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High 40

# THE DENVER POST

Voice of the Rocky Mountain Empire

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February 2, 1993

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## Dry Vegas bets on Colo.

### West Slope reservoir would store water for Nevada

By Mark Obmascik  
Denver Post Environment Writer

Two giant oil shale companies have reached informal agreement to build a major new reservoir on the Western Slope and then lease the Colorado River water downstream to Nevada, officials said yesterday.

Chevron USA and Getty Oil Exploration Co. want to pipe water from the Colorado River near DeBeque and store it in a natural basin 3 miles uphill on Roan Creek. The \$200 million project, to be financed entirely by Nevada, would then lease the river flows up to 50 years to help quench the thirst of booming development around

Las Vegas, officials said.

The project would supply 175,000 acre-feet a year. By comparison, that's more water than the entire city of Denver now consumes in a year, or enough to accommodate the annual water needs of 700,000 people.

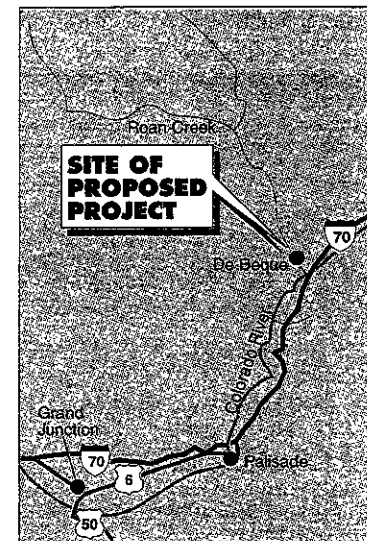
"We do have a gentleman's agreement," said Tom Cahill, director of the Colorado River Commission of Nevada. "We think this is a project that will benefit both the states of Nevada and Colorado. It would give Nevada an interim water supply and give Colorado increased stream flows in times when the river is running low."

Project backers would pay Colorado \$50

for every acre-foot of water — about 326,000 gallons — delivered to Nevada. That's \$8.75 million a year. At the end of the lease, the project water would revert back to Chevron and Getty Oil for use in oil shale development.

Colorado water officials are skeptical about the plan.

They express fears that interstate leasing of Colorado River flows ultimately could allow wealthy downstream water users to buy up Colorado farmland for valuable water rights, and prevent Colorado from consuming all water the state is



The Denver Post / Bruce Gaut

Please see **WATER** on 10A

# Wet towel thrown on Vegas water plan

By Mark Obmascik

Denver Post Environment Writer

Colorado's top politicians and natural resource managers tossed cold water yesterday on a \$200 million plan to build a new reservoir on the Western Slope and then lease the Colorado River flows to Nevada.

Chevron USA and Getty Oil Exploration Co. held a news conference yesterday to unveil their proposal to pipe water from the Colorado River near DeBeque and store it in a natural basin 3 miles uphill on Roan Creek.

The state of Nevada, which is struggling to meet the water needs of booming development around Las Vegas, would finance the project.

But Colorado's two U.S. senators, the state attorney general and top water officials all raised doubts about the project.

## New Colorado River dam proposed

In a letter to Chevron and Getty Oil, Colorado's top three water administrators wrote that they feared the water-leasing proposal "could open up an unregulated water market on the Colorado River," allowing wealthy downstream water users such as Los Angeles and Las Vegas to buy up and dry up irrigated farmland around Grand Junction.

"Although we are not at this time opposed to your proposal, we have yet to be convinced that your proposal has a legitimate chance of viability and that your proposal will not jeopardize key interests of the state of Colorado," said Natural Resources Director Ken Salazar, state water engineer Hal Simpson and Water Conservation Board director Chuck Lile.

U.S. Sen. Ben Nighthorse Campbell said he was "wary" of the proposal, partly because one of the project's leading lawyers, Denver attorney Jack Ross, represented American Water Development Inc. in an unsuccessful attempt to siphon billions of gallons from the San Luis Valley.

U.S. Sen. Hank Brown said, "Colorado's No. 1 concern is to ensure we don't jeopardize our rights to water under the interstate compact. We must ensure no water is lost before a project like this moves forward."

And Colorado Attorney General Gale Norton said, "We must beware of mortgaging our future for short-term gains. . . . I cannot approve or allow any type of agreement that could jeopardize future

water available for the citizens of Colorado."

Project backers expressed their willingness to work with state officials. They said Chevron and Getty won't make any money off water leases, but the companies will end up with a free \$200 million reservoir after their 30- to 50-year lease with Nevada concludes.

Supporters also said Colorado's water courts will ensure no current water users are hurt.

The project won a qualified endorsement from state Rep. Tim Foster of Grand Junction, whose district includes the Roan Creek reservoir site.

"I like it for now," Foster said. "It's a project that keeps water from flowing over the other side of the mountain (to Denver)."

# Western Slope reservoir may quench Vegas' thirst

**WATER** from Page 1A

legally entitled to under the Colorado River Compact.

"We have a whole series of concerns," said Ken Salazar, director of the Colorado Department of Natural Resources. "There are a lot of questions that need to be answered."

One of the biggest questions is whether the project, being guided by leading Denver water lawyer Jack Ross, former state Rep. Chris Paulson and Grand Junction water lawyer Andy Williams, could obtain needed environmental approvals.

Williams said the U.S. Army Corps of Engineers already has granted the project a key Clean Water Act permit — the same approval process that tripped up Denver's proposed Two Forks Dam.

He also said the U.S. Fish and Wildlife Service, which protects endangered fish species that live around the proposed project, earlier gave the reservoir required approvals.

"We don't need any more permits. They're all in place," said Williams, who represents Getty Oil.

But John Hamill of the U.S. Fish and Wildlife Service said major changes in the project likely will require another federal review. Since the Chevron-Getty reservoir first was considered, another resident fish, the razorback sucker, was added to the federal list of endangered species, and the area

around the project has been proposed as critical habitat for the rare fish by federal biologists.

Still, Hamill said, there was a chance the project could be structured to benefit the endangered fish by increasing streamflows during dry summer months. "This is a very different project than a typical consumptive use project," Hamill said.

The project would face major obstacles from river managers. Under current law, there's nothing to prevent other water users downstream in Grand Junction or Utah from siphoning off Chevron-Getty river flows that would be earmarked for delivery to Nevada.

"The law of the river takes over. It's a major problem for them," said Eric Kuhn of the Colorado River Water Conservation District, which represents most Western Slope water users.

Dan Luecke of the Environmental Defense Fund, the group that led the fight against Two Forks Dam, said the project should submit to major new environmental reviews because its purpose has changed dramatically from an oil-shale development to a water-leasing proposal.

Although Luecke said he likes the goal of the project, he doesn't like the way the goal would be accomplished.

"I support the idea of leasing water on an interstate basis, but I don't think you need additional dams to do that," Luecke said. "You already have enough dams on the system to handle it."

# SCIENCE & ENVIRONMENT

George Douglas, Assistant City Editor ■ 892-2743

## Colorado could slake Nevada thirst

Chevron and Getty Oil would rent their water near Grand Junction in swap for reservoir

By Bill Scanlon

News Environmental Writer

**LAS VEGAS** — Nevada is so dry and growing so fast that water officials here contemplate purchasing icebergs from Alaska or desalinating Pacific Ocean water to supply casinos, hotel bathrooms and suburban backyards.

So, a proposal from a Denver water lawyer to rent water from Colorado for 50 years — at one-fourth to one-tenth the cost of the other schemes — sounded great to Nevada's Colorado River Commission director, Tom Cahill.

"I said, 'Sure I'd be interested,'" Cahill recalled of the phone call he received eight months ago. "I asked him where it was coming from, and he said he couldn't tell me."

Over the next several months, he slowly found out.

Chevron and Getty Oil, two of the companies with an eye on western Colorado as an oil-shale center, own land and senior water rights east of Grand Junction along Roan Creek.

Oil shale — the rock that can be made into fuel in a water-intensive process — boomed, then busted in the early and mid-1980s.

Getty and Chevron don't believe the nation will need oil shale for another 30 to 50 years, but want to build a reservoir ahead of time.

Instead of spending \$150 million themselves, they want Nevada to pay for it — in exchange for leasing water from the reservoir for the next 30 to 50 years.

"If you want to develop storage for water, you want to use someone else's money," former Colora-

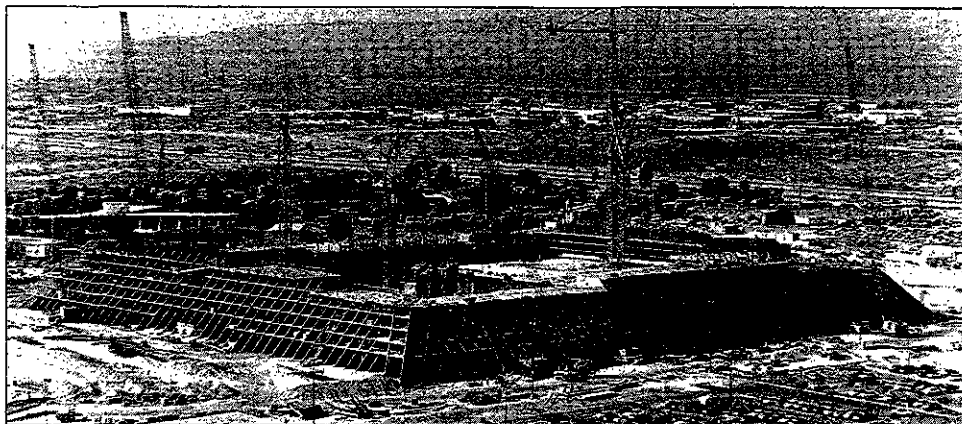
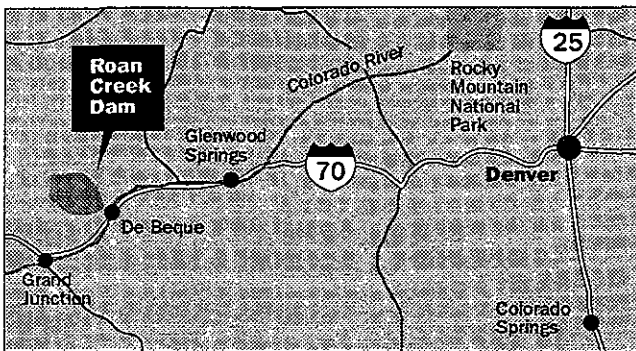


Photo courtesy Las Vegas Convention/Visitors Authority

Above, the Luxor resort in Las Vegas will be an intensive water user in Nevada. Below, Chevron and Getty Oil want Nevada to build a dam in Colorado in exchange for leasing water from it.



Rocky Mountain News

do state legislator Chris Paulson, who represents the oil companies, said.

Last week, news of promising research raised the possibility that oil shale may be produced for \$30 a barrel, hastening the day when production would make sense for western Colorado.

"It doesn't really change our plans," Paulson said. "If Chevron needs to pull back greater

amounts of water earlier than anticipated, they'll have to pay for a substitute supply for Nevada — from Indian water rights or someplace else."

Better that Nevada rent the state's water than California steal it, say Coloradans who back the plan to lease 175,000 acre-feet of the Colorado River for \$200 an acre-foot.

But opponents of the Roan

Creek project say Colorado will never get the water back — what is rented for 30 years will be lost forever.

Pat Mulroy, general manager of the Southern Nevada Water Authority, agrees that the Colorado connection may not be the right solution for her state. "The idea of temporarily leased water makes sense when you have a readily available source to replace it with. We don't," she said.

Colorado Department of Natural Resources executive director Ken Salazar believes establishing water as a commodity of interstate commerce will set a dangerous precedent. It can ruin farming communities as first, one, then a stream of farmers sell their water to the thirstiest state, he said.

"Once you accept the proposal that transfers money from one state to another, it raises grave concerns about what it means to all the water in Colorado — including the water that runs in the Rio

See NEVADA on 121

### Logic goes out the window when matters are heating up

**Question: Why does soup take longer to heat up in the microwave**

Here are the main factors in the heating of food in a microwave, according to Bob Schiffmann, a physical chemist in New York City:

heats up extremely slowly, because the water molecules are locked in a rigid crystalline structure and are transparent to the

cause of geometry. This is how it was explained to us by physicist Francis Slakey of the American Physical Society:

# Colorado losing water to downstream states

**NEVADA** from 120

Grande to Albuquerque and El Paso," Salazar said.

Until more reservoirs are built on the Western Slope, all of Colorado's "imperfect" rights to Colorado River water — about 800,000 acre-feet a year — will flow to Nevada and California.

Even with a reservoir at Roan Creek, it still will. But with a reservoir, water engineers can regulate and keep track of the flow.

Already, California is using more of the water than it has rights to under the Colorado River Compact. Anticipating the day when upstream states will use more of their allotments, California is weaning itself from that extra water through aggressive conservation and a new law that allows its farmers to sell water to cities.

The oil-shale water, then, could be leased to Nevada — and, after running through the spillway of the new dam, could be stored behind Hoover Dam 40 miles upriver from Las Vegas.

The suggested price is \$200 an acre-foot. Three-fourths of that will pay for construction and maintenance of the dam. Fifty dollars per acre-foot will go to the state — to the general fund or to help work on environmental problems or opportunities associated with the dam's construction. Colorado would get \$8.5 million a year.

The reservoir wouldn't flood scenic landscape but rather land too barren for cows, Paulson says.

The people of the area would get a recreation area for motorboating and sailing.

But the dam could control flows down the Colorado, and that's good for endangered fish that need steady flows part of the year and higher flows just before spawning, proponents say.

"If we can regulate the flows, we can help with the recovery programs" for the endangered razorback sucker, humpbacked chub, bonytailed chub and Colorado squawfish, Paulson said. "It will get one beneficial use in Colorado before it leaves the state."

Dams ruined the Eden that was Colorado in the first place, say some environmentalists. But proponents say primeval nature never was kind to Colorado's fish — they often were washed away during spring snowmelt, and left high and dry by midsummer.

The first few dams may have made the problem worse, and the hydroelectric dams churn up the fish that try to get through the turbines. But new, carefully regulated dams can do fish more good than harm, provided environmental concerns get sufficient weight, say the oil-shale companies.

And they will, Paulson said, because this proposal will live or die on public opinion and politics, not on property rights or law.

"The farmers' best protector is the political process," Paulson said. It will be easy enough to kill the project a dozen times if it's not politically acceptable to environmentalists, farmers or other water users. We won't sign unless Nevada sees this use as a Colorado use

under the compact," which will ensure Colorado can get the water back.

Farmers would get assurances they won't lose their water before the dam is built, Paulson added. "The little peach grower in Grand Junction won't have to go to water court and stand against the behemoth oil companies. This is such a major change, the whole process isn't going to rely on duking it out in water court."

Cahill predicts the lease wouldn't make much difference in the operation of the river.

Nevada's other options for water range from \$800 an acre-foot for the Alaska iceberg plan to a \$2 billion plan to pipe water south from the aquifers of central Nevada.

That makes the Colorado connection and its \$200 an acre-foot so attractive that Nevada will push for making the supply permanent and abandon efforts to find permanent solutions, detractors said.

Cahill said he'll give Colorado any and all assurances that the lease is temporary.

"Sure, we'd like it to be permanent," said Cahill. "But I'm assuming that's not going to happen, because the oil-shale industry is going to mature."

Some environmental activists don't oppose the water plan unconditionally, even if the water goes to Nevada permanently. Better Nevada overdevelop than Colorado, they say. The 175,000 acre-foot Nevada would use could meet the needs of 700,000 extra people.

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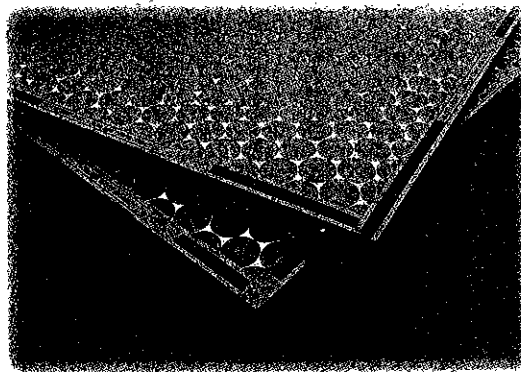
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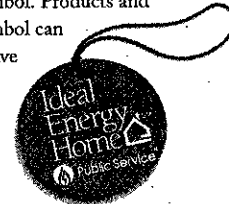
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## Vegas water proposal faces steep uphill battle

I have some grave concerns — It could open up a raid on undeveloped water on the Colorado River, frets Ken Salazar, de facto state water czar and director of the Colorado Department of Natural Resources.

Oh-oh. How can anyone abide the thought of the introduction of some market-based economics into the Colorado River basin's socialistic water management structure?

"Development of these rights, which are relatively senior, for sale or lease to Nevada will essentially take water away from existing users," darkly warns Glenwood Springs water lawyer Jim Lochhead who has previously represented Gov. Roy Romer's office in water discussions with lower basin states.

Oh-oh. Hide the women and children. Nothing less than life as we know it is at stake.

The public forebodings uttered by Salazar and Lochhead, overwrought though they are, are typical of the reactionary bureaucratic mentality that invariably opposes any suggestion of out-of-state water sales as surely as spring brings the runoff.

The cause of Salazar's and Lochhead's plaintive misgivings is a plan by Las Vegas to build a reservoir on Roan Creek, using water rights owned by Chevron and Getty Oil, to serve as a steady year-round water supply for the booming desert gambling resort. Siegfried and Roy are clearly adept at making bare-bosomed chorus girls and tigers appear magically out of thin air but they apparently haven't yet figured out how to do that with water.

There are obvious benefits to Chevron and Getty in Las Vegas' proposal. For starters, the project will relieve Chevron and Getty of the difficult and increasingly expensive obligation of demonstrating due diligence each year in some day putting their water rights to productive use. Moreover, Chevron and Getty would get a reservoir constructed with Nevada money, a reservoir that would possibly one day revert to their use in the highly unlikely event that oil shale development ever

became commercially feasible in western Colorado.

But it's not only the oil companies that stand to benefit from the project. In addition to covering the reservoir's construction cost, Nevada would pay the state of Colorado \$50 an acre-foot each year as a leasing fee. That adds up to an annual \$8.75 million payment into state coffers, a tidy sum of money that no one is obligated to pay to the state.

And there's also the prima facie benefit that would accrue to the Western Slope, particularly Grand Valley water users, in having Colorado River water remain in its basin of origin rather than having it tapped by a Front Range development interest.

As sensible as the project might be from a Grand Valley perspective, you can bet that Salazar's misgivings will be echoed by the strange political bedmates of the environmental lobby and the old-line state water buffaloes who believe the 1922 interstate compact is holier than the tablets Moses brought down from Mount Sinai.

We expect to watch the years of court battles with interest, fully realizing that the good guys and the bad guys in this dispute aren't customarily whom you might expect them to be.

Post-It™ brand fax transmittal memo 7671 1 of pages 1

To	Ken Salazar	From	Jim Lochhead
Co.		Co.	
Dept.		Phone #	
Fax #		Fax #	

Wednesday, March 10, 1993

# WESTERN EMPIRE

## WESTERN SLOPE

### GRAND JUNCTION

#### ■ WATER PLAN OPPOSED

— A plan by Chevron-Getty Oil to export up to 200,000 acre-feet of Colorado River water annually to Nevada for 30 to 50 years is being opposed by the Colorado Water Conservation Board.

"This scheme is the worst attempted water grab since



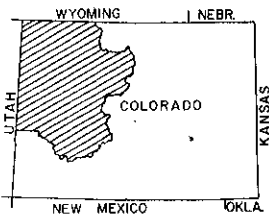
the AW-DI expropriation effort in the San Luis Valley," said board member Robert Jackson of Pueblo, in a

**Norton**

strongly worded statement opposing the plan.

However, on urging by Colorado Attorney General Gale Norton, the seven-member board went on record only to oppose the lease to the extent it is the same as a previous objectionable bid by the so-called Galloway Group to export water to San Diego, Calif.

Nevada would build a reservoir on Roan Creek, a tributary of the Colorado River 20 miles east of Grand Junction, for the oil shale companies.

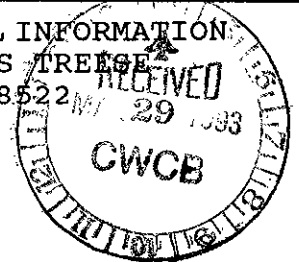


# COLORADO RIVER WATER CONSERVATION DISTRICT

GLENWOOD SPRINGS, COLORADO  
303/945-8522 / P.O. BOX 1120 / 81602

FOR IMMEDIATE RELEASE

FOR ADDITIONAL INFORMATION:  
CONTACT: CHRIS TREESE  
945-8522



March 26, 1993. Glenwood Springs.

The Board of Directors of the Colorado River District has taken a position opposing the proposed Roan Creek Project and will urge Governor Romer to oppose it as well. Project proponents and the Colorado Water Conservation Board, which opposes the project, provided extensive review of the project at a special meeting of the Colorado River Water Conservation District Board in Grand Junction on March 25th. The River District Board voted 8-3 to oppose the project.

Jim Lochhead, the Colorado Water Conservation Board member representing the mainstem of the Colorado River, expressed concern that a proposed lease of Colorado water from the planned Roan Creek Reservoir to Nevada would be the beginning of an unregulated interstate market of Colorado River water and the demise of the Colorado River interstate water compacts. Such a lease could result in Colorado users of Colorado's Compact entitlement water being curtailed to fulfill lease obligations to Nevada.



The Roan Creek Project is a joint proposal of Chevron and Getty-Texaco oil shale interests to construct a 175,000 acre foot reservoir on Roan Creek north of DeBeque, Colorado. Water from the planned reservoir would be leased to Nevada for 30 to 50 years, after which time water is planned for use in Colorado for oil shale development.

# Water, water everywhere, but not a drop for Nevada?

**T**o the editor:

The Roan Creek Proposal to supply 175,000 acre feet of water — enough to support a population increase of 700,000 — for use in Southern Nevada for up to 50 years is still alive.

Even though the Review-Journal article of June 6 accurately stated that Colorado Gov. Roy Romer thinks the proposal would trigger “years of litigation,” on May 25 the Executive Committee of the Colorado Legislative Council, established an Interim Study Committee to conduct a “business-like, informative, productive and focused” study that will monitor “the state effort in the Colorado River negotiation,” and de-

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*“Of all the alternatives available to supplement Southern Nevada’s water supply, the Roan Creek proposal appears to be the most cost-effective.”*

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termine “the state (of Colorado’s) role in the Roan Creek proposal.”

Colorado state Sen. Don Ament (chairman of their Senate Natural Resources Committee) has been quoted as hoping the interim committee will look at the possibilities of keeping Colorado River water in the state by capitalizing on such projects as the Roan Creek Initiative which

“will sell the water to Nevada for a limited time until Colorado needs it.”

The Denver Post in a March 29 editorial stated: “The Roan Creek Project would raise directly needed money for education, give us environmental and recreational benefits, create jobs in Colorado, and strengthen our legal rights to the eventual use of the water that

we’ve been givin’ away. . . . Drink sand and die, L.A.”

Of all the alternatives available to supplement Southern Nevada’s water supply, the Roan Creek proposal appears to be the most cost-effective. It obviously faces obstacles, but Southern Nevada should now concentrate on how to overcome those obstacles.

It is unfortunate that discussion of how to solve Southern Nevada’s water needs continues to focus on “Who should provide the solution?” rather than “What should the solution be?”

**THOMAS CAHILL**

Director  
Colorado River Commission  
of Nevada  
Las Vegas