S. Rockefeller's JY Ranch which were given to the institutions with the intention that the acreage be sold to the park. Under current budget restrictions, however, the National Park Service is unable to buy the land and the institutions, which need funds from the sale to finance other projects, have decided to seek a three-party exchange.

Under the group's joint proposal, Rocky Mountain Energy would acquire the JY acreage for cash and exchange it with the federal government for 1,280 acres of BLM land in an area known as Corral Canyon. The area lies about 10 miles west of the Seminoe Reservoir and is an extension of the Hanna Basin coal formations which have previously been mined only on the eastern side of the reservoir. BLM studies have found that the area, now used for grazing, is "acceptable for further consideration for coal development."

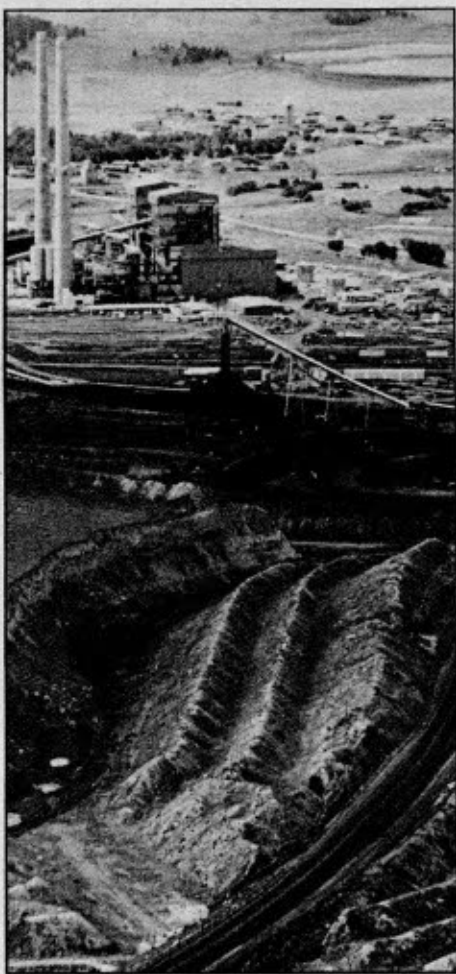
RME already has surface owner agreements and owns the coal on the checkerboard private lands surrounding the federal tract and, according to the proposal, acquisition of the federal land "would allow RME to form a logical mining unit in the Corral Canyon project and allow those reserves to be developed."

Jack Pattie, chief of the Park Service's Division of Land and Water Resources in the Rocky Mountain region, is coordinating the exchange, which he believes may be the wave of the future. Precedents for three-party exchanges of this type are "not too common," he said, "but it's become almost a necessity because there just aren't any funds appropriated by Congress for (acquisitions)."

A preliminary notice on the proposal was published in the *Federal Register* on March 5 and a more formal notice is expected around the first of June. A joint Park Service-BLM environmental assessment should be completed in June or July.

Meanwhile, the Park Service is contracting for appraisals on the Grand Teton properties and the surface values in Corral Canyon, and the U.S. Geological Survey has begun the more difficult task of establishing a value for the Corral Canyon coal reserves. Once the values of the parcels have been established, RME and the feds will decide whether to go ahead with the deal as proposed or whether boundary or cash adjustments are in order.

The concept of exchanges as a low-budget alternative to land acquisition enjoys Interior Secretary James Watt's endorsement and this particular exchange has been favorably reviewed by the three assistant interior secretaries overseeing the three agencies involved, according to Pattie. If the exchange continues on its present expedited timetable, it could be consummated as early as a year from now.



Colstrip mine, Montana

In-state tax investment urged

Two Montana Democrats have introduced an initiative that would change the investment of Montana's coal tax revenues to provide an economic boost to in-state businesses.

House Minority Leader Dan Kemmis, (D-Missoula) and Sen. Tom Towe (D-Billings), citing high interest rates and high unemployment, said the initiative could pump nearly \$30 million per year into Montana's economy.

The money would be used to spur economic development by providing loans, possibly at below prevailing interest rates, to "family farms, ranches and other small, non-polluting business," according to Kemmis.

Montana's 30 percent coal severance tax has been continually criticized by officials from energy poor states as "excessive." Last year the coal tax was successfully defended before the U.S. Supreme Court after its constitutionality was challenged.

Montanans claim the money is needed to offset the impacts of energy development and to provide revenues after the finite resources have disappeared.

One half of Montana's coal tax income is spent on energy impact grants to communities affected by the energy boom and on state general expenditures. The other half is placed in the Coal Tax Trust Fund, which is intended to compensate future Montana generations for depleted energy reserves. The trust fund was intended to be inviolable, and the legislation which created it requires a three-fourths vote of the legislature before it can be spent.

The approximately \$100 million in the trust fund is currently invested in large out-of-state corporations such as Diamond Shamrock, Utah Power & Light, Virginia Electric Power, Bell Telephone of Canada and others.

The Kemmis-Towe initiative, which has yet to be approved by the Secretary of State, would not actually spend the trust fund, but would change the way it is invested.

First, it would require that 25 percent of the money deposited in the permanent trust fund after June 30, 1983 be invested in the Montana economy "with special emphasis on investments in new or expanding locally owned enterprises."

Towe estimates those revenues will be between \$12.5 million and \$15 million a year over the next few years and will grow as the trust fund grows.

Second, it would establish an economic development fund to be financed by a portion of the interest income from the permanent coal tax fund. How

much would go into the fund is at the discretion of the legislature, but Towe recommends one-third — or \$18 million a year — be appropriated. How the money would be invested is up to the Board of Investments which currently oversees nearly all of the state's investments.

The initiative would allow no direct loans by the state and funds would be channeled through existing financial institutions. The fund's could be loaned at below prevailing interest rates if the board believes it would be to the benefit of the state.

The measure needs 18,025 valid signatures by June 25, 1982 to be placed on the November ballot; if passed it would take effect July 1, 1983.

— Jim Robbins

HOTLINE

COVERING HIS TRACKS

Interior Secretary James Watt told a U.S. House subcommittee that the provisions of his proposed 18-year moratorium on mineral development and oil and gas leasing in wilderness areas (HCN, 3/19/82) are not "set in concrete." Watt indicated that he would be willing to compromise on a controversial provision requiring Congress to pass a law within 60 days in order to override the president on emergency uses of wilderness minerals. Watt also declared that the Reagan administration's policies "are geared toward preserving our wilderness lands." Democratic members of the subcommittee met Watt's statements with skepticism, charging that his plans would amount to destruction of the wilderness system. According to Rep. Phillip Burton (D-Calif.), Watt's proposal is a "complete fraud and deception, a devastating anti-wilderness bill."

FUNDING FOR AIR QUALITY

Idaho's legislative budget committee approved a \$190,000 budget to revive the Idaho Air Quality Bureau. The bureau was abolished by the 1981 legislature after it was decided the bureau and the Environmental Protection Agency overlapped on air monitoring and other duties. The EPA has agreed to delegate much of the air quality responsibilities to the bureau if it is approved by the legislature. Environmentalists, state officials and industry were all happy to see the funding restored.

CABIN CREEK OPPONENTS

In a unique hands-across-the-border coalition, Canadian and Montana conservationists are closing ranks to try and block the Cabin Creek coal mine, a large open pit mine on the Flathead River drainage north of the Canadian border. Flathead Valley conservationists in Montana met with the Fernie (British Columbia) Rod and Gun Club in Kalispell last week and emerged after three hours vowing to fight for "zero population of the North Fork (of the Flathead), the maintenance of the wild character of the region and no environmental trade-offs."

PENNZOIL DONATES LAND

Pennzoil Company has donated 100,000 acres of its Vermejo Ranch in northern New Mexico to the U.S. Forest Service. The area is adjacent to Carson National Forest and is the largest and most valuable donation of private land ever made to the forest system. However, Pennzoil will retain the subsurface rights and the company is considering donating additional land. The area is home to a wide variety of wildlife and is a major wintering ground for the northern bald eagle. A Forest Service spokesman told *The New Mexican* that the area would probably be opened to timber harvesting in October.

BLAZING PIPELINE

The Trailblazer pipeline, designed to carry natural gas from western Wyoming and eastern Utah to markets on the east coast has gained final approval. The five sponsors of the pipeline, Colorado Interstate Company, Mountain Fuel Resources, Inc., Columbia Gas Transmission Company, Natural Gas Pipeline Company of America and Northern Natural Gas Company, hope to have the line completed by this fall. The line will carry gas 800 miles to a point in Nebraska where it will connect with other pipelines heading toward Chicago and the east coast. The project is estimated to cost \$550 million and will have an initial capacity of 300 million cubic feet a day.

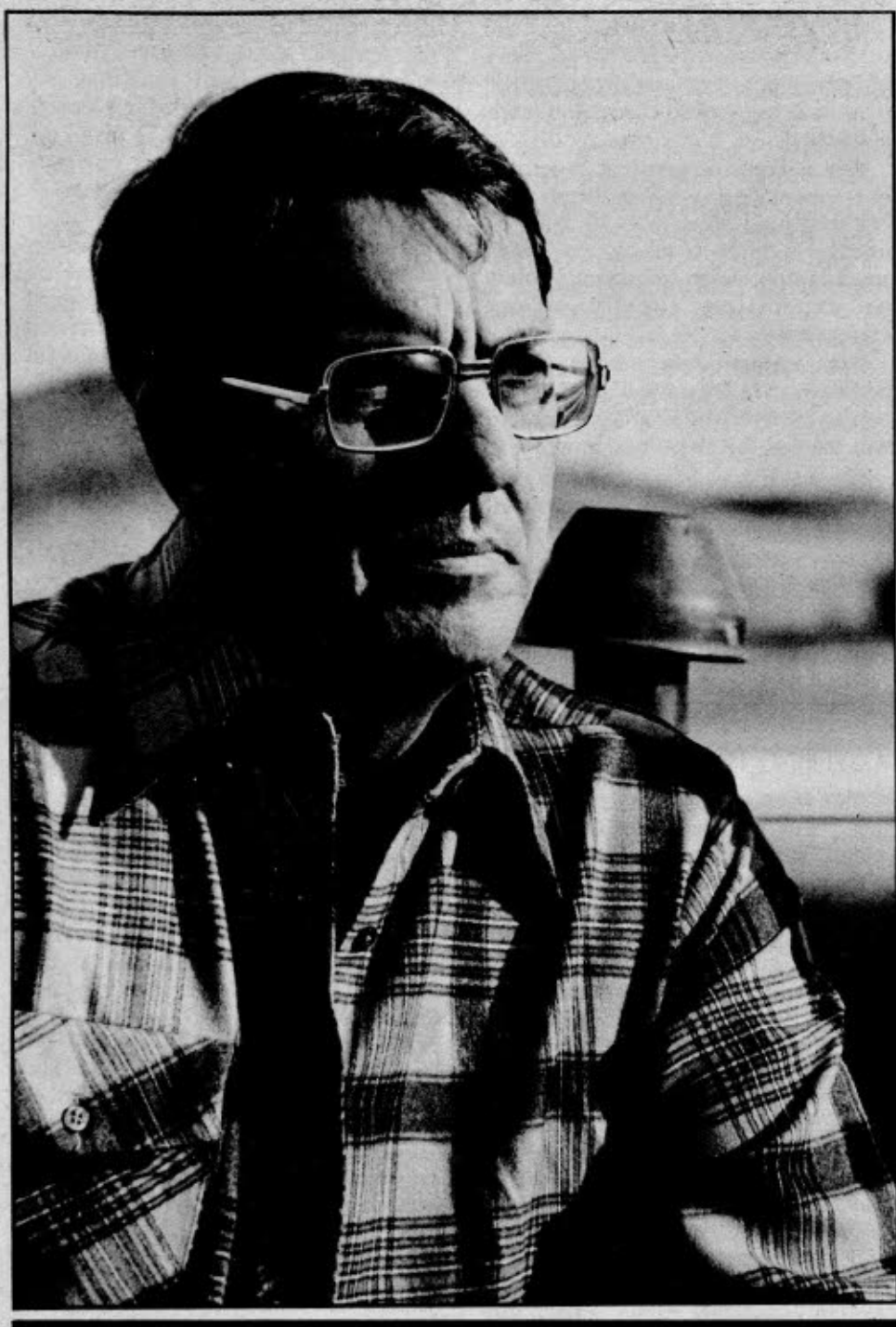
MORE OIL AND GAS DISCOVERIES

Good potential exists for oil and gas discovery in a narrow strip of the Gros Ventre Wilderness Study Area east of Jackson, Wyoming, in the Bridger-Teton National Forest, according to a report released by the U.S. Geological Survey. Oil and gas has been found in drill holes south of the area and geologic formations and structures present in the area indicate favorable oil and gas potential in a strip along the Cache Creek thrust fault bordering the southwest margin of the study area. The report, which will be used to help determine whether the study area merits wilderness designation, also estimates that the area contains at least 500 million tons of phosphate rock, as well as small deposits of iron, coal, lead, copper, silver, gold and other minerals. However, none of these are economically recoverable now, the report said. The area has been closed to mining, oil and gas production and lumbering.

GUARANTEEING LOANS

The Synthetic Fuels Corporation will be taking a close look at Tosco Corporation's updated cost estimates for its 40 percent involvement in Colorado's oil shale Colony Project to decide whether or not loan guarantees can be secured. Tosco was awarded a loan guarantee of \$1.1 billion from the Department of Energy in 1980 during the interim program before SFC was established. After the change of hands, SFC wants to review projected costs of the Colony Project. Tosco's original estimated cost of \$3.5 billion has been raised to between \$3.7 and \$3.8 billion. SFC will probably make its decision about the security of the loan by May.





"You don't want to cross Ted Schwinden. He's got a long political memory. People who cross him find themselves frozen out."

— Reporter Tom Kopynski

At lunchtime on a blustery day in Helena, Montana, Governor Ted Schwinden was at home, just beginning to break crackers into his split pea soup when the phone rang. He disappeared into the next room to answer it. By the time he returned, his guest had finished crackers, soup and a sandwich. The governor's wife Jean asked who was on the phone.

"Somebody from Missoula pissed off about block grants," the governor said as he downed his now-cold soup.

"A state employee?" asked the guest.

"No. I'm not sure who it was. Somebody who wanted to give me a piece of their mind about block grants."

Ted Schwinden, a Democrat, is from the "down home" school of politics. His trademark as governor is his accessibility, an image that virtually all western politicians cultivate, but few actually achieve. Schwinden's daily appointment calendar is crowded by meetings with farmers, Girl Scouts and senior citizens as well as business leaders and state government department heads. He is as likely to fly to Livingston to officiate at the opening of a Piggly Wiggly as he is to speak at a meeting of coal producers.

The governor is also available at home. In the morning, at lunch and throughout the evening, Schwinden answers his phone to chat with people who want a word with the governor, to answer questions from reporters or to discuss politics with state officials. It is a marked change from the formality of the

administration of his predecessor, Governor Tom Judge (D), who had an unlisted phone for the mansion.

Schwinden's political style emerged from his days as a dry land farmer in Wolf Point, Montana, where he grew up during the Dust Bowl days. His quick wit, casual dress and informal attitude put people at ease.

During an interview at the relatively new governor's mansion — which he dislikes and refers to as 1959 Holiday Inn architecture — the governor padded around in his stocking feet, answered the phone occasionally and relaxed. At dinner, the menu was simple — meatloaf with sauce, baked potatoes, green bean and onion ring casserole, vanilla ice cream with raspberry topping for dessert. The only reminder that this was the governor's home were the napkins imprinted in red with "The Governor and Mrs. Ted Schwinden."

It would be a mistake, however, to equate Schwinden's folksy style with political naivete. Most analysts see it as a key to Schwinden's political strategy. "Ted Schwinden is not really a strong Democrat or Republican," said Jim DeWolf, a capitol beat reporter for Lee Newspapers. "He's promoting a Ted Schwinden party and trying to establish his own political following."

The leader of a liberal political organization, who asked to remain anonymous, agreed: "He's got an amazing political network. He's surrounded himself with his own people, whom he knows he can trust. It's Mayor Daley-

Ted Schwinden:

Montana's machine politician

by Jim Robbins

style politics — a Schwinden machine. Ted Schwinden is a loyal Democrat, but his policies are his own."

His individual path seems to be working. Thanks to his geniality, sense of humor and dynamic personality, Schwinden is on his way to becoming a genuine "populist" governor.

The geniality goes only so far, however. When it comes to political infighting, Schwinden takes off the gloves. He has been described at various times as "scrappy" and "bare-knuckled." Tom Kotynski, a reporter for the *Great Falls Tribune*, said, "You don't want to cross Ted Schwinden. He's got a long political memory. People who cross him find themselves frozen out."

Among those who felt the governor's cold shoulder were environmentalists who opposed him on the issuance of a permit for a tailings pile to Anaconda Company in Anaconda.

Campaigning, Schwinden can be just as tough. In the primary in 1980, he took on a two-term governor, Tom Judge, for whom he had served as lieutenant governor. Then, in a toe-to-toe campaign with Republican candidate Jack Ramirez, a state legislator from Billings, Schwinden displayed some of the political aplomb for which he has become noted.

For instance, during the primary campaign, Schwinden ran some television commercials criticizing Judge for spending up to \$300 a square yard on carpeting in the governor's reception room. Then, after defeating Judge, Ramirez levelled similar charges — using the prestige of office to gain personal perquisites — at Schwinden.

Ramirez ran commercials criticizing construction of a paved road to Schwinden's Wolf Point home — a road that was paved to the house and two-lane dirt beyond it. Schwinden responded by calling the Ramirez charges "dirty politics" and convincing the voters that it was.

"It was a shrewd, masterful campaign," said DeWolf. "He's a tough campaigner. Ted Schwinden convinced everyone, the media included, that he's a man of the soil. We forgot the fact that he's been a bureaucrat for 20 years." Before being lieutenant governor, Schwinden was head of the Department of State Lands.

Schwinden has been very outspoken in his dealings with the Reagan administration and the new emphasis on state-federal relations, the "New Federalism." This has been in sharp contrast to all the other western governors, who have been silent or soft-peddling in their criticism of the president. Schwinden's candor is all the more unusual because the governors of the Western states have a tradition of presenting a united front to the federal landowner.

"The new federalism is more rhetoric than realism," Schwinden said. "They (federal officials) suffer from historical arrogance — the arrogance of always believing their decisions are the right ones."

Schwinden was critical of Interior Secretary James Watt, particularly when the Interior Department ignored the recommendations of the Fort Union Regional Coal Team — a federal-state

cooperative effort — and substantially raised the proposed leasing level in northeastern Montana. Watt and he engaged in a brief, but much-publicized, letter writing feud.

Now, however, Schwinden downplays his antagonism toward the federal government, which earned a great deal of press attention at the Western Governors' Conference in Jackson, Wyoming, last September. Schwinden claims his "hand on the gun" greeting of Watt, who was the conference's featured speaker, is not opposition to the New Federalism. He calls it instead a "healthy skepticism."

"I like Jim Watt," Schwinden said. "You can't help but like the guy — he's fascinating as hell. But the antagonism comes because I am insisting on performance rather than rhetoric. I insist they perform the way they promised." So far, Schwinden said, the performance has not measured up.

One of the examples he points to is Watt's sudden proposal last month to ban mineral leasing from wilderness areas until after the year 2000. Schwinden said, "Watt introduced his wilderness bill without asking the western governors what they thought of it. If the administration meant what they said about having a partnership with the states, they would have bounced it off Schwinden, (Wyoming Gov. Ed) Herschler, (Colorado Gov. Dick) Lamm and so on.

"We still have not officially received a copy of the bill. If they really want to be partners, they shouldn't pull surprises like Watt's wilderness bill."

But as far as any real shifting of federal programs to state levels, Schwinden said that, while it's a good idea, they're dead in the water before they even get started: "There aren't many governors who don't want to see more flexibility at the state level. At the same time, if a person is honest, Congress will not give up the multitude of programs important to them...because of political selfishness."

Congress is not currently high on Schwinden's list of favorite public bodies. First, there was opposition by some utility purchasers to Montana's 30 percent coal severance tax, which was challenged in the U.S. Supreme Court, but successfully defended. This gave rise to Congressional pressure from midwestern and eastern representatives, led by Sen. David Durenburger (R-Minn.) to limit all state severance taxes to a maximum of 12 percent. That idea, perhaps because of its potential infringement on state's rights, seems to have stalled.

Now, Schwinden said, Congress is coming in the back door by pushing a program called "fiscal disparity." The program would change the current formula under which states receive federal funds. Presently, if a state has a per capita income below the national average, it receives proportionately more federal money. Montana's per capita income is about 88 percent of the national average.

Under the "fiscal disparity" proposal, states would receive federal aid based on their tax capacity. Because of its min-

eral wealth and high severance tax, Montana has about 113 percent of the national tax capacity average. Thus, under this formula, Montana would lose federal funds and, essentially, be penalized for its coal income.

"Fiscal disparity — that's a fancy phrase that barely masks the envy and avarice of Senator Durenburger and his allies," Schwinden said. "It's an attempt by states that don't have energy resources to get at the states that do. But 70 percent of the cost of coal is transportation by rail. Burlington Northern is headquartered in Minneapolis, not Montana." Despite Schwinden's complaints, the program is expected to be included in the Reagan administration's New Federalism.

The coal tax has also become a tool for politicians within Montana. This year the Democrats will use a coal tax initiative as a rallying point which they hope will make them a legislative majority in the next session. The proposal would mandate that about \$30 million a year of the coal severance tax revenue be invested in the state's economy.

"The promise of the initiative is that it affords an intelligent opportunity to take some of the coal tax money and invest in Montana," Schwinden said. He is a staunch supporter of the measure. "What good is a big bag of money if it's all tied up in international corporations and there's nowhere to employ people?"

But while Schwinden has been tough on the more or less clear-cut issues, he has been less than direct on controversy close to home. Jack Ramirez, Schwinden's election opponent, campaigned partly on the charge that Schwinden was hard to pin down on issues. In fact, one of the Republican fund raising gimmicks was the sale of a Schwinden Waffle Cookbook.

Bob McCarthy, organizer of the controversial plant closing initiative, which would require Montana corporations above a certain size to give advance notice of plant closures and pay severance benefits, agreed that Schwinden waffles. McCarthy said the governor responded to his request for support with a letter saying he couldn't support the initiative but "If we could keep the press from asking about it, he wouldn't oppose it."

But the press did ask. Schwinden said he had serious reservations about it because "it raises a red flag that Montana is anti-business."

Later, however, Schwinden said he neither opposed nor supported the initiative, which led to further complaints about "waffling." McCarthy tried to convince Schwinden to come around on the idea, but the governor remains firmly uncommitted.

One political observer, comparing the governor's style with the decisiveness of the late Sen. Lee Metcalf, said Schwinden's problem is that he wants to be popular. "Metcalf knew what decisions to make to get 51 percent of the vote. Schwinden wants to get 80 percent of the vote."

Schwinden's popularity will be tested on his handling of Montana's current economic problems. The western half of the state, largely dependent on the timber industry, is racked by high unemployment, reaching 30 percent in some places. Part of Schwinden's answer to this is the coal tax initiative. But the major thrust is an attempt to lure business to the state by creating a pro-business climate.

One method for creating this climate was the invitation of the Loaned Executive Program into the state government. Under this program, businesses pay the salaries of their executives who are then loaned to the state to bring corporate-like efficiency to government.

Jim Spring, a partner in an engineering consulting firm in Billings and a leader of the loaned executive program in Montana, said, "We'll accomplish a great deal. We'll be able to improve the amount of paperwork and be more efficient with the staff. We'll save the tax-

payors money and improve the working relationship between business and government."

However, shortly after the plan was announced, two newspaper reporters showed that the program was part of the Republican campaign in the 1970s when Attorney General Robert Woodahl ran against Judge. Democrats blasted the proposal, saying they didn't need out-of-staters to advise on efficient government.

One criticism is that the program essentially leaves out small businesses, because only large companies can afford the luxury of salaried executives on loan to the state.

Bob McCarthy said the big business tilt is a mistake. "The pro-corporate policies and images are modeled on some of Reagan's programs," he said. "And those programs are going to be rejected shortly. Schwinden's not saying we need a good economic climate, but a good business climate. His concern doesn't encompass all the people of Montana, just big business."

Spring admits that the program is run primarily by large corporations, but denies that they will influence government policy. "There's a rigorous system of cross-checks and reviews," he said. "We'll only be dealing with management procedures and techniques."

Some of the program participants don't see the program in quite such a hands-off manner, however. A recent issue of the Montana Banking Association's newsletter said, "Rarely does private enterprise have the opportunity to deeply influence state government like it will this spring. There are...ways that bankers can actively influence state government policies and procedures through this program."

Another area in which Schwinden's reluctance to take a position has been evident is in his environmental policies. The environmental constituency generally supported his election, although the governor opposed container deposit legislation.

Schwinden said his environmental policy is in keeping with the wishes of the majority or he wouldn't be governor. Yet, he seems to be moving away from the environmental program established by his predecessor Judge. One environmentalist said he believes Schwinden has a "hidden agenda" to accommodate large scale development of natural resources and "keep it quiet."

But reporter Kopynski disagreed. "He's a pragmatic environmentalist," Kopynski said. "He's seen the Dust Bowl days and he knows the importance of good conservation."

Schwinden will soon be tested on the current controversy surrounding the Montana Environmental Policy Act, the state counterpart of the National Environmental Policy Act, requiring environmental analysis of new projects.

The law has languished since the mid-1970s, when a state Supreme Court ruled the law was procedural, rather than substantive. Several weeks ago, however, a U.S. district court judge found that MEPA was more substantive than the Supreme Court had ruled and must be considered as more than mere paperwork (see HCN 3/19/82, p. 5).

Schwinden is vigorously opposing any effort to give MEPA teeth. "MEPA is not, was not and cannot be substantive in the sense it overrides other kinds of agency responsibilities. If it is, it will lead to legislative rearrangement and I'll be part of it."

Schwinden sums up his environmental ethic with an anecdote: "I was walking along the road on a cold winter day, and I got a ride from an old timer and we began to talk about coal mining. He said to me, 'You know, I think they ought to mine that coal, but they ought to do it right.' I guess that's my philosophy."

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Jim Robbins is a freelance writer in Helena, Montana and a frequent contributor to *High Country News*. This article was paid for by the HCN Research Fund.

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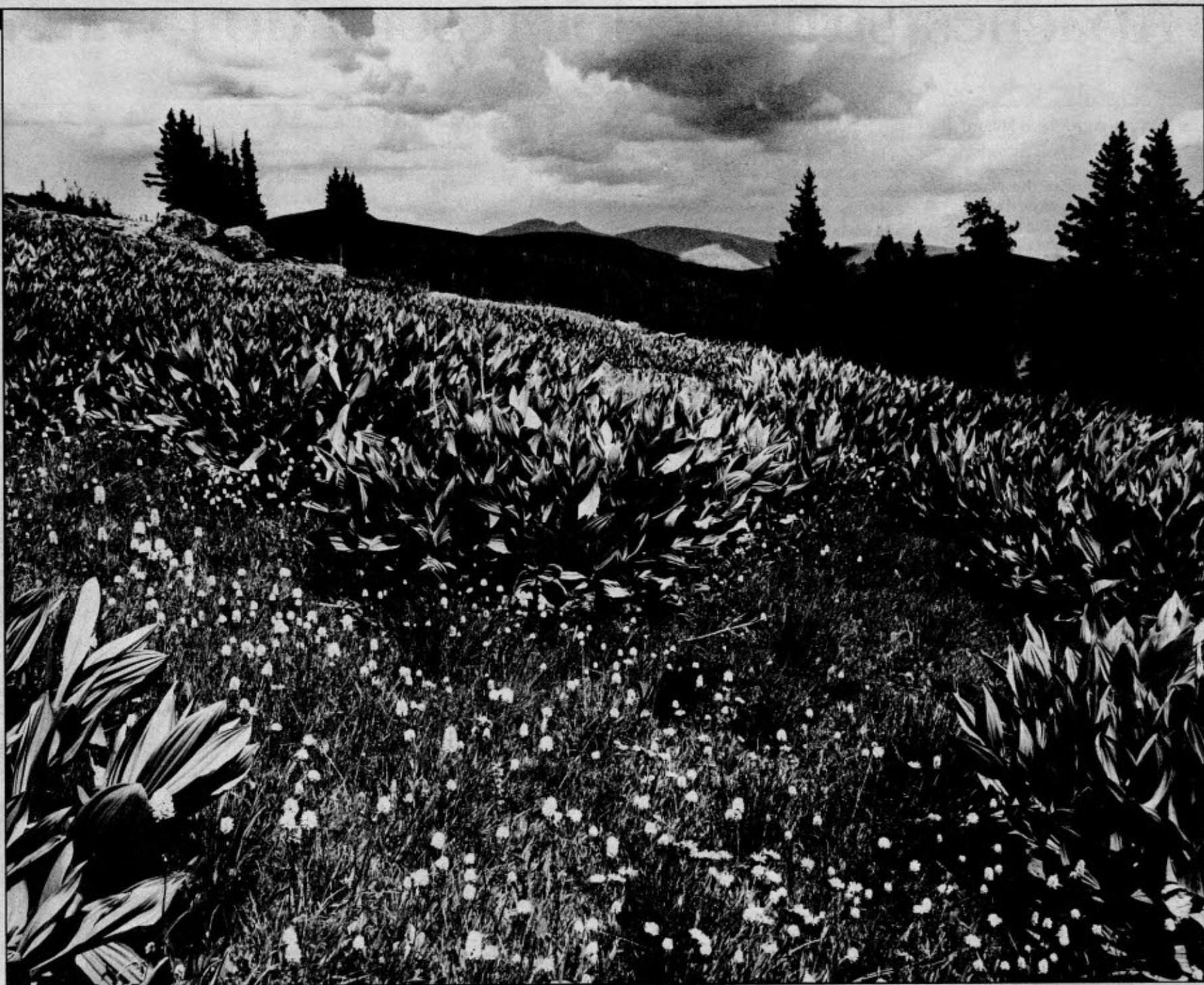
Utah's High Uintas



*Left: sunrise near Moon Lake
Below: Lily Lake, Mt. Watson and Mt. Baldy in background
Right: False belebore and American bistort, Swasey Hole*



*Left: Upper Provo River
Above: sage grouse in Uinta foothills
Right: bull moose on Uinta north slope*



The High Uintas wilderness proposal is by far the most controversial in Utah. A high priority for wilderness advocates as an addition to the Utah wilderness system, it is also a target for timber companies and oil and gas exploration.

The Utah Wilderness Association is proposing a 659,000 acre wilderness for the area. The U.S. Forest Service recommended 512,000 acres in its final environmental impact statement for RARE II (the second Roadless Area Review and Evaluation). And the State Wilderness Committee, which advises Gov. Scott Matheson (D) on wilderness proposals within the state, wants 408,000 acres.

The main difference in the proposals, according to UWA head Dick Carter, is a strip along the north slope of the range which extends for about 50 miles at altitudes below 9,500 feet. This is the area containing most of the commercial timber. Carter said, "Timber has been the main controversy. The question of oil and gas drilling and exploration in the range has been brought up, but it will probably disappear. The Forest Service recently said the area should not be leased."

The High Uintas are located in northeastern Utah just south of the Wyoming border. There is a small constituency of Wyomingites who believe the boundary between the two states was incorrectly drawn and the mountain range should be in Wyoming. Carter said, "In a way, they're right. The range is not typical of Utah's terrain. It is more typical of the land of the northern Rockies country."

"There have been confirmed sightings of wolverines and timber wolves. There are bighorn sheep, black bear, cougar, moose and elk. One of the most unique things about the area is the hundreds of miles of free-flowing streams — excellent trout streams." The proposal also includes Utah's highest mountain, King's Peak, at 13,500 feet.

The Utah congressional delegation has not taken any position on the eventual size of the High Uintas wilderness, though Sen. Jake Garn (R) has endorsed a 420,000 acre wilderness. A poll taken by the *Deseret News* in January, 1982, indicated that a large plurality of Utahns favor much more wilderness in the state than the State Wilderness Committee recommended. Fully 49 percent of those polled said they wanted 2.6 million acres of wilderness or more while 39 percent said they wanted 900,000 acres or less. The delegation may introduce a comprehensive bill some time this year. Currently, there is only one congressionally-designated wilderness in Utah, Lone Peak, southeast of Salt Lake City.



Photos by John George

Apaches struggle for reservation water

Story and photo by Terri Milford

Since the beginning of this century, the White Mountain Apache Tribe has been struggling with the Bureau of Reclamation's Salt River Project over rights to the waters of the Salt River. The Indians have a formidable body of law upholding their rights to water which traverses their reservations. The SRP is faced with dwindling supplies of water which imperil the continued economic growth of the Phoenix area.

The tribe is located in east central Arizona's White Mountains about two hundred miles from Phoenix. The area is a mecca of temperate relief from Arizona's scorching summers; accordingly the tribe has developed their recreational resources by constructing artificial lakes throughout the heavily forested high mountains. The lakes are stocked from the federal fish hatcheries located on the reservation.

The White Mountain Apaches are one of the more fortunate tribes in the arid Southwest. Not only do they have mineral resources of asbestos, iron ore, uranium and petroleum, which they have not yet developed, but they have other economic potential. The highly successful Fort Apache Timber Company enriches tribal coffers by about \$20 million each year. In addition they operate Sunrise, the largest ski area in Arizona, which thanks to machine-made snow has averaged 3,000 visitors per weekend this winter. One contributing factor to the economic development is an abundance of water.

The Salt River begins on the Ft. Apache reservation at the confluence of the White and Black Rivers. It then flows through the reservation on its way to Roosevelt Dam, where it comes under the jurisdiction of the SRP. There, the conflict begins.

SRP encompasses thousands of acres of fertile soil in the flat, wide floodplains of the Salt River. An ancient Hohokam civilization farmed the valley with the aid of 250 miles of irrigation canals. Subsequent white settlers began building canals in the 1860s. The Southwest suffered a severe drought during the 1890s, and when the rains returned, the resulting floods destroyed more than 30 years of canal construction.

In 1902 Congress passed the first reclamation act to build Roosevelt and Granite Reef dams on the Salt River. The dams and accompanying power plant were managed for several years by the Bureau of Reclamation. Continued disputes over the allocation of power generated resulted in the entire project being turned over to the Salt River Valley Water Users' Association. By 1920, Roosevelt Dam had overflowed 4 more times. SRP built three more dams to impound the seasonal flows and to provide additional hydropower.

The project currently manages water for 2,389,000 acres of irrigable land and has a storage capacity of 2,019,000 acre-feet. According to SRP public information officer Carol Jennings, SRP provides 50 percent of the electric power consumed by Phoenix, a city of 800,000 people. SRP sells the remaining power to various public utilities in Arizona and California. In addition, 60 percent of SRP water is supplied to farm irrigation and the remaining 40 percent is used by urban consumers, which includes industrial usage.

Since 1902, when preliminary planning was begun on Roosevelt Dam, the White Mountain tribe and other reservations along the watershed of the Salt River struggled with the SRP over water rights, in spite of the 1908 Winters Decision that held Indians had prior and paramount rights to water traversing their reservations, and that these rights

dated in priority from when the reservations were formed by treaty.

In the early 1900s, a Congressional hearing was held concerning the conduct of land speculators connected with the SRP. Land values skyrocketed when Phoenix was assured a constant supply of water. The land speculators were charged with wresting control of the SRP from the farmers who were the intended beneficiaries.

The Indian Reorganization Act of 1938, in part, gave tribes the right to organize for their common welfare, to adopt constitutions, and to employ legal counsel. White Mountain Apache Tribal Attorney Robert Brauchli said the tribe has taken the position that the act delegates the authority to tribes to manage their natural resources and water rights. The 1958 revised constitution adopted under the Reorganization Act states that the rules and regulations of the Interior Department would not be binding on the tribe if those regulations conflicted with the tribal constitution, and further that all employees of the Interior were to abide by the tribal constitution.

White Mountain Apache Tribal Chairman Ronnie Lupe recounted the first legal challenge to be filed by the Salt River Project. "In 1957, we began construction of Hawley Lake," he said. "When the SRP found that the tribe was going ahead with construction of the lake, it filed in state court for a restraining injunction. As a result of the injunction all tribal council members left the country to prevent the order from being served, leaving only the construction crews who had no authority to accept the order."

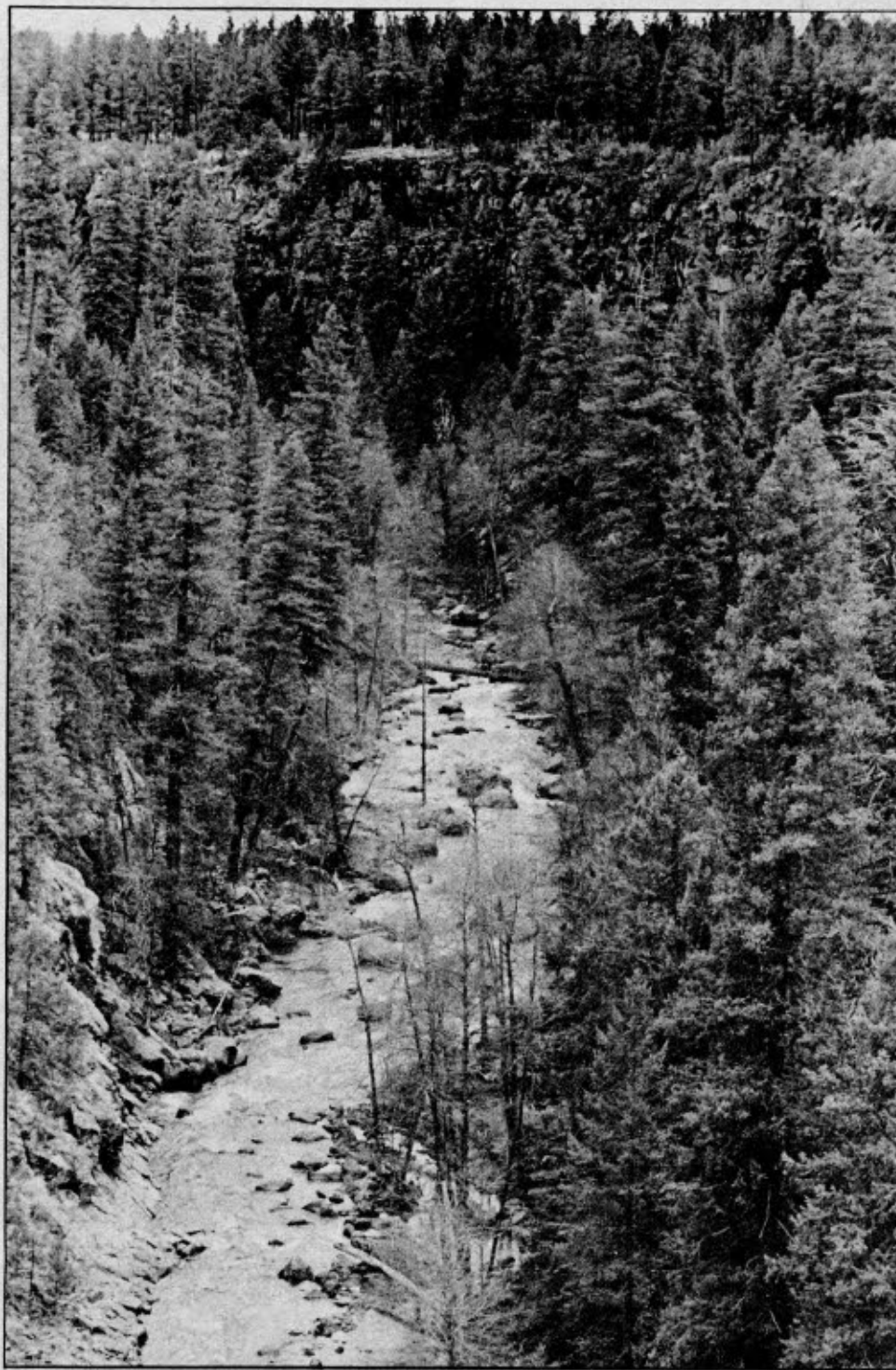
Tribal police escorted the Arizona Highway Patrol and Sheriff's Department off the reservation and then proceeded to set up armed roadblocks. "As a result, Arizona Highway Patrol and the Sheriff's Department erected roadblocks on all highways leading to the reservation and prevented our construction materials from entering," Lupe said. "When the tribe found out, they had dynamite transported through in milk trucks. Construction was completed in several months. When it was finished, we shipped the construction equipment out over various routes. During the construction period news media were not permitted access to the reservation. When it was completed we invited SRP officials and news media to the site; however, we all left the night before. The tents were still there and the lake was completed but the only evidence of our presence was a huge sign that said 'NOBODY HOME.' After that," he said, "subsequent recreational lakes were not challenged."

"In the 1960s, the Bureau of Indian Affairs was pushing the tribe to negotiate their water rights with the SRP," Lupe said. "And the Bureau, over my objections, directed the Tribal Council to negotiate with the SRP. In 1967, the Bureau represented the tribe in negotiations with the SRP to trade their rights to the Salt River in exchange for 36,500 acre-feet per year of salvage water. This water was to be obtained by eradicating vegetation."

"A study claimed that for every acre of forest cleared of cottonwoods and juniper, the runoff would increase by one half inch per acre-foot," Lupe said. "A resolution was presented to the tribal council to approve this negotiation, but it was not passed."

In spite of the 1958 tribal constitution, signed by then Assistant Secretary of the Interior Roger Ernst, stating that all Interior employees would abide by the tribal constitution, the BIA was already working to circumvent tribal autonomy.

During the mid-1970s, the SRP filed for an administrative hearing to determine the correct ownership of the sur-



Proposed dam site, Post Office Canyon, north fork of White River

In the struggle over water development, police erected roadblocks to keep construction material from entering the reservation.

face waters of the Salt River watershed. An amendment of Arizona's Water Code transferred the process to state court. According to Brauchli, the Apache did not appear. They felt it was incorrect for the state to claim the tribe could appear and not subject themselves to state jurisdiction.

Last May, the tribe filed suit in federal court against Attorney General William French Smith and Interior Secretary James Watt. Brauchli said the suit, filed by tribal water rights attorney William Veeder, sought to prevent the United States from filing any water claims on behalf of the White Mountain Apache in Arizona state court.

However, he said, "The real purpose of the suit is to show that for the past fifty to sixty years there has been a concerted effort on the part of the secretaries of the interior through the Justice Department attorneys to deprive Indian tribes of their water rights. This conflict of interest which culminated in the forced representation of the tribe in state court is unconstitutional, a violation of due process and a violation of the government's duty to be a true advocate for its trustee beneficiaries — the Indian tribes."

In December 1981, the tribal attor-

ney filed action in tribal court restraining the BIA from releasing inaccurate information about the tribe's water usage. This data was derived from hydrology studies done on the reservation by a firm that was removed from the reservation by a tribal resolution. The tribe did not agree with the data that the firm had compiled. They charged U.S. officials of acting beyond their authority by attempting to represent the tribe against the will of the tribe in state court. They also charged the U.S. government of acting in bad faith by filing a grossly inadequate claim. In return the BIA filed suit in district court and obtained a restraining order against the tribe, prohibiting them from acting upon their injunction.

In the last week of February, the 9th U.S. Circuit Court ruled in three cases that state courts have no jurisdiction to adjudicate tribal water rights. Therefore, the White Mountain Apache Tribe will not be represented by the federal government in Arizona courts. The tribe is now seeking a permanent injunction against the Justice Department to restrain them from ever filing suit on behalf of the tribe.

On March 8, District Court Judge Valdamer Cordova was scheduled to hear

BULLETIN BOARD

WYO. WILDERNESS BILL HEARINGS

Sen. Malcolm Wallop (R-Wyo.) will hold two hearings on the Wyoming Wilderness Act of 1982, which withdraws all existing Wyoming wilderness from oil and gas leasing and adds four new areas to the system. A formal hearing is scheduled for April 30 in Casper at Durham Hall, Casper College from 7 a.m. - 4 p.m. For information, and to testify at the hearing, contact Carol Pope of Wallop's Casper office, 2201 Federal Building, Casper 82601, (307) 261-5415. An informal hearing is planned for May 1 in Riverton in the theatre of Central Wyoming College, 8 a.m. - 4 p.m. Contact Pam Redfield of Wallop's Lander office, P.O. Box 1014, Lander 82520, (307) 332-2293, for details.

VOLUNTEER FOR THE FS

The Forest Service seeks volunteers for a variety of positions this summer. Campground hosts to live at campgrounds and assist visitors are needed. Contact Mary Sue Waxler, Black Hills National Forest, Box 792, Custer, S.D. 57730, (605) 673-2251 or Ranger District offices for specific information. Applications are due April 21. The Bridger-Teton National Forest, Wyo., needs volunteers for positions, ranging from wilderness rangers to typists, both full- and part-time. Call or write to Volunteer Programs, Bridger-Teton, P.O. Box 1888, Jackson, Wyo. 83001, (307) 733-2752, or contact local Ranger District offices for information.

WILDLIFE SYMPOSIUM

Papers are now being solicited for a Nov. 15-17 conference in Steamboat Springs, Colo., on "Issues and Technology in the Management of Impacted Western Wildlife." Major topic areas will include cumulative and secondary impacts to wildlife from energy development activities, impact mitigation techniques and sensitive habitat management. Abstracts and requests for further information should be sent to Robert Comer, Thorne Ecological Institute, 4860 Riverbend Rd., Boulder, Colo. 80301.

ENERGY SURVEY RELEASED

An energy use survey completed for Fremont County, Wyoming, documents that 40 percent of the county's \$200 million economy is spent on energy consumption and predicts that energy costs in the county will rise to over \$325 million in the year 2000. The study, by Wind River Energy Consultants for Fremont Action to Conserve Energy, was funded by a grant from the Wyoming Energy Conservation Office. Copies are available from WECO, Capitol Hill Office Bldg., Cheyenne, Wyo. 82002 or (307) 777-7131.

RECLAMATION CHANGES PROPOSED

Major changes have been proposed by the Office of Surface Mining in rules governing revegetation of coal-mined lands. Revisions include the elimination of field testing of non-native species, deletion of the grazing requirement, extension of time limits on tree and shrub establishment and allowing coal-mining states to set specific revegetation standards. Public hearings on the revisions, published in the March 23 *Federal Register*, will be held, if requested, across the country on April 16, at 9 a.m. at locations including Brooks Towers, 2nd Floor Conference Room, 1020 15th St., Denver, Colo. Written comments should go to OSM, Room 5315 L, 1951 Constitution Ave., N.W., Washington, D.C. 20240 by April 22. Contact Arlo Dalrymple, OSM, Interior South Bldg., 1951 Constitution Ave. or (202) 343-5864 for further information.

motions for the U.S. government in the suit. Judge Cordova withheld any decisions until the U.S. Supreme Court decides if state courts have jurisdiction to adjudicate Indian water claims. This is expected to take at least a year, so for now, the suit against the BIA and the countersuit by the U.S. government against the Indians are on hold.

Water rights are imperative to the continued development of the west. Federal court support of Indian water rights is only a step in the long struggle. Since states are unable to gain water rights through the courts, the next tactic is to obtain them legislatively. There are already several proposed bills that may be introduced in Congress this year. One of them is the Indian Water Rights Act of 1982. The bill's proponent, the Western Regional Council is a coalition of western businesses representing major financial, recreational, utility, manufacturing, mining and other industrial enterprises' interests. The bill says, "Comprehensive management by the western states of limited water rights is essential to forestall a water crisis that can equal or surpass the energy crisis."

FOREST PROJECT LIST

"Public Notice of Environmental Assessments, Plans and Special Studies Currently Under Preparation," a list of such projects proposed on the Bridger-Teton National Forest, is available free from District Ranger offices in Jackson, Afton, Moran, Pinedale, Kemmerer, and Big Piney or from the Supervisor's Office, P.O. Box 1888, Jackson, Wyo. 83001.

BLM WILDERNESS STUDY POLICY

The Bureau of Land Management has published its final Wilderness Study Policy outlining policies, criteria and guidelines used in evaluating their 949 wilderness study areas nationwide. Copies of the document are available from any BLM office.

DENVER ENERGY FAIR

Denver-area persons interested in renewable energy may want to attend the Rocky Mountain Home Improvement and Energy Fair, April 29-May 2 at Currigan Hall, Denver. Home energy seminars on topics ranging from alternative energy design to tax credits will be presented. Contact the Denver Solar Energy Assoc., Capitol Hill Community Center, Denver, Colo. 80218 for information.

MINERAL FUNDS REVEALED

"Mineral Wealth & Wyoming Government," published by the League of Women Voters of Wyoming, contains information on the kinds and amounts of mineral-related revenues paid to state and local governments. The publication is available from the League, 1565 Walnut Dr., Cheyenne 82001 for 60 cents per copy. Bulk rates available on request.

PARK PROTECTION INFO

National Park Action Project, organized to provide communication between people working to protect national parks, seeks news of park conservationists. Contact Jim Welsh, National Park Action Project, National Parks & Conservation Association, 1701 18th St. N.W., Washington, D.C. 20009, (202) 265-2717 with information, questions or comments.

RESOLVING CONFLICTS

Representatives from the oil and gas industry and the federal government will meet in Albuquerque at the Albuquerque Convention Center on April 13-15 to "resolve conflicts and promote cooperation between industry and government," according to Bureau of Land Management officials. Contact the Public Affairs Office of the BLM, P.O. Box 1449, Santa Fe, N.M. 87501 or (505) 988-6316 for information.

LAND MANAGEMENT/POLITICS SYMPOSIUM

"Politics vs. Policy: The Public Lands Dilemma," a symposium on the role of politics in public land management will be held April 21-23 at the Eccles Conference Center, Utah State University, Logan, Utah. Registration for the event, sponsored by Utah State and Montana State Universities, is \$15, payable to USU, Conference and Institute Division, UMC 50A, Logan, 84322. Call Randy Simmons (801) 750-1316 or Suzanne Blakely (801) 750-1638 for details.

BLM TIMBER REG CHANGES

Interior Secretary James Watt announced proposed changes in Bureau of Land Management timber sale regulations designed to bring relief to the timber industry by offering more short-term sales. The BLM seeks comments on the proposed changes, which have been coordinated with the Forest Service. Comments should be submitted to the Director (230), BLM, Washington, D.C. 20240, by April 19, 1982.

SMALL TOWN GROWTH STUDY

"Quality of Life, Expectations of Change, and Planning for the Future in an Energy Production Community: A Report to the People of Meeker and Walden, Colorado," is a study comparing a small town's rapid growth with an ordinary small town. The study is published by the Growth Impact Group, University of Colorado and available for \$10 from the Group, Campus Box 483, University of Colorado, Boulder, Colo. 80309. Make checks payable to the University of Colorado.

ROUTT PLANNING PROCESS

The Routt National Forest, Colorado, seeks public comment on the process used in the formulation of alternatives and outputs expected in the forest's land and resource management planning process. Meetings are scheduled on April 13 in Walden, Soil Conservation Service building, 312 Fifth St.; April 14 in Kremmling, County Extension Building (at the Fairgrounds); April 15 in Craig, Courthouse Auditorium; and April 16 in Steamboat Springs, Yampa Valley Electric Association, 32 Tenth St. All meetings will begin at 7 p.m. Written comments should go to the Supervisor's Office, Routt N.F., P.O. Box 771198, Steamboat Springs, Colo. 80477, by May 5.

RESERVOIR PROPOSAL

Public meetings are scheduled and written comment sought by the U.S. Corps of Engineers on proposed construction of an earthen dam and reservoir on Parachute Creek, northwest of Parachute, Colo. Meetings by Union Oil Co.'s Oil Shale Program will be held April 13, in Glenwood Springs at 7 p.m., Glenwood Jr. High School cafeteria, 14th and Roaring Fork Dr.; April 14 in Parachute at 7:30 p.m., Grand Valley School, 100 E. 2nd St.; and April 15 in Grand Junction at 7 p.m., Two Rivers Plaza, 2nd and Main St. Written comments should go to the Corps, Regulatory Section, Sacramento District, 650 Capitol Mall, Sacramento, Calif. 95814. Contact Mr. Tom Coe, Regulatory Section, at the above address or (916) 440-2541, for information.

ALBERTA RIVERS CONFERENCE

"Rivers on Borrowed Time," the 1982 Provincial Conference of the Alberta Wilderness Association, will focus on threats to free-flowing rivers in Alberta. The conference, including lectures, workshops and a field trip, will be held April 23-25 at Red Deer College, Red Deer, Alberta. Pre-registration fees (due April 15) are \$25, or \$20 for students. Contact the Alberta Wilderness Association, P.O. Box 6398, Sta. D, Calgary, Alta, T2P2E1, (403) 283-2025 for details.

RECLAMATION RULES PROPOSED

Coal-mining states would be allowed to develop topsoil protection rules accounting for local environmental conditions under a proposed rule change announced by the Interior Department's Office of Surface Mining. Copies of the proposed changes are available at OSM offices across the country including: OSM, Administrative Record, Room 5315, 110 L St., N.W., Washington, D.C. 20005 and OSM Western Technical Center, Brooks Towers, 1020 15th St., Denver, Colo. 80202. Hearings will be held April 6 in Lexington, Ky., Denver, Colo., and Washington, D.C. if requested by the public. Written comments are due April 12 at OSM, Room 5315-L, 1951 Constitution Ave., N.W., Washington, D.C. 20240. Contact Leroy A. deMoulin (202) 343-5954 for further information.

INDIAN STUDENT MEDICAL TRAINING

Indian students interested in medical careers should look into the University of North Dakota's Indians Into Medicine (INMED) Summer Institute and Medical School preparation program, summer programs to help students grade 12 and over prepare for college or medical school at UND. For application materials contact: INMED Program, Box 173, University Station, Grand Forks, N.D. 58202, (701) 777-3037.

COLORADO PLATEAU SUMMER STUDIES

Colorado Plateau Field Studies, college courses in geology, ecology, archeology, water resources and energy development in the plateau region of Colorado, southeastern Utah and northern Arizona will be offered by Kearney State College this summer. Two 16-day courses are planned May 8-24 and July 24-August 7. Each camping field course will travel throughout the plateau region. Cost of each three-credit course is \$425, with a \$100 deposit due by April 13. Contact Dr. Clayton True (308) 236-4077, Dept. of Biology or Mr. Stan Dart, 236-4460, Dept. of Geography, Kearney State College Kearney, Neb. 68867 for details.

INJECTION WELL REGULATORS

The Environmental Protection Agency seeks public comment on the Wyoming Department of Environmental Quality and the Wyoming Oil and Gas Conservation Commission's application to share enforcement responsibility for the Underground Injection Control program. The program would protect underground drinking water sources by regulating use of injection wells. Hearings will begin at 10 a.m., April 13 at the Casper College Center, Room 203, College Dr., Casper. To comment at the hearing, notify Wilma Martin at the address and phone below by April 6. Questions or written comments on the applications should go to Mr. Patrick Crotty (8WMDW), EPA, Region VIII, 1860 Lincoln St., Denver, Colo. 80295, (303) 837-2731. Written comments are due April 13.

REGIONAL COAL TEAM MEETING

The San Juan River Regional Coal Team will meet April 20-21 in Farmington, N.M. to choose coal leasing tracts for the Regional Coal Leasing environmental impact statement. The Bureau of Land Management invites public participation at the meeting, as well as written comment on coal leasing issues. Written comments should go to the Farmington BLM office at the address below by April 15. Contact these BLM offices for assistance: Albuquerque District Office, 3550 Pan American Freeway N.E., P.O. Box 6770, Albuquerque 87107, (505) 766-2890; or Farmington Resource Area Office, 900 La Plata Hwy., P.O. Box 568, Farmington, (505) 325-3581.

OCS ADVISORY BOARD NOMINEES

Here is a chance for those concerned about off-shore oil and gas exploration in Alaska to affect government actions. Secretary of the Interior James Watt has requested nominations to fill several vacancies on the Regional Technical Working Group Committee of the National Outer Continental Shelf Advisory Board. Nominees should be familiar with the outer continental shelf leasing program and should be able to comprehend specific problems of offshore oil and gas exploration and development. Contact Gordy Euler, Alaska OCS Office, P.O. Box 1159, Anchorage, AK 99510 or (907) 276-2955 for further information. Applicants should submit letters of recommendation, accompanied by brief resumes, to the Manager, Alaska OCS Office at the above address by May 1.

water, without which our people cannot survive and the second will be for the very reservation land itself, for one follows the other."

Given the limited supply of water, quantification is inevitable at some point. For now, the tribe is proceeding with planned water projects. Completion of the federally-funded Canyon Day Irrigation Project to raise alfalfa is nearing completion. A hydroelectric dam site on the North Fork of the White River had been chosen and a feasibility study is underway.

In response to charges by SRP that these projects are economically unfeasible, Brauchli said, "There is not a single reclamation project in the country that has not owed its survival to federal subsidies. Economic feasibility has never been a requirement of any reclamation project. Now they are attempting to impose that criterion on Indian water projects after denying them water development for many years."

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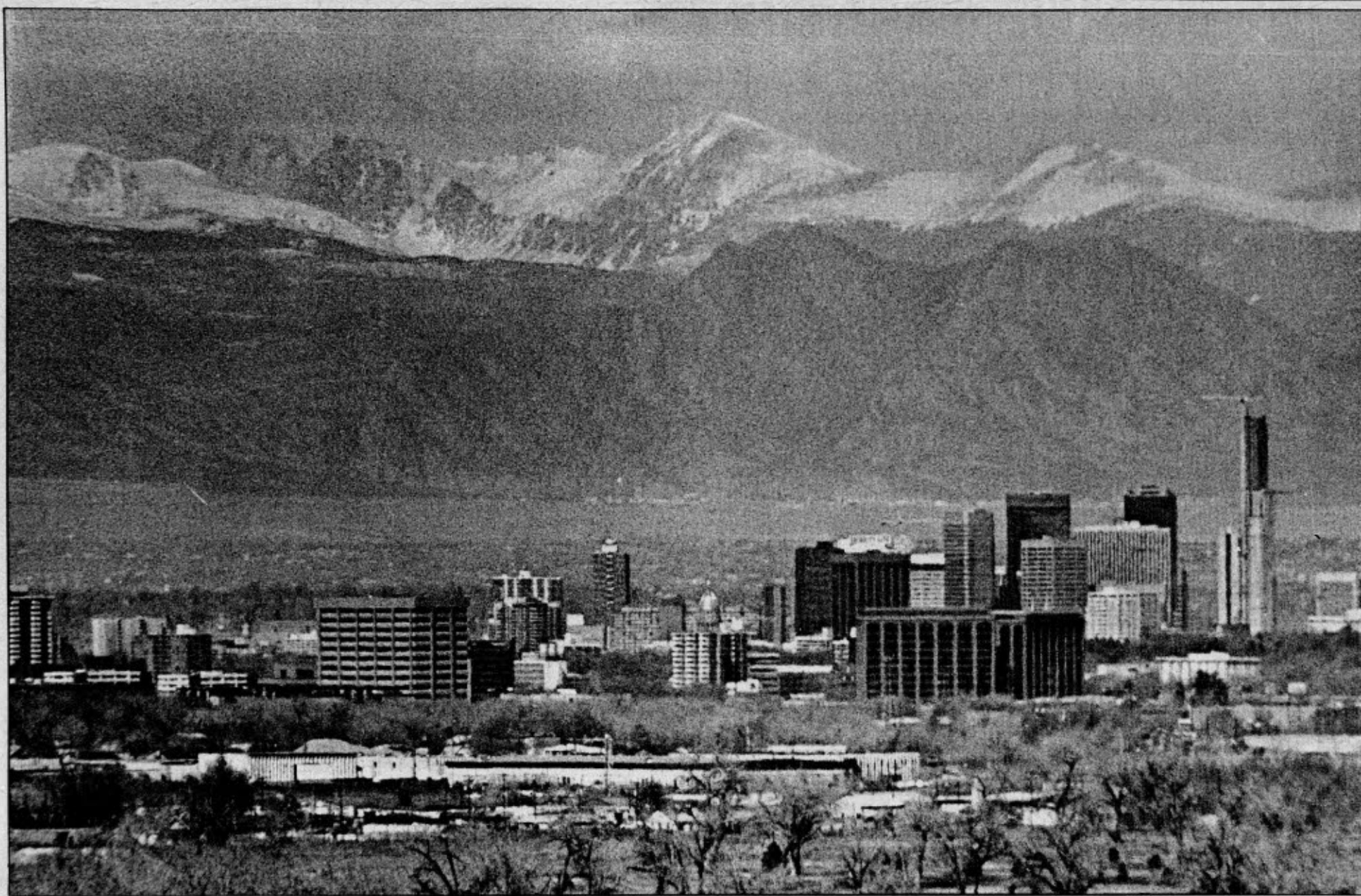
Terri Milford is a freelance writer living in Lakeside, Arizona. This article was paid for by the HCN Research Fund.

Bill Veeder, attorney and authority on Indian water rights, reviewed and analyzed the proposed bill. "The water crisis that exists today stems from the fact that the U.S. has subsidized populations into areas of short water supply," he said. "If the U.S. had not subsidized the SRP, the population crisis in Arizona would not have occurred. It is bizarre for the Western Regional Council to complain of a water crisis when it seeks federal subsidization for the Central Arizona Project to pump water from the lower Colorado to Phoenix. That can have no other effect than to aggravate the existing crisis. A provision is made in the Indian Water Rights Act to establish an Indian Water Rights Review Commission. It is of interest that the Indian tribes are not specifically provided for as being members of the commission that is to decide their demise."

In November 1981, 300 people representing the nation's Indian tribes met in Oakland, California to discuss Indian water policy. Indian leaders were urged to immediately develop comprehensive water policies that would make allowances for traditional use, future use and new uses.

Kenneth Smith, assistant secretary of interior, encouraged negotiated settlements. "Tribes can get greater benefits through negotiated settlements. Quantification is inevitable. Tribes will have to negotiate the quantity of their water rights. The alternative is for tribes to bring lawsuits to protect their rights, however federal government provision of attorney fees to tribes has become a matter of congressional scrutiny and controversy."

White Mountain Apache Tribal Chairman Lupe responded, "Day to day, we are involved in an ongoing battle to protect our life-sustaining 1908 Winters Doctrine rights to our use of our water. Quantification is a catchword used by those with a desire to seize water rights from Indian tribes in arid and semi-arid states. Never before in history has there been a more concerted effort to seize and violate Indian property rights. We have rejected that request to both quantify and negotiate. It is our position that the term quantify is just as much a fraud on Indian people as the term negotiate. I sincerely believe there will be two final battles to be fought by Indian tribes in the western U.S. The first will be for our



William A. Boas, Jr.

Denver...

(continued from page 1)

city except Washington, D.C. Simultaneously, Denver became a major center for the defense industry.

Despite such massive changes, the old Denver elite was slow to accept the changes in their city. It remained wary of the government-induced growth of the war years. These grand old men fostered conservative lending policies that bucked the developing trend in their city and throughout the interior West. Charles Graham and Robert Perkin, in a bitter essay on the town's elite, characterized the policy as "abhorrent of risk-taking, chary of progress. Its contentment is a colonial complacency, and its uninspired, rock-sound motto is 'Don't diminish the principal.'"

Denver was ready to expand despite the absence of adequate venture capital from the local bankers and the big New York financial houses. It was a situation ripe for new investors. Instead of an increase in local capital, investors like New York's William Seckendorf and the Murchison brothers from Dallas filled the vacuum, keeping Denver's fate linked to the movement of outside capital.

"The biggest change in Denver was when Zeckendorf came to town," declared former Gov. John Love. Zeckendorf was a free-wheeling real estate man who had orchestrated the United Nations and Rockefeller Center deals for the Rockefellers. In the late 1940s and early 1950s, Zeckendorf began to acquire Denver real estate in anticipation of the postwar boom. He acquired the municipally-owned area known as Courthouse Square and came up with a construction program that included the 23-story Mile High Center, a five-story department store sheathed in gold-colored aluminum and a hotel complex with 1,000 rooms. Not to be outdone, the Murchisons, awash in oil dollars, also began to invest in downtown Denver.

During the 1950s, the town's boosters considered the regional economy recession-proof because of the continuing increase in government and military expenditures. Like many of the western metropolitan economies of the postwar

years, Denver's was susceptible to shifting fortunes among its military-related companies. The dependence of the regional economy on decisions made in Washington paralleled its dependence on eastern-based financial institutions. According to Love, "From the beginning of the development of this community, capital came into Denver from the East, and we and the whole West were a province or possession of the money centers."

A change was in the air in 1972.

The voters of Denver rejected a bond issue for the construction of downtown facilities. The voters also said no to a new plan by the Denver Water Board to bring more water to the growing metropolitan region through another tunnel system. A relatively unknown moderate Democrat named Floyd Haskell had upset Gordon Allott for the United States Senate by raising environmental issues and by picking up new 18- to 21-year-old voters, a factor that also aided Patricia Schroeder in her upset victory for Denver's congressional seat. By far the biggest and most significant vote had been the Winter Olympics referendum, a vote that had not only been a major defeat for the old elite but signalled the emergence of a new force in Colorado politics, a force that in two years would make an even greater bid for power.

The Olympics referendum vote resulted from a sequence of events that traced back to the spring of 1970 when Gov. John Love, Denver Mayor William McNichols, former astronaut Walter Schirra and 14 businessmen and public officials arrived in Amsterdam to make a successful presentation to the International Olympics Committee proposing Denver as the site of the 1976 Winter Olympics.

At first, it seemed a simple matter to mobilize support for hosting the games and assuming all the attendant expenses and problems that went with it. Pro-Olympics committees were formed, headed by the leaders of the business community, including such old-line figures as Eugene Adams of the First National Bank and Chris Dobbins, representing the Boettcher interests, along with such new, high-flying corporate players as Richard Goodwin, president of Johns-Manville. Political backers

included not only Love and McNichols, but Lieutenant Gov. John Vanderhoof and William Armstrong, then leader of the Colorado State Senate and later a U.S. senator.

The business and political backers of the Olympics made a long series of miscalculations. They failed to take their opposition seriously, underestimated the cost of the games and peremptorily dismissed fears about possible environmental problems. While big corporate and celebrity names were trotted out as Olympic backers — people such as ARCO's R.O. Anderson, Hewlett-Packard's David Packard, Bob Hope and Billy Graham — the ostentatious display behind the effort, such as the expenditure of \$100,000 for the book in which the backers presented their original bid, only served to alienate the voters.

The opposition to the games, which built up during 1971 and 1972, was led by environmental groups such as the Colorado Open Space Council and the weekly newspaper *Straight Creek Journal*. The growing opposition and the mistakes of the Olympic sponsors pushed some established politicians — Colorado house minority leader Richard Lamm among them — and several of the state's new political activists into the opposition camp. A referendum initiative on whether to finance the games with statewide funds was placed on the November 1972 ballot. By November, a groundswell of opposition had emerged, despite proponents being outspent more than 25 to 1. The initiative passed by a three-to-two margin.

The vote indicated that a powerful new force had emerged in Colorado politics. The opposition had drawn not just on the new environmentalists but also on a number of rural and more conservative voters who were outraged at the sponsors' tactics and the costs involved in the games. Games opponent John Parr characterized this coalition as one of fiscal conservatives, environmental liberals, exploited minorities, threatened homeowners and anti-establishment radicals. "This was an issue that had something for everybody," Parr told the *Straight Creek Journal* shortly after the election. "If you didn't like the governor or the mayor or big business, you could vote against the Olympics."

The Olympics also signalled problems for the Colorado political establishment. That group, like Denver's old families and long-standing business leaders, had not been known for its overpowering personalities and innovative policies. Since World War II, the state government had been controlled by "centrists" who believed in water development, energy activities and urban growth, combined with modest government support for social and human services. Democratic Gov. Stephen McNichols, older brother of Denver's mayor, talked about public and private sector partnerships. "If something is big, it isn't necessarily bad," McNichols (who was governor from 1958 to 1962) said of his pro-growth policies. "You have to think big. We did it in Vietnam. The key thing is balance. You have to have incentives for the private sector, but give the feeling of equality through the activities of the public sector."

McNichols was defeated in 1962 by John Love, a Colorado Springs lawyer. Love, handpicked by the inner circle of the Republican party, was a noncontroversial politician who liked to attend ceremonial affairs and had no political history and no scars but a recognized name. Love was a pro-growth politician when such a position seemed natural and was puzzled by the new anti-development constituency that emerged in the late 1960s and early 1970s. Love organized the establishment-dominated Committee of Seventy-six to finance the campaign for the Olympics and was thoroughly mystified when his committee's efforts only seemed to backfire. By 1973, Love felt out of touch with a Colorado where the slogan "Don't Californicate Colorado" was seen more frequently than the long-standing promotional appeal to "Keep Colorado Growing."

While the political center shifted in the early and middle 1970s, one figure, Denver's Mayor William McNichols, still managed to hold on to his power. McNichols, who became mayor in 1969, systematically built his political base through patronage and a carefully nurtured depoliticized image. By creating the elements of a political machine and managing to stay in office for more than

"If you didn't like the governor or the mayor or big business, you could vote against the Olympics."

a decade, McNichols earned a reputation as the Mayor Daley of the Rockies — "Mayor Daley with the edges smoothed off," as one local lobbyist characterized him.

This nuts-and-bolts politician managed to get elected time and again despite the growing problems that had begun to surface in Denver, the metropolitan area surrounding the city and the long urban corridor running along the base of the Rockies. The city of Denver, whose boundaries coincided with Denver County, had grown rapidly through the 1960s, but its half-million population stabilized and even shrank slightly in the 1970s. The zero-growth figures for Denver were largely due to a 1974 constitutional amendment passed by Colorado voters as part of a suburban anti-busing move. The amendment forbids the city to annex land to make room for new residents, thereby shifting growth to the suburbs. New housing in the suburbs went up at the same time as the new office buildings downtown.

While Greater Denver grew rapidly in the 1970s, the Front Range, stretching from Fort Collins on the north to Colorado Springs on the south, experienced such extraordinary growth that it threatened to turn the entire corridor into one long urban center.

As the Front Range grew, so did such urban problems as transportation, air quality and limited water supply. The availability of water was an obvious problem, since the rainfall along the Front Range averaged only eight to 16 inches. To gather sufficient water supplies, Front Range and Denver engineers relied not only on interbasin transfers but the acquisition of agricultural water rights. The resulting loss of agricultural production and open space furthered the transformation of the area into one integrated urban corridor.

Growing urbanization also brought about increasing air pollution. Denver, which had long publicized its clean, crisp air, began to witness a bad case of urban smog, with thick brown skies hiding the scenic panorama. Smog quickly became the Front Range's most embarrassing problem. By 1978, the Environmental Protection Agency labeled Denver's air the second worst in the country, trailing only Los Angeles.

The failure of Denver to develop a substantial rapid transit system compounded its smog difficulties, because much of the problem stemmed from automobile emissions trapped by temperature inversions. Rocky Mountain High, some residents complained bitterly, had become a metaphor for lung cancer.

As the Front Range and Greater Denver expanded rapidly, different pressures began to build in Denver's inner city. While the suburbs attracted skilled, professional and managerial employees, Latinos and blacks flocked to the inner city. The city's minority residents, constituting upwards of 40 percent of the Denver population, had become both victims and minor beneficiaries of the energy boom in the region. Energy activities had produced a larger secondary market in the metropolitan area, and the increase in unskilled, largely service-related work acted as a magnet for minorities.

The rapid move of the energy companies into the area had also stimulated the process of gentrification. Entire neighborhoods bordering the downtown area were reshaped by the influx of managerial, professional and other white-collar personnel who took over the old brownstones and single-family dwellings in the inner city. "A concentric white ring around the city core now exists in Denver. We're feeling it. The blacks are feeling it. It's become an issue of displacement," Chicano city council member Sal Carpio remarked in 1979.

While blacks and Latinos complained about displacement and felt squeezed by the energy boom and while environmentalists feared the impact of future growth on the urban corridor, Colorado's "centrist" establishment, including Mayor McNichols, welcomed the growth. "Smog?" McNichols said of his city's brown skies. "Why, it might have blown in here from Seattle for all any of us know."

By the early 1970s, the pro-growth policies began to catch up with their most prominent advocates. The key 1974 election was the gubernatorial race between John Vanderhoof (R), the shrewdest candidate of the establishment centrists, and Richard Lamm (D), a major figure behind the Olympics opposition. Lamm, the son of a

Wisconsin-based coal operator, went to Denver in 1961 to work as an accountant and then a lawyer. During the 1960s, Lamm, who became minority leader after his election to the Colorado House of Representatives, established a maverick reputation. He authored the state's first abortion law and was a major backer of liberal legislation. In 1974, Lamm played down his social liberalism, emphasizing instead environmental issues because they seemed capable of attracting a majority of voters.

Lamm's victory in November, along with the election of Gary Hart (D) to the United States Senate, and a dramatic increase in the number of Democrats in the state legislature, seemed to herald a new era in Colorado. "There's a new breed of Democrats here," the *New Republic* commented after the election, "issue-minded, young, aggressive, adept at organization. They are going to be heard from."

Throughout the state, the new environmentalists were now perceived as giant killers. Before the election, Lamm commented that if he lost, it would certainly not be because of any weakness in the environmental movement. "That movement is growing stronger," Lamm declared, "and it is spreading. It will prevail — if not in my election, in other elections; if not this year, other years. It has to, because the stake is survival."

Such rhetoric gave the new activists a sense of security in the aftermath of the victories of Lamm, Hart and others. Colorado Open Space Council leader Carolyn Johnson recalled, "After the election, things became diffused. We saw their victories as a 'quick fix' and so we kind of laid back and expected things to fall into place. We never put on any pressure, we remained passive, we never put his (Lamm's) feet to the fire. And, as it turned out, that's exactly what we should have done."

No sooner had Lamm taken office than he found himself having to retreat on issues while trying to turn these retreats into face-saving victories. The plan for a new interstate highway ring-ing Denver was a case in point. Interstate 470 was already in the planning stages when Lamm was elected. Lamm had campaigned against the highway because it would provide easier access to the rapidly expanding suburban areas

southwest of the city. Once in office, Lamm wanted the environmentalists to speak out on the issue and to lead the campaign against the highway forces in order to place himself in the center of the dispute between the two antagonists. The environmentalists refused. Since they had campaigned so heavily for his election, they now expected the governor to take the lead in stopping the highway.

Within a few months, the besieged governor began to retreat under attack by the highway interests. To take the heat off, he appointed a commission that represented various interests. The commission, with Lamm's blessing, worked out a compromise that substituted a parkway with a more controlled access plan. "We were defeated badly on that one," Lamm adviser John Parr recalled. "We and the press called it a kind of a victory for Lamm because it was no longer an interstate...but from a planning point of view it was just no good. It was a defeat."

For the next four years, Lamm and several other new-breed politicians began to soften their arguments and to look for ways to accommodate diverse interests rather than function in an adversarial capacity. Sen. Gary Hart, in particular, was adept at neutralizing, even winning over, his former corporate detractors as he gradually shifted toward support of water development projects and tax breaks for the oil shale industry.

The 1978 election saw the resurgence of the right wing in Colorado politics and a renewed push for such long-standing conservative causes as the anti-union open shop, along with opposition to environmental regulation, plant safety and industrial health restrictions, affirmative action, abortion and other programs affecting minorities and women. The political right in Colorado had a long tradition dating back to the Klan and the strong anti-union practices of the mining companies.

However, the right had only mixed success in the state. Conservative William Armstrong (R) successfully unseated moderate U.S. Sen. Floyd Haskell. Ted Strickland "snatched defeat from victory," as local newspapers characterized his loss, by allowing his own

(continued on page 14)

Denver...

(continued from page 13)

right-wing politics to become the issue in his campaign against Richard Lamm's re-election. Gary Hart won re-election during the Reagan landslide in 1980 after shedding much of his earlier liberalism.

After Lamm's 1978 election, several of his advisers began to circulate between the state and federal bureaucracies and Denver's major corporate-oriented law firms. Although the big energy companies welcomed these changes and kept up a "dialogue" with politicians like Lamm and Hart, they also kept open their "fast track" option, supporting candidates ready to raise the banner of free enterprise, rugged individualism and the celebration of the corporate ethos. By the 1980s, Colorado politics had shifted once again from a debate over whether there should be development to a debate over the best way to handle the anticipated boom caused by the energy juggernaut.

By far the biggest source of change in Denver was the energy companies. Historically, Denver had been the headquarters for independent oil and gas companies whose activities in the 1940s and 1950s were centered east of Denver in the Julesburg basin, where oil had been discovered in the postwar period. By the late 1960s and early 1970s, energy-related exploration and

production focused on three key resources: coal (with vast reserves in the intermountain area from New Mexico to Montana); oil and gas (in the Overthrust Belt near the Wyoming-Utah border); and uranium (in Colorado, New Mexico and Wyoming). In the 1970s and especially after passage of the 1980 legislation creating the Energy Security Corporation, oil shale and synthetic fuels also became factors in Denver's growth. In addition, the activity around solar energy increased because of the Solar Energy Research Institute. Thus, Denver became second only to Houston among energy capitals of the country.

Thanks to its role as a hub city, Denver became the regional headquarters for such companies as Amoco, ARCO, Conoco, AMAX and Union Pacific. Denver became a major air terminal for the interior West, a center for the federal bureaucracy, the home of a large university system and — perhaps most important — the home of a ski-oriented "mountain chic" life-style attractive to the highly paid managerial and technical personnel of the energy and high-technology industries of the area.

The impact of the energy companies on the economy of the region was substantial. Most of the estimated 28,000 people employed directly by the more than 2,000 energy companies based in Denver earned significantly higher salaries than the rest of the Denver work force. Although these employees

represented only about four percent of the total Denver work force, energy-related activities were considered "prime movers," generating income that in turn created other economic activities. The Colorado Energy Research Institute calculated that energy activities accounted for between 11 percent and 19 percent of Denver's 1979 total economic base, an increase of 30 percent over 1970 figures. It did not take long for the new energy players to dominate local affairs, although they did so almost as an afterthought and not because it was central to any corporate game plan. Many of the energy companies were multinationals with regional headquarters in Denver. These regional headquarters oversaw activities throughout the West and reported back to corporate headquarters in New York, Los Angeles or Chicago.

Yet Denver leadership positions were theirs for the taking. Pete Slaybaugh of Conoco, for example, became head of the Denver Chamber of Commerce in less than five years after he arrived in town. After a bruising experience in Houston, he was astounded at how quickly he was accepted. "I guess you don't find any group that functions as the city town fathers," Slaybaugh said.

Anaconda's Ralph Cox, to whom top executives point as the man to watch in the 1980s, continued to spend far more of his time on national and intermountain issues than those having to do with Denver. Cox could be transferred out of Denver at any time to another, perhaps

more powerful position inside ARCO, which owns Anaconda. The fact that Anaconda shifted headquarters to Denver after ARCO's acquisition of the company could well stimulate other large companies to relocate in Denver. Relocation of corporate headquarters to Denver could improve the city's standing as a center of power by providing a stable leadership pool and a source of nationally and internationally oriented activities. The situation parallels what happened to southern California in the 1950s and 1960s.

The creation of an independent, autonomous center of power still seemed far removed. Despite the population growth, despite the energy boom and despite the emerging "professionalism" of its business elite, Denver remains, as it enters the 1980s, a "city under the influence."

Today Denver looks eastward to New York and westward to California for leadership and direction from those companies and money centers that continue to dominate the crossroads of the interior West. Ultimately, Denver remains a secondary center of power whose major role consists of dominating other, more exploited regions of the interior.

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This article was adapted from a longer chapter in *Empires in the Sun* a recently published book by Robert Gottlieb and Peter Wiley, \$15.95, G.P. Putnam's Sons, New York.

BOOK NOTES

Cost-Benefit Analysis and Environmental Regulations: Politics, Ethics and Methods

Daniel Swartzman et al, eds., 1982. \$11.50, paperbound, 196 pages. The Conservation Foundation, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036 (add \$1.50 for shipping). A non-technical discussion of cost-benefit analysis in environmental regulation drawn largely from papers presented at a 1980 symposium, but including new material examining President Reagan's 1981 executive order requiring cost-benefit analysis for federal agencies.

Plants of the Alpine Tundra

Nicos Marinos, 1981. \$5.95, paperbound, 64 pages with color photos and line drawings. Rocky Mountain Nature Association, Inc., Rocky Mountain National Park, Estes Park, Colo. 80517. (include \$1 for postage and handling). A field guide which not only identifies and illustrates the plants, but explains their adaptations to the harsh tundra world in simple and enthusiastic prose.

Superhouse: The Next Generation of Passive Solar Energy Saving Houses

Don Metz, 1981. \$12.95, paperbound, 150 pages with photos and drawings. Garden Way Publishing Co., 1557 Ferry Road, Charlotte Vt. 05445, (802) 425-2171 (add \$1.00 for postage). Instead of championing one particular type of design the architect-author looks at site potential and homebuilder needs, then combines various design ideas to meet specific needs.

Marketing Solar Energy Innovations

Avraham Shama, ed., 1981. Price unknown, clothbound, 303 pages with appendices. Praeger Publishers, CBS Inc., 521 Fifth Ave., New York, N.Y. 10175. A business-like approach to speeding up solar energy use to provide more of the world's energy needs. Discussion of various types of solar energy uses and applications, marketing strategies, consumers and their experiences, solar policy questions, incentive programs and their effectiveness, and the future of solar energy; various authors are included.

The Edible City Resource Manual

Richard Britz, et al, 1982. \$12.95, paperbound, 360 pages with illustrations. William Kaufmann, Inc., 95 First St., Los Altos, Calif. 94022. Cooperative urban agriculture is the central theme of this guide to revitalizing blighted neighborhoods. The author's recommendations include development of cooperative community food growing, buying and distributing systems, urban "block farms," and education of children for a self-sufficient future.

1982 Woodstove Directory: the Wood, Coal and Solar Equipment Sourcebook

Albert J. Myer, ed., 1982. \$2.95, paperbound, 360 pages with illustrations. Energy Communications Press, 105 W. Merrimack St., P.O. Box 4474, Manchester, N.H. 03108 (\$3.50 by mail). Product descriptions, dealer listings, articles and interviews on alternative energy use and lifestyles.

Alfred Jacob Miller: Artist on the Oregon Trail

Ron Tyler, Ed., 1982. \$45, clothbound, 350 pages with color plates. Amon Carter Museum, P.O. Box 2365, Fort Worth, Texas 76113. Alfred Jacob Miller's romantic canvases of buffalo hunts, trappers around the campfire, the Green River Rendezvous, and other events in his visual chronicle of the early fur trade years in the Rocky Mountains, are reproduced along with historians' essays on his career.

Another Revolution in U.S. Farming?

Lyle P. Schertz, et al, 1980. Price unknown, paperbound, 445 pages. U.S. Department of Agriculture, Economics and Statistics Service, Agricultural Economic Report No. 441. Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The revolution referred to is in the changes in the structure — principally the ownership and management — of U.S. farms and ranches. A description and discussion of these changes, the forces shaping them, and the future of the agriculture industry.

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OPINION

Interior's coal leasing sleight-of-hand

After what seems like a long hiatus, federal coal leasing is back in the news. The Reagan administration is pushing for increased coal leasing and the push has manifested itself in three areas, all of which seem to be working at cross purposes — the amount of coal lands to be leased, the price that companies are willing to pay for them and the length of time allotted to either produce coal from them or turn them back to the government.

There are two key factors to keep in mind in this rather complex equation. The first is the coal industry's large excess capacity, i.e., it is able to produce considerably more coal than the market currently demands. Overcapacity is a chronic problem in the coal business. Nevertheless, the industry's conventional wisdom holds that demand will increase and, in order to meet that anticipated increase, planning must begin five to ten years in advance. Hand in hand with this, the industry currently has about 16.5 billion tons of federal coal already under lease. If all this coal were mineable — which it is not, for various reasons — it would last 200 years at current production rates.

The second concept is "competition." The administration says it is trying to increase competition for leases in the West. But its definition of "competition," as we shall see, is somewhat peculiar.

So far, Interior has reviewed the recommendations of two federal-state regional coal teams. These teams, a cooperative effort begun under the Carter administration and very popular with the western governors, recommend the level of leasing that should occur in a given coal region. The administration has reviewed the recommendations of both the Fort Union coal team and the San Juan coal team. In both cases, Assistant Interior Secretary Garry Carruthers rejected the coal teams' recommendations and increased the leasing levels by 25 to 50 percent. Most recently, Interior upped New Mexico's San Juan Basin leasing target from between 800 million and 1.2 billion tons to between 1.2 billion and 1.5 billion tons.

Carruthers has justified both increases on the basis of "demand for reserves and the need to insure competition."

The meaning of the word "competition" has taken quite a beating at the hands of this administration. In the traditional economic sense, competition refers to price competition. If you have one widget and five widget buyers, the buyers will bid up the price until one person gets the widget. If you have five widgets and one buyer, you drop the price until the person buys all five widgets or you go out of the widget business because you are an inefficient producer, i.e., you produced more widgets than the market would bear.

In Interior Department parlance, "competition" seems to mean that the agency should make as many lease tracts available as there are bidders. Thus, all the bidders get what they want *without* any price competition. This amounts to a giveaway of federal resources.

"Posh!" you say. "These companies are in competition with each other for reserves." It is instructive to look at a recent federal coal lease sale in Utah in the Uinta-Southwestern Utah coal lease region. Four tracts were offered on February 25, totaling about 70 million tons of coal in place. There was exactly one bid on only 2.3 million tons. Bureau of Land Management officials said the soft coal market may have scared off bidders. A spokesman for the National Coal Association said the minimum acceptable bids set by the Interior Department scared off bidders. The minimum acceptable bids for the coal came to about ten cents per ton of coal in the ground. This lack of interest is hardly evidence of Carruthers' alleged "demand for reserves."

The next coal lease sale Interior plans is in the Powder River Basin of Wyoming and Montana. One coal company source said minimum acceptable bids should not exceed \$25 per acre. Minimum bids on the Uinta sale ranged from \$430 per acre to \$2,240 per acre.

In short, as industry actions testify, Interior's policy is not encouraging competition, at least not the way that Adam Smith meant it. The policy may be encouraging rivalry, but not competition on the basis of price. What companies are doing is trying to improve their reserve base with cheaply acquired federal coal.

Finally, coal industry officials argue that, even if these lands are leased, but not produced, there is no environmental damage done and federal "diligent development" rules require that the leases be returned to the government if they are not producing after 10 years.

This is true — sort of. Leases issued after 1976 are subject to a legislatively-mandated 10-year period in which development must take place. Leases issued before 1976 must be developed by 1986 under administrative mandate. However, the Interior Department has recently proposed regulations that would allow pre-1976 leases to obtain automatic extensions from diligence requirements if they are not producing by 1986. In addition, there is legislation now pending in Congress to loosen the legislative mandate for development of post-1976 leases.

So what is the rush in leasing all this coal? There is no demonstrated demand for the reserves. Higher leasing levels are decreasing revenues to the government. And, the coal industry has more capacity than it can sell.

Taken all together, the Interior Department, despite its pronouncements, is operating to make all currently leased coal available virtually indefinitely and to lease more coal at bargain basement prices. This does not enhance competition; it discourages it. It does not raise money to reduce our much-publicized deficit. In short, it is bad management and a betrayal of the public trust.

The nation's resources are supposed to be managed for the benefit of the people of the nation — not the coal companies of the nation. It is hard to see any benefit from a virtual giveaway of public resources.

— DSW



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COAL TAX

LETTERS

DEATH EXAGGERATED

Dear HCN,

I wish to inform your readers that reports of our death have been greatly exaggerated, though the story entitled "In-Stream flow group calls it quits" (HCN, 3/19/82) was quite a deathly blow.

It is true that we must receive some substantial donations from interested people if we are to continue our court challenge of the secretary of state's decision that we didn't have sufficient signatures to take our initiative to the ballot. Our plea for contributions is beginning to see results, though we need to see a good deal more.

If we have received \$5000 by the first part of April, we will continue the battle. If we have not, we will be forced to quit. That decision has not yet been made, and I'm sorry if I led you to conclude otherwise.

Our thanks to you and your readers for your continuing support on the issue. We look forward to investing the overwhelming response to our latest call for assistance in successfully placing this issue on the forthcoming ballot.

Lynn Dickey, Director
Wyoming In-Stream Flow Committee
Big Horn, Wyoming

TIMBER DEMAND MYTH

Dear HCN,

Concerning your mountain pine beetle article (HCN, 3/5/82), one myth in the article is worth examining. The myth is that the current economic problems are short-lived and won't affect the long-term demand for timber. Whoever believes this must have been asleep during the last two decades.

In reality the demand for housing and, thus, forest products has been very cyclical. The current recession is the 20th of this century. In the last 20 years, the demand for forest products has grown very little because of these ups and downs.

During the last 20 years, the primary causes of these cycles appear to be high interest rates, high housing costs and our desire to have our national politicians tighten the monetary and fiscal policy screws so as to control the inflation caused by a rapidly expanding economy. To compensate for the high housing costs, builders (the ones still working) are building smaller units and developers are using more modular homes and mobile homes. These methods use less wood per unit.

The real irony in this situation is that the demand for forest products will increase only when the economy grows and when the economy grows inflation will rise. Then as inflation grows we'll again pressure our politicians to control it and we'll be off on another downward run of our economic roller coaster. Therefore, I suggest that we're very unlikely to see any significant increase in the long-term demand for forest products (except maybe firewood) in the 80s.

Bart Trucano
Evanston, Wyoming

MAGNIFICENT AND HUMBLE

Dear HCN,

Russell Martin's exquisite storytelling of Anasazi (HCN, 3/5/82): poetic, intimate with the people, magnificently and humbly written.

Thank you HCN Research Fund.
Thank you, Russell Martin.

Jean Curry
Santa Cruz, Calif.



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16-High Country News — April 2, 1982

Teapot Dome

A scandalous 60th anniversary

by Brad Klafehn

Sixty years ago last month, the secretary of the interior leased some oil and gas properties in central Wyoming to the Mammoth Oil Company.

Under most circumstances, this would have been a commonplace transaction, worthy of little attention. Instead, its disclosure led congressional investigators to uncover a trail of governmental bribery and fraud which stretched from Wyoming to California to Hawaii. Because of the lease, both the secretary of the interior and one of the country's leading oil men were sent to prison. Ever since, the name of the leased area — Teapot Dome — has been synonymous with government corruption.

The Teapot Dome Naval Reserve was one of the three areas the federal government set aside between 1909 and 1915 to assure the U.S. Navy a dependable supply of crude oil in case of war. Writing in 1924, Marcus Ravage likened the reserves to an insurance policy, "a thing laid up for some unexpected, even unlikely, but supreme, need." The oil was to be conserved, left in the ground "with an eye to unforeseen contingencies at some remote time."

In March, 1921, Warren G. Harding became president, having ridden his promise of a "return to normalcy" after World War I to a landslide victory. Harding installed an eclectic cabinet of cronies and reputable businessmen.

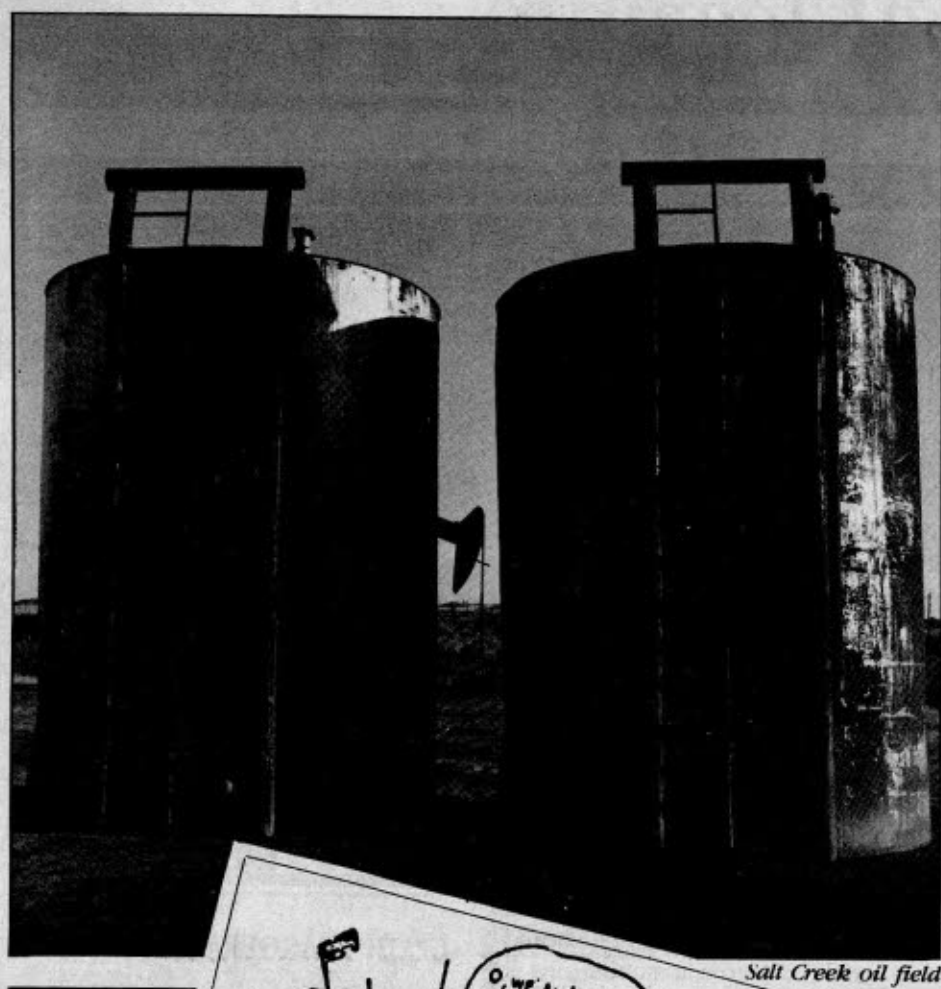
For interior secretary, Harding chose Albert B. Fall, a prospector, judge, and senator from New Mexico who had considerable Mexican oil holdings. Fall favored resource production and, according to Ravage, he "came to office with his mind made up that the whole conservation policy was a piece of sentimental nonsense, inherited from the ideological Roosevelt..." The reserves, he felt, should be developed.

When Fall became interior secretary, the Navy still had control over the reserves. Nevertheless, within a month of Harding's inauguration, Fall leased all of Reserve #2, Buena Vista Hills, California, to the Honolulu Consolidated Oil Company. Knowing that his authority to lease the reserves was shaky, two months later Fall drew up an executive order which transferred the reserves to Interior's jurisdiction. The Navy objected, but Harding signed the papers.

Once Interior gained legal control over the naval lands, Edward L. Doheny, an old friend of Fall's and president of the Pan-American Company, made his move to acquire the Elk Hills Reserve in California (Reserve #1). In November, 1921, Doheny wrote Fall asking whether the government would be interested in having anyone build oil storage tanks at Pearl Harbor so that the naval oil could be made available for the Pacific fleet's use. Two days later, Doheny showed the extent of his interest in this project by having his son deliver a plain black bag to Fall's residence. The bag contained \$100,000 in cash.

Fall kept the money for himself, and the next spring he publicly advertised for bids on a project very similar to Doheny's proposal. The unusual terms of the offer — receiving government oil as payment for construction work — discouraged many bidders, but not Doheny. In fact, he offered two bids, a public one and a secret one. The public bid accepted the government's terms, while the other proposed somewhat different conditions.

In bid B, Doheny secretly offered to cut construction costs to the government by \$235,000 in exchange for pre-



Salt Creek oil field



ferential treatment on future leases which Fall might let on Reserve #1. On April 22, 1922, Fall publicly accepted Doheny's first bid for the construction of tanks at Pearl Harbor, but in fact he had accepted the secret offer. Accordingly, within eight months, he covertly leased Doheny the entire Elk Hills Reserve without the benefit of competitive bidding. During his term as secretary of the interior, Fall never acknowledged the existence of this lease.

Throughout this period, Harry F. Sinclair of the Mammoth Oil Company was wheeling his way into picking up Reserve #3 — Teapot Dome. Sinclair got his non-competitive lease on April 7, 1922, when Fall signed a document giving him the right to drill wells on all 9,481 acres of the Dome. This lease was worth an estimated \$2.5 million, but Sinclair got it without paying the government a cent.

Although it was never proven that Sinclair had bribed Fall, two curious financial transactions between the men were never fully explained. One was how Fall

came to possess \$260,000 worth of Liberty Bonds that had been originally bought by Sinclair's oil company. The other transaction concerned the infamous "six or eight cows."

During congressional hearings on the lease in January 1924, a Sinclair employee stepped forward to say that he had overheard a company official discuss sending \$68,000 to Fall. Another employee then emerged to say that this was merely a misunderstanding. Over Christmas 1921, Sinclair had visited Fall's ranch in Three Rivers, New Mexico, and while looking at Fall's livestock, impulsively promised to send the secretary a stud horse. In fact, the employee testified, Sinclair sent the horse, six hogs, a bull, and six heifers. The other fellow had simply mistaken talk of "six or eight cows" for "sixty-eight thous."

One of the justifications given for issuing Sinclair the Teapot Dome lease was to lessen drainage from the Reserve. The argument ran that operating wells in the adjacent Salt Creek field, which had boomed in 1912, were draining off

oil from within the Reserve, causing an oil loss to the government. Drilling wells on the Dome itself supposedly would prevent this loss.

The Salt Creek wells, however, were on federal land and they paid standard royalties to the government: one-third of the crude oil produced was returned to the feds. Sinclair's terms were much more generous. He only had to remit one-sixth of the fuel oil from his production, keeping all the gasoline and kerosene refined from the reserve crude. So, by leasing to Sinclair, the government actually kept less of its oil than it would have if the reserve had been totally drained by the Salt Creek wells.

As with Elk Hills, Fall tried to keep the Teapot Dome lease a secret. The day before he signed the tract over to Sinclair, he denied that any negotiations for it were underway. The Wyoming lease could not be concealed, however. Too many people in Wyoming and Colorado had business interests which it affected. Within a week of its signing, in an editorial entitled "So the People May Know," the *Denver Post* called the deal an "iniquitous deal...trickery that verges on the bounds of crime..." and "a rotten commercial transaction."

The *Post's* concern, however, did not spring entirely from its public-mindedness. It, too, had a financial stake in the affair.

In 1917, Leo Stack, a Denver businessman, had proposed to the Navy that he be allowed to drill wells on Teapot Dome to stop the Salt Creek drainage. The Navy denied him permission, but Stack entered into a partnership with Doheny, who held questionable land rights in the area, to assess the drainage problem. Doheny soon wanted to get out of the deal, perhaps to turn his attention to the Elk Hills Reserve, but he first arranged for Stack to enter into another partnership with some Standard Oil subsidiaries. They acquired Doheny's rights and in exchange, Stack was to get a five percent cut of any future proceeds. Doheny assured Stack that his share was worth \$1,500,000.

When Fall was negotiating the Teapot Dome lease, however, Stack's new partners sold out their private rights to Sinclair for \$1 million, of which Stack got a mere \$50,000. He felt he had been cheated.

Stack then turned for help to an influential friend, Frederic Bonfils, owner and publisher of the *Post*. Stack hired Bonfils on a contingency basis — Bonfils would supply the lawyers and publicity, and any additional money Stack received would be split 50-50 with the newspaperman. This contract was signed shortly after Teapot Dome was leased, and two days later the *Post's* first scathing editorial appeared. Stack and Bonfils eventually won an additional \$750,000 from Stack's former partners. The *Post* then fell silent on the issue, but Fall's dealings had been brought out into the open.

After a persistent investigation of the leases by Sen. Thomas J. Walsh of Montana, a federal grand jury in 1924 indicted Fall and the lessees for bribery, accepting a bribe and conspiracy to defraud the government. In 1927, the Supreme Court invalidated the leases and in 1929 Fall was fined \$100,000 and sentenced to a year in prison for accepting a bribe. Sinclair and Doheny were acquitted of bribery, although Sinclair later went to jail for contempt of Congress — he had refused to testify — and for jury tampering. In exchange for a juror's vote, Sinclair had promised him "an automobile as long as this block."

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