48TH LEGISLATIVE SESSION

MINUTES OF
NATURAL RESOURCES COMMITTEE
MONTANA STATE SENATE

February 28, 1983

A regularly scheduled meeting of the Senate Natural Resources Committee was called to order at 1:00 p.m. by Chairman, Senator Harold L. Dover, in Room 405, State Capitol, Helena, MT, on Wednesday, February 28, 1983.

ROLL CALL: Roll was called, a quorum of commettee members was present, Senators Manning and Tveit were absent and excused.

SENATE JOINT RESOLUTION NO. 20: Chairman Dover opened hearing and stated this is a joint Resolution of the Senate and the House, directing the Environmental Quality Council to conduct an interim study of the alternatives of making the Montana Environmental Policy Act either procedural or substantive and to require a report of the findings to the legislature. He called on Senator Gary Lee, sponsor.

Senator Lee stated there may need to be some changes, this is similar to the proposals made on the bill and when he spoke about MEPA. We do need something done now, and if we had acted in previous legislative session, this would have been clarified by now. If we listen to Judge Bennett's recommendations, then this will lead to further litigation. The resolution calls for an interim study to look into MEPA. In my opinion it should be both substantive and procedural. Just being substantive would be too broad. I am willing to make some amendments, and we could wait to see what happens to SB 241. If the Environmental Quality Council was abolished, then there would be some additional amendments required.

PROPONENTS: Chairman Dover called for proponents. Mr. Robert M. Helding, representing Montana Wood Products Association, stated he had the opportunity to attend an environmental seminar last summer and it generated much information. We should study the Environmental Policy Act and see if any changes should be made.

Gary Langley, Montana Mining Association, would like to go on record in support of the measure.

Don Allen, Montana Petroleum Association, supports the resolution. During the interim the representatives of the Environmental Quality Council can look at it in depth. This is a good resolution and should be considered.

Charles Landman, Montana Environmental Information Center, said the MEIC believes the resolution is too vague, and is not speaking as proponent or opponent. They are concerned

SJR 20 (cont.)
about the methods the study will involve, for example, how would it be organized? Would public hearings, comment and participation be included, which they feel are necessary. What would the study cost? What is the scope and method and rules involved in the study? It has been MEPA intent that the EIS information be used in the study to promulgate rules, and we need to have those established.

OPPONENTS: There were no opponents.

Senator Halligan inquired of Debbie Schmidt, EQC, whether the staff was equipped to handle the study. Ms. Schmidt said it depends on several factors, and especially how the committee decides what scope the study is to take. There would be public funds involved and some $7,000 private funds. The Public Forum on Environmental Regulation in the Economy cost about $19,000, which was rather low because it was a smaller committee and had volunteer help. It will also depend on whether EQC continues in its present form. The priorities of the committee will be a factor. If existing staff remain, it may cost in the ballpark of $30,000. Last interim there was not a full blown study of MEPA, but it was looked at in depth. It is extremely flexible and depends on how many resources the committee will allocate to the study. Senator Halligan inquired as to cost of the last study? Ms. Schmidt stated it was $50,000 to start, that was reduced in special session, it lasted 18 months and was commissioned in 1981.

Senator Eck stated she looked into a Washington study that is similar and we should look at this to evaluate ours. Their proposal is to estimate methods, reduce paperwork, develop effective procedures, and resolve problems that occurred in the past. It would be broad in scope and encompass those things that would give certainty to the act.

Senator Lee closed and hearing was closed.

<u>HOUSE JOINT RESOLTUION NO. 12</u>: Chairman Dover opened hearing and noted this is opposing the federal administration's plan to sell public lands. He called on Representative Bernie Swift, Dist. 91, sponsor. Rep. Swift stated that briefly, the resolution opposes the federal administration plan to sell federal lands, which we have heard about in the news. The objective is to bring the issue of the Regan plan into proper perspective. As you recall, the 1964 Public Land Law Review Commission's recommendations were that federal land be reviewed to reduce federal land area by turning it over to private ownership. As with other acts of the federal government, it would provide for the sale or rid them of costly or burdensome facilities that are not needed. Basically the reason we want to look at federal lands is they furnish hunters, fisherman, campers, picnickers, snowmobilers,

HJR (12) (cont.)
boaters, recreational users many days of pleasure and recreation. 'They provide endless supplies of resources, food for wild game and domestic livestock, reservoirs form water sheds, that form the lifeblood of Montana. The Western economy relies on these lands, and 40% of the Western economy is involved in the timber industry. For these reasons we would like to see the resolution considered. We already haveaprocess for disposing of lands and we would like to see them followed. He had proponents and would ask Mr. John Milodragovich to speak.

PROPONENTS: John R. Milodragovich, representing himself, stated he is very much opposed to the sale of federal lands, and has been involved in previous efforts. His testimony is attached, Exhibit HJR 12, Exhibit '1', together with other exhibits he asked to enter into the record.

Don Judge, representing Montana State AFL-CIO spoke in favor, and stated a convention of delegates from all unions concurred in this position. He entered testimony, Exhibit '2'.

Susan Cottingham, representing Environmental Information Center, said they would like to go on record that the EIC strongly supports House Joint Resolution 12.

Nancy Harte, Montana Democratic Party, said that the federal land sale was part of the Democratic Party Issue Platform and would like to state that the party is in support of HJR 12.

George Engler, Wildlands and Resources Association, in Great Falls, submitted testimony in favor of the resolution and also from the Medicine River Canoe Club, who could not attend, Exhibits '3' and '4'.

OPPONENTS: Robert M. Helding, Missoula, representing the Montana Wood Products Association spoke in opposition. He said he was a member of the Montana Land Law review committee. He referred to an article in the Missoulian and read from it. He stated tax base would be better if there were more land in use. He said the federal directive was to see if lands would be better in private ownership. He exhibited maps for the committee, showing extent of public land. He said the timber industry wants to come back to production, and they can do better through private ownership. His testimony is attached, Exhibit '5'.
There were no other opponents.

Senator Etchart asked Rep. Swift the reason the resolution only addressed federal land, he thinks the lands if transferred to the state would be public lands. Rep. Swift said the resolution is only directed to federal lands and didn't intend to address state ownership. Senator Etchart asked if he considered state lands as public lands? Rep. Swift said he does.

HJR 12 (cont.)
Senator Lee said this is saying we want the Montana State Legislature to go on record saying federal lands should remain federal lands except for the unmanageable. Rep. Swift said we do not want wholesale disposal of federal land without following the process already available. He would hate to see us get into another Rare III, as was mentioned.

Senator Lee asked Susan Cottingham if they felt the federal government could manage the areas better than private. Ms. Cottingham said they are in support of the resolution, they agree with Rep. Swift, there are already Federal laws dealing with the sale of land. Senator Lee asked if the EIC has made a stand on the federal government handling the leafy spurge problem, they cannot seem to get a handle on that? Ms. Cottingham said they haven't taken a stand on that.

Senator Keating referred to line 20, page 1 of the resolution, which states the Secretary of Agriculture intends to propose legislation to expand his authority to sell National Forest System land and asked if Rep. Swift has any idea what he intends to do? Rep. Swift said he does not, that he hopes they intend to let the public know what they have in mind. Senator Keating referred to line 7, page 3, that states the 48th Legislature opposes legislation of the Federal Administration which would permit the sale of national forest lands, except nonessential facilities, and we would not know what we are opposing. Rep. Swift said it opposes anything except orderly procedure. Senator Keating suggested just opposing the private sale of all federal lands. Rep. Swift said he would be glad to work with someone in changing language if necessary.

Senator Mohar referred to Mr. Heldings problem areas shown on the map, and said in his area there are grants being processed to sell. He said there is a forest plan to call for different timber utilization. Mr. Helding said he was general counsel for the timber products for 15 years, they have lost 44% revenue in timber since 1974 and now have 1/2 the supply from the federal government they used to have.

Senator Van Valkenburg inquired if Mr. Helding opposed the resolution in the house? He had. Representative Swift said the resolution passed with a majority in the House with little controversy.

Senator Dover referred to Don Judge's testimony in which he opposes the transfer of ownership of public lands from the present owners, especially if the eventual owners of those lands would be those who would like to profit most for themselves and not for the public, and if he opposes the competition from wealthy individuals and corporations. Mr. Judge said he opposes the sale of public lands to private ownership, but not necessarily the multiple use of those lands.

HJR 12 (cont.)
Mr. Judge said he does not oppose timber harvest on public lands.
Rep. Swift stated in closing that he opposes the wholesale dumping of public lands on the market. We do not want another Rare III, but an orderly process is needed.
Hearing was closed.

CONSIDERATION OF HJR 2: Chairman Dover called on Rep. Cal Winslow, Dist. 65, sponsor at the request of the Coal Tax Oversight Subcommittee. He said if the coal gassification plant is constructed near Wibaux, Montana, they want to know the impact that will take place in Montana and North Dakota. The chairman of the subcommittee felt it would be appropriate to enter into dialogue with North Dakota to discuss the impact. This Resolution calls for a committee from North Dakota and the Coal Tax Oversight Subcommittee to examine the probable impacts of the Tenneco plant on state and local government services in Montana and North Dakota.

PROPONENTS: Dennis Sandberg, Tenneco, spoke in favor and furnished members with a packet of information pertaining to the proposed plan. The packet includes a map of the proposed plant, a map of the site, a booklet entitled "Tenneco Coal Gasification Company, Montana Long-Range Plan, April 1, 1983", plus several other pieces of information. Mr. Sandberg explained the map and advantages of having the plant in Montana, and the alternate plan of locating in North Dakota. The packet is attached, Exhibit HJR 2 Ex. '1'.

OPPONENTS: There were no opponents.

Senator Lee asked Rep. Winslow if the Coal Oversight Committee was involved in litigation on any other projects and was there any question from the representatives in the Eastern part of the state whether this is the proper committee to oversee this. Rep. Winslow said there was concern that maybe the committee wasn't the right committee. He hoped the people interested would come to the meetings. The resolution will give a basis for discussion.

Senator Eck asked Mr. Sandberg what happened on the adequate water situation? That last year this was one of the problems they would consider when looking at local impact. Mr. Sandberg said members would not be looking with much intensity at water in that part of the state. Intent is to bring water from Garrison Reservoir to be made available. Senator Eck recalled a process last session whereby they could start negotiation for interbasin transfer, and if they are considering that? Mr. Sandberg said the bill didn't succeed. Senator Eck asked the population of Wibaux and Beach and what increase would there be? Mr. Sandberg said there 1,000 in Wibaux and 1500 in Beach,

HJR 2 (cont.)
that when the gasification plant is in full phase they anticipate a total of 13,000 people could be involved, but most would be concentrated in Glendive, Billings and Bismark. Senator Eck commented that would be a lot of impact.

Senator Van Valkenburg asked what staff the oversightcommittee has? Rep. Winslow said Jim Oppedahl is the researcher, but not a lawyer. Senator Van Valkenburg asked if they would be utilizing contract services for the impact study, Rep. Winslow said it is hard to tell, they have not requested enough money and no federal funds at this time.

Senator Van Valkenburg asked why Tenneco is proposing to put the plant in Montana as opposed to North Dakota and if the steps required to go through the Major Facility Siting Act was worth getting the operation going. Mr. Sandberg said the concern is with the rules the department will put in place, some are mandated by the act, and they assume they will have to come back next session.

Senator Dover inquired if the Tenneco was in a position now to go ahead with Yellowstone diversion? Mr. Sandberg said that is still pending. Senator Dover asked if there was another place they could bring water in? Mr. Sandberg said there are bills introduced in North Dakota which call for a right of way for a pipeline from Garrison reservoir and would supply water to Dickson, North Dakota. Senator Dover asked if that would be enough water for the industry? Mr. Sandberg said there would be enough for one or the other, that would be an alternative and does not have the advantages of Montana. Senator Dover asked several further questions in relation to the plant location.

Senator Mohar asked if lignite was the lowest grade of coal? Mr. Sandberg said it is a low grade, is not even considered coal in certain areas, but it has been proven to be excellent for coal gasification.

Senator Van Valkenburg inquired if this legislation passed both houses in North Dakota legislature? Mr. Sandberg said it has not, but he is confident it will.

Representative Winslow closed by stating he feels it is important for both states to get together and discuss the problems that will take place in both states.

There being no further business to come before the committee the meeting was duly adjourned at 2:25 p.m.

Harold L Dover
SENATOR HAROLD L. DOVER, CHAIRMAN
NATURAL RESOURCES COMMITTEE

Patricia Hatfield
Patricia Hatfield

ROLL CALL

SENATE NATURAL RESOURCES COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 2/21

NAME	PRESENT	ABSENT	EXCUSED
ECK, Dorothy (D)	✓		
HALLIGAN, Mike (D)	✓		
KEATING, Thomas F. (R)	✓		
LEE, Gary P. (R)	✓		
MANNING, Dave (D)		✓	
MOHAR, John (D)	✓		
SHAW, James N. (R)			
STORY, Pete (R)	✓		
TVEIT, Larry J. (R)		✓	
VAN VALKENBURG, Fred (D)	✓		
ETCHART, Mark (R) Vice Chairman	✓		
DOVER, Harold L. (R) Chairman	✓		

DATE ____________

COMMITTEE ON ____________

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
[illegible]	[illegible]	HJR-12	✓	
[illegible]	[illegible]	[illegible]	✓	
Don Judge	MT STATE AFL-CIO	HJR-12	✓	
[illegible]	[illegible]	[illegible]		
[illegible]	MEIC	[illegible]	✓	
Ward Shanahan	PG&E Resources	HJR-20	✓	
Mary A Langley	MT. MINING ASSN.	HJR 20	✓	
Mary J. Hart	Mt. Democratic Party	HJR [illegible]	✓	
Bill Holliday	Montana Wood Products Assn	HJR12		✓

NAME: [illegible] DATE: 2/[illegible]

ADDRESS: [illegible]

PHONE:

REPRESENTING WHOM? [illegible]

APPEARING ON WHICH PROPOSAL: [illegible]

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: [illegible]

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Ex. #1
Nat. Res.
2-28-83

NAME John R Milodragovich BILL NO. H.J.R - 12

ADDRESS P.O. Box 3804 Missoula MT DATE 2/28/83

WHOM DO YOU REPRESENT Self.

SUPPORT ✓ OPPOSE ________ AMEND ________

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

#1

STATEMENT MADE BY JOHN R. MILODRAGOVICH BEFORE THE SENATE NATURAL RESOURCES COMMITTEE ON H.J.R. #12.

February 28, 1983

MR. CHAIRMAN AND MEMBERS OF THE NATURAL RESOURCES COMMITTEE:

For the record, my name is John R. Milodragovich. I am a native Montanan, a retired forester, and presently engaged in a small ranching operation in Missoula County. I appreciate this opportunity to appear before this Committee to express my views in support of H.J.R. #12.

This is the fourth time in my experience that efforts have been made to dispose of Federal public lands on a large scale. The three previous attempts were made in the mid-40's, mid-50's, during the Sagebrush Rebellion in 1981. Now the Administration has announced its intent to sell of public lands to help pay off the national debt.

The national debt exceeds $1 trillion. The interest paid by the Federal Government on that borrowed money in 1983 alone is estimated at $113.2 billion. The Administration's announced goal of collecting $17 billion from public land sales during the next five years is only one-fifth of the interest owed in 1983. It would do nothing toward reducing the national debt.

The Congress of the United States has always maintained constraints on the disposal of public lands. As recently as 1976, Congress re-affirmed its longstanding position in passing the Federal Land Policy and Management Act AND THE NATIONAL FOREST MGT. ACT which states that public lands will be retained in Federal ownership.

 2-28-83

The Secretary of Agriculture has limited authority today to dispose of national forest lands but the Administration wants wholesale disposal.

Interior Secretary Watt has said as much as five percent of the public domain might be sold. Secretary of Agriculture Block has announced that 60,000 acres of national forest lands have been identified for immediate sale and that a review, scheduled to be completed in January 1983, is expected to identify 15 to 18 million acres of national forest land which will be studied for potential disposal.

New legislation would be needed for sales of such magnitude. In a Washington news release dated November 24, 1982, Secretary of Agriculture John R. Block stressed that the USDA does not currently have statutory authority to sell most national forest lands. He said the Department will be submitting proposed legislation in the 98th Congress.

Federal lands managed under multiple use represent a vast storehouse of publicly owned resources such as water, outdoor recreation, wildlife and fish, timber, range, and minerals. These lands provide millions of hunters, fishermen, campers, picnickers, backpackers, skiers, snowmobilers, horseback riders, and others a place to recreate without encountering "No Trespassing" signs.

These Federal lands are now available for use and enjoyment by all American citizens. These lands should remain in Federal ownership which will ensure multiple use management and public use.

Mr. Chairman, during a recent discussion with me, a member of this Legislature said that selling public lands to help pay off the national debt is literally stealing from our children.

I agree with that statement. I believe a re-evaluation of our Federal spending priorities and elimination of waste would be preferred alternatives.

In closing, I ask that the attached photocopied materials be entered into the Hearing record:

They're Selling Our Forests - Outdoor Life - Dec 1982

* "Privatization -- The Reagan Administration's Master Plan of Government Giveaways," Sierra, November/December 1982.

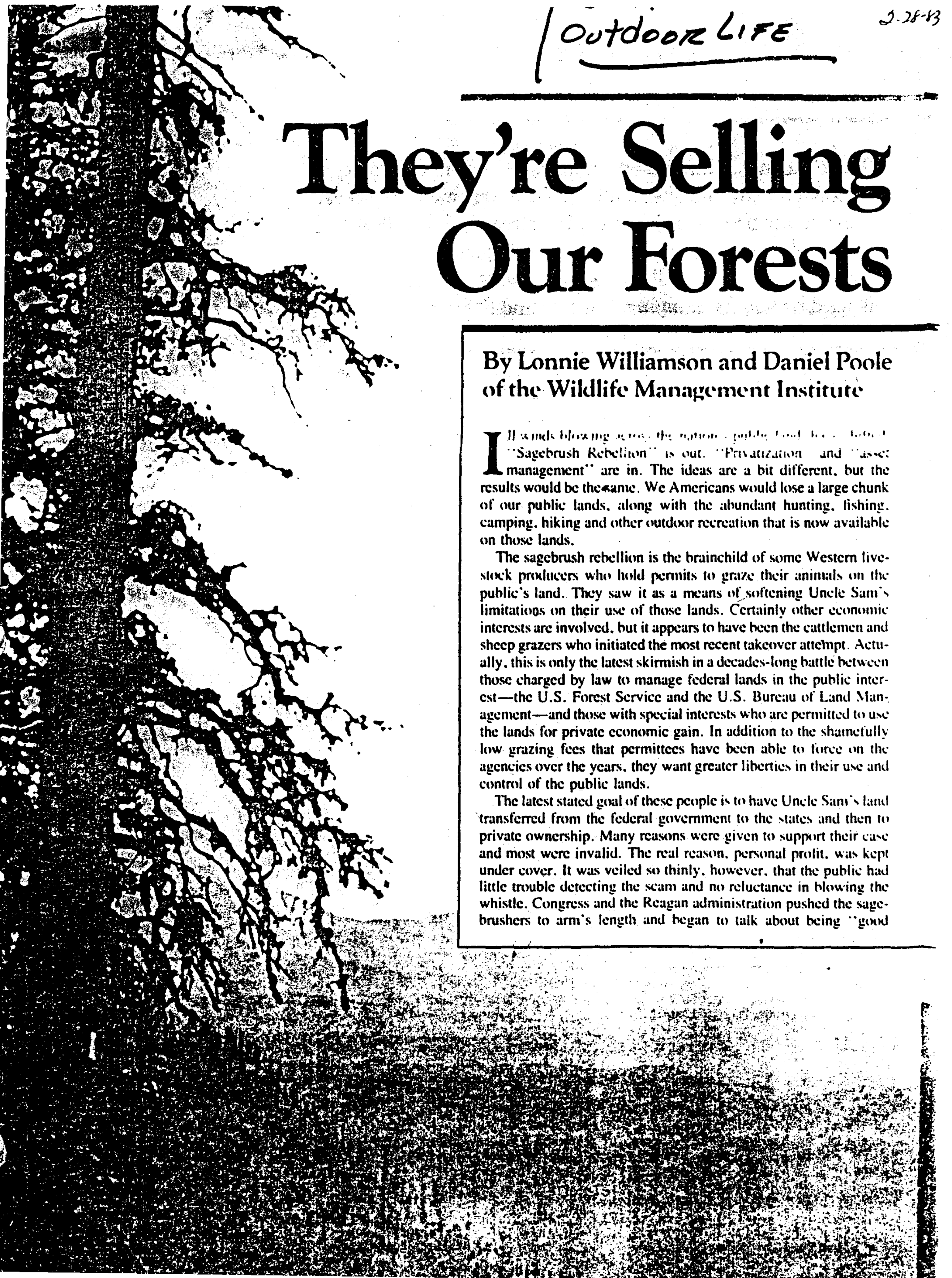
* "Congress Decidedly Cool to Reagan Land-Sale Plan," Congressional Quarterly, July 1982.

* "Privatization -- Shorthand for the Disposal of Public Lands," American Forests, December 1982.

Mr. Chairman, Neal Rahm, former Regional Forester, United States Forest Service, planned to attend this Hearing to testify. Emergency heart by-pass surgery changed his plans.

With your permission, I ask that his letter to the Missoulian dated January 13, 1983, entitled "Block Sale of Forests," be entered into the Hearing record.

Outdoor Life 3-28-83



They're Selling Our Forests

By Lonnie Williamson and Daniel Poole
of the Wildlife Management Institute

Ill winds blowing across the nation's public land [illegible] "Sagebrush Rebellion" is out. "Privatization" and "asset management" are in. The ideas are a bit different, but the results would be the same. We Americans would lose a large chunk of our public lands, along with the abundant hunting, fishing, camping, hiking and other outdoor recreation that is now available on those lands.

The sagebrush rebellion is the brainchild of some Western livestock producers who hold permits to graze their animals on the public's land. They saw it as a means of softening Uncle Sam's limitations on their use of those lands. Certainly other economic interests are involved, but it appears to have been the cattlemen and sheep grazers who initiated the most recent takeover attempt. Actually, this is only the latest skirmish in a decades-long battle between those charged by law to manage federal lands in the public interest—the U.S. Forest Service and the U.S. Bureau of Land Management—and those with special interests who are permitted to use the lands for private economic gain. In addition to the shamefully low grazing fees that permittees have been able to force on the agencies over the years, they want greater liberties in their use and control of the public lands.

The latest stated goal of these people is to have Uncle Sam's land transferred from the federal government to the states and then to private ownership. Many reasons were given to support their case and most were invalid. The real reason, personal profit, was kept under cover. It was veiled so thinly, however, that the public had little trouble detecting the scam and no reluctance in blowing the whistle. Congress and the Reagan administration pushed the sagebrushers to arm's length and began to talk about being "good

HJK12
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The Reagan administration wants to sell 144 million acres of national forests and grasslands. If the government succeeds, most of our 83,000 miles of fishing streams, 2.7 million acres of lakes and 45 million acres of big-game range could be lost forever. Chances are, some of this land is used by you for camping, hunting and fishing.

neighbors" instead. The movement began to fizzle. It continues to do so.

But as the sagebrushers trail into the sunset, another scheme has surfaced to get the public's land in private hands. The new idea is to sell the lands and help pay off the national debt. It is called "privatization" or "asset management."

Apparently this latest ploy to divest the public of its land came from the President's Council of Economic Advisors, a group overwhelmingly consumed with the notion that there is a quick and easy way to extract the federal government from its economic Vietnam.

The thinking there, according to a former senior economist with the council, is that public ownership inexorably leads to an unproductive and inefficient use of resources. Balzac, a French novelist of the last century, was quoted to the effect that because a private landowner is responsible for the consequences of his decision, the owner has incentive to use the property efficiently and productively.

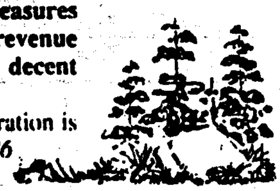
Budget Director David Stockman echoed this line of thought in 1982 testimony before a Senate committee when he described national forests and the public domain as "residual property," which has potential for higher and better use in "private ownership."

Congressman Ken Kramer (R-CO), a devoted sagebrush rebel, referred to public land disposal as "marketing part of America for Americans."

Balzac's theory is a perfect hideout for the budget balancers who have a laudable goal but too little gumption to make the tough choices necessary to succeed. **Instead of reducing government waste and spending enough to eliminate deficits, the Office of Management and Budget, the White House and some in Congress apparently would sell a national heritage to salve their procrastinatory instincts.** That chafes the millions of Americans who use and depend on public lands for hunting, fishing and other forms of outdoor recreation. It is especially annoying in the light of numerous budget leaks, such as Honduras receiving a $28.5 million economic assistance grant in 1982—$11 million of which will be used to transfer public lands in that Central American country to private ownership. Apparently our leaders not only chose to sell our public lands, they pay other countries to do likewise. It seems inconsistent that the business-minded Reagan administration would want to sell its most priceless treasures that produce billions of dollars in revenue each year and can do so forever with decent management.

The Balzacian chorus of the administration is

continued on page 86



What We Will Lose

State	National Forest or National Grassland (NGL)	Acres	Acres Available For Sale
Alabama	Conecuh	82.790	82.790
	Talladega	371.139	356.588
	Tuskegee	10.795	10.795
	William B. Bankhead	179.608	136.551
	Total	**644,332**	**586,724**
Alaska	Chugach	6.236.040	2.087.202
	Tongass	16.931.502	11.569.603
	Total	**23,167,542**	**13,656,805**
Arizona	Apache	1.187.478	819.920
	Coconino	1.835.930	1.658.195
	Coronado	1.713.258	1.227.376
	Kaibab	1.556.467	1.446.934
	Prescott	1.237.076	1.138.228
	Sitgreaves	815.343	815.343
	Tonto	2.874.500	2.366.261
	Total	**11,220,052**	**9,472,257**
Arkansas	Ouachita	1.336.834	1.288.562
	Ozark	1.118.170	1.079.191
	St. Francis	20.946	20.946
	Total	**2,475,950**	**2,388,699**
California	Angeles	653.846	480.228
	Calaveras Bigtree	380	380
	Cleveland	420.033	372.300
	Eldorado	671.021	470.442
	Inyo	1.800.302	631.477
	Klamath	1.670.695	1.188.546
	Lassen	1.060.003	850.143
	Los Padres	1.752.218	495.318
	Mendocino	882.617	718.591
	Modoc	1.651.630	1.581.245
	Plumas	1.163.658	1.162.323
	Rogue River	53.826	0
	San Bernardino	635.620	465.377
	Sequoia	1.125.533	743.836
	Shasta	1.099.001	587.277
	Sierra	1.303.112	613.756
	Siskiyou	33.354	28.404
	Six Rivers	980.416	869.346
	Stanislaus	898.248	618.343
	Tahoe	813.233	769.464
	Toiyabe	633.891	316.797
	Trinity	1.047.164	803.517
	Total	**20,349,801**	**13,767,110**
Colorado	Arapaho	1.025.065	738.294
	Grand Mesa	346.141	346.141
	Gunnison	1.662.813	1.208.259
	Mantic-La Sal	27.105	27.105
	Pike	1.106.870	918.040
	Rio Grande	1.851.792	1.430.034
	Roosevelt	788.333	599.905
	Routt	1.126.622	878.113
	San Isabel	1.110.576	852.586
	San Juan	1.867.782	1.423.228
	Uncompahgre	944.237	810.345
	White River	1.960.740	1.323.520
	Comanche NGL	419.077	419.077
	Pawnee	193.060	193.060
	Total	**14,430,213**	**11,167,707**
Florida	Apalachicola	558.871	518.739
	Choctawhatchee	675	675
	Ocala	381.297	328.560
	Oceola	157.218	139.238
	Total	**1,098,061**	**987,212**
Georgia	Chattahoochee	746.158	574.136
	Oconee	108.738	108.738
	Total	**854,896**	**682,874**
Idaho	Bitterroot	464.165	2.844
	Boise	2.645.967	1.883.222
	Cache	263.941	263.941
	Caribou	972.855	928.285
	Challis	2.463.719	1.460.554
	Clearwater	1.688.687	1.214.968
	Coeur D'Alene	722.691	722.691
	Kaniksu	894.313	801.40[illegible]
	Kootenai	46.480	9.87[illegible]
	Nez Perce	2.218.333	1.106.709
	Payette	2.314.436	1.325.842
	Salmon	1.771.029	1.288.080
	Sawtooth	1.731.504	949.715
	St. Joe	865.068	765.929
	Targhee	1.311.737	1.136.899
	Curlew NGL	47.659	47.659
	Total	**20,422,584**	**13,908,618**
Illinois	Shawnee	253.440	229.445
Indiana	Hoosier	186.961	176.942
Kansas	Cimarron NGL	108.175	108.175
Kentucky	Daniel Boone	527.037	508.116
	Jefferson	961	961
	Total	**527,998**	**509,007**
Louisiana	Kisatchie	597.672	588.972
Maine	White Mountain	41.833	41.833
Michigan	Hiawatha	881.461	865.619
	Huron	425.301	420.274
	Manistee	520.662	520.662
	Ottawa	924.951	891.774
	Total	**2,752,375**	**2,698,329**
Minnesota	Chippewa	661.161	661.161
	Superior	2.048.937	1.256.346
	Total	**2,710,098**	**1,917,507**
Mississippi	Bienville	178.403	178.403
	De Soto	500.356	494.896
	Delta	59.518	59.518
	Holly Springs	147.304	147.304
	Homochitto	188.995	186.620
	Tombigbee	66.341	66.341
	Total	**1,140,917**	**1,133,082**
Missouri	Mark Twain	1.450.206	1.380.222
Montana	Beaverhead	2.120.464	1.608.902
	Bitterroot	1.113.718	676.047
	Custer	1.112.153	740.464
	Deerlodge	1.195.754	981.859
	Flathead	2.349.932	1.243.459
	Gallatin	1.735.409	829.325
	Helena	975.125	713.194
	Kaniksu	446.092	401.772
	Kootenai	1.778.739	1.652.787
	Lewis & Clark	1.843.397	1.155.498
	Lolo	2.091.950	1.720.885
	Total	**16,762,733**	**11,724,192**

HJR12 #1
2-28-83

State	National Forest or National Grassland (NGL)	Acres	Acres Available For Sale
Nebraska	Nebraska	141,558	135,170
	Samuel R. McKelvie	115,703	115,703
	Oglala NGL	94,334	94,334
	Total	**351,595**	**345,207**
Nevada	Eldorado	53	53
	Humboldt	2,527,929	1,947,972
	Inyo	60,576	4,936
	Toiyabe	2,558,450	2,346,990
	Total	**5,147,008**	**4,299,951**
New Hampshire	White Mountain	686,432	481,186
New Mexico	Apache	614,202	600,202
	Carson	1,391,722	1,258,360
	Cibola	1,634,112	1,502,511
	Coronado	68,936	46,166
	Gila	2,705,572	1,881,012
	Lincoln	1,103,339	1,000,258
	Santa Fe	1,587,550	1,295,261
	Kiowa NGL	136,412	136,412
	Total	**9,241,845**	**7,720,182**
North Carolina	Cherokee	327	327
	Croatan	157,075	130,480
	Nantahala	514,479	476,364
	Pisgah	493,582	441,056
	Uwharrie	46,655	41,865
	Total	**1,212,118**	**1,090,092**
North Dakota	Cedar River NGL	6,717	6,717
	Little Missouri NGL	1,027,852	1,027,852
	Sheyenne NGL	70,180	70,180
	Total	**1,104,749**	**1,104,749**
Ohio	Wayne	176,071	176,071
Oklahoma	Ouachita	247,585	235,376
	Black Kettle NGL	30,724	30,724
	Rita Blanca NGL	15,576	15,576
	Total	**293,885**	**281,676**
Oregon	Deschutes	1,602,680	1,414,754
	Fremont	1,198,308	1,175,594
	Klamath	26,334	26,334
	Malheur	1,459,422	1,385,919
	Mount Hood	1,060,289	928,403
	Ochoco	843,676	820,350
	Rogue River	584,244	511,920
	Siskiyou	1,060,175	852,826
	Siuslaw	628,237	598,577
	Umatilla	1,088,158	1,001,067
	Umpqua	988,093	926,385
	Wallowa	986,105	318,555
	Whitman	1,264,694	1,102,759
	Willamette	1,675,383	1,370,674
	Winema	1,043,179	950,069
	Crooked River NGL	106,138	106,138
	Total	**15,615,115**	**13,490,324**
Pennsylvania	Allegheny	509,163	485,950
South Carolina	Francis Marion	249,987	236,267
	Sumter	358,589	335,371
	Total	**608,576**	**571,638**
South Dakota	Black Hills	1,061,104	1,051,284
	Custer	73,529	73,529
	Buffalo Gap NGL	591,771	591,771
	Fort Pierre NGL	115,998	115,998
	Grand River NGL	155,370	155,370
	Total	**1,997,772**	**1,987,952**
Tennessee	Cherokee	623,215	560,287
Texas	Angelina	154,916	144,106
	Davy Crockett	161,497	158,457
	Sabine	188,220	180,859
	Sam Houston	160,437	154,832
	Black Kettle NGL	576	576
	Caddo NGL	17,796	17,796
	Lyndon B. Johnson NGL	20,320	20,320
	McClelland Creek NGL	1,449	1,449
	Rita Blanca NGL	77,413	77,413
	Total	**782,624**	**755,808**
Utah	Ashley	1,288,422	1,049,726
	Cache	416,045	416,045
	Caribou	6,955	6,955
	Dixie	1,883,745	1,746,263
	Fishlake	1,424,159	1,405,349
	Manti-LaSal	1,238,149	1,192,149
	Sawtooth	71,183	71,183
	Uinta	812,787	741,541
	Wasatch	848,716	510,797
	Total	**7,990,161**	**7,140,008**
Vermont	Green Mountain	289,839	243,901
Virginia	George Washington	954,116	888,680
	Jefferson	672,966	505,260
	Total	**1,627,082**	**1,393,940**
Washington	Colville	944,434	917,354
	Gifford Pinchot	1,250,840	1,031,956
	Kaniksu	269,982	269,982
	Mount Baker	1,281,063	802,326
	Okanogan	1,499,512	1,088,027
	Olympic	649,975	553,067
	Snoqualmie	1,227,582	1,051,587
	Umatilla	311,209	200,214
	Wenatchee	1,618,329	1,041,703
	Total	**9,052,926**	**6,956,216**
West Virginia	George Washington	100,806	100,806
	Jefferson	18,196	18,196
	Monongahela	843,748	684,197
	Total	**962,750**	**803,199**
Wisconsin	Chequamegon	844,641	818,390
	Nicolet	654,777	620,878
	Total	**1,499,418**	**1,439,268**
Wyoming	Ashley	96,277	760
	Bighorn	1,107,670	688,206
	Black Hills	174,743	174,743
	Bridger	1,733,575	972,124
	Caribou	7,913	7,913
	Medicine Bow	1,093,517	966,620
	Shoshone	2,433,236	993,593
	Targhee	330,783	115,448
	Teton	1,666,694	1,026,866
	Wasatch	37,762	37,762
	Thunder Basin NGL	572,364	572,364
	Total	**9,254,534**	**5,556,399**
	National Total	**190,222,717**	**144,009,716**

Public Domain Land Identified For Sale

State	Acres
Arizona	612,177
California	320,100
Colorado	389,715
Eastern states	55,876
Idaho	294,983
Montana	404,390
Nevada	749,991
New Mexico	448,500
Oregon	254,228
Utah	133,330
Wyoming	654,266
Total	**4,317,556**

Accommodations and Fees

Camping is permitted around the lake except in the Needles area on the north end, which is closed to all entry. The only developed campground is at Warrior Point, north of Sutcliffe. This campground with 33 units is maintained by the Washoe County Parks and Recreation Department and is not part of the Indian reservation. County residents pay $4 per night and nonresidents pay $6 a night. There is a seven-day stay limit. For more information, write to the Washoe County Parks and Recreation Department, Box 11130, Attention: Warrior Point, Reno, NV 89520.

A Nevada fishing license is not required on Pyramid Lake, but an Indian fishing permit is and costs $4 a day or $12 annually. If you want to use a boat, you must have an Indian boat permit, which costs $3 a day or $20 annually. To camp on the reservation, a camping permit is required. It costs $3 a day or $30 a year. For more information about camping and fishing on Indian land, call the Pyramid Lake Tribal Council at 702 476-0188.

The town of Sutcliffe has a restaurant and a gas station, and Crosby's Lodge (702 476-0104) has a limited number of overnight accommodations.

Reno, which is 30 miles south of Pyramid Lake, offers an unlimited variety of accommodations. For information, contact the Reno/Tahoe Visitors' Center, 135 North Sierra Street, Reno, NV 89501 (702 348-7788).

the water level has dropped 85 feet, and it continues to go down more than a foot each year on the average. At that rate, Ruger said, the increasing alkalinity could drastically affect the fishery in the next 50 years. If the lake can be held at its present level, fishing could last forever. Only intense efforts by sportsmen can save the lake.

Late that afternoon, a storm blew in suddenly over the Virginia Range to the west and ripped the lake into an ocean of white caps and swells. Then as suddenly as it had arrived, the storm dissipated. In the late-evening sun, Pyramid Lake turned into a yellow mirror. We waded into the placid waters to give the trout one final shot.

Iveson had stripped all of his line in and was lifting his flies slowly from the water when a geyser of spray exploded at his feet and his line cut a hissing V toward deep water. This one looked like a keeper. In traditional Pyramid Lake fashion, Iveson jumped off his ladder and slowly waded toward shore with the trout in tow to slide it onto the beach. It wasn't as big as we'd hoped. Iveson was going to release the six-pounder, but I talked him into keeping just this one for a few more photos and so I could get the full flavor of Pyramid Lake trout—by trying one on the table.

That night the trout lay on a platter in Iveson's refrigerator when his son Tim looked in for a snack.

"Hey," he said, "who kept this little trout? That's the smallest one I've ever seen in this refrigerator."

Little trout? Well, that's the way it is at Pyramid Lake. As I said earlier, it's one of a kind.

SELLING OUR FORESTS

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not new. It was sung by land grabbers in the early 1950s, causing the conservation-minded *Denver Post* to warn in an editorial: "Some Americans are forecasting an era of penurious federal policy, dominated by the baronial bigwigs who will drive President-elect Eisenhower into wholesale liquidation of public domain and natural resources."

Of course President Eisenhower didn't fall for the public land takeover. He had lots of help from an aroused public.

The pending battle, however, will not be so easily staged and waged. It is not "baronial bigwigs" trying to seize public land for private economic gain. **Now it is the federal government that the people must guard against.** The situation will be more difficult to track because those responsible for administering public lands are the ones wanting to sell them. Thus there is every opportunity to keep the public uninformed.

The Federal Property Review Board was created by President Reagan in February 1982 to oversee the inventory and sale of public land. The president ordered each agency head to review property holdings and report to the board on the acreage and value of land that could be sold.

The stated reasons for selling public land are to help pay off the national debt and to get the property in private ownership where it allegedly would be more productive. Think about that. Would the sale of these lands significantly affect the national debt? Would it render the land more productive?

The national debt exceeds $1 trillion. The interest to be paid by the federal government on that borrowed money in 1983 alone is estimated at $113.2 billion. The administration has said that it wants to collect $17 billion from public land sales during the next five years. Thus the entire disposition of public land to private ownership during five years would pay less than one-fifth of the interest on the national debt just for 1983. It would not, in fact, reduce the debt at all. Let's not kid ourselves. The national debt will not be eliminated by selling anything. It will be settled by spending, wasting and giving away less of our tax money.

Balzac's theory that everyone is better off when all public lands become privately owned is not as convincing as some people seem to think. In the first place, Americans may not bow at the altar of a 19th century French novelist when it comes to modern resource management in the United States. Furthermore, American history refutes the theory outright. The dust bowl days of the 1930s resulted in part from misuse of private land. As a matter of fact, the 3.8 million acres of national grasslands managed by the U.S. Forest Service today are some of those blown-out, washed-out private holdings that the federal government bought from bankrupt owners 40 years ago and then restored. Most of the Eastern national forests enjoyed by so many hunters, anglers and other recreationists today once were privately owned farmlands and woodlands that were exploited by their owners who unloaded the pitiful properties on Uncle Sam and moved on. Compassion, not a desire to assemble more real estate, prompted Uncle Sam to buy those ravaged lands from their hapless and hopeless users.

It is not public land but private land that is currently eroding at the rate of 26 square miles of topsoil each day. For each acre of corn an Iowa farmer grows, up to 15 tons of topsoil are lost to wind and water erosion. For each acre of wheat harvested, 20 tons of soil head elsewhere. Through various conservation schemes, taxpayers have given private landowners billions of dollars to stop this national tragedy, but to no avail. And taxpayers are still paying. Yet this, according to some Washington, D.C., thinkers, is "efficient and productive" use of the land. Even blockheads know better.

Comparing private timberlands with national forest lands in the Pacific Northwest reveals that the federal forests serve the public interests to a much greater degree. For example, the numerous wildlife that must have old-growth timber habitat to survive are on national forests and Bureau of Land Management property. Old growth has been eliminated from most private forests. Hence most elk in that country depend on public land old-growth to escape winter storms and survive.

Such examples are many and remind us that private ownership is not synonymous with utopia when it comes to natural resource management and use. This is not to say that all landowners are poor land managers. Some are very good and some are very bad. **There is absolutely no guarantee that pubic lands, shifted to private ownership, would receive the care they need. Certainly, in private hands, their availability for hunting, fishing and other recreation would be reduced drastically.**

So far, the most perplexing aspect of the administration's public land sale intentions is what specific areas would go on the auction block. Answers are difficult to get because the administration is yet picking and choosing what it wants to sell. It is, as it says, making a first cut. But the administration has said flatly that national parks, national wildlife refuges, wild and scenic rivers and designated wilderness areas are off limits.

That is scant relief, however, to those who realize that more than 500 million acres of public domain and national forest land are not in those categories. Neither are lands administered by the Army Corps of Engineers or Bureau of Reclamation and other agencies that provide abundant public recreational opportunities. **The Bureau of Reclamation, for example, has identified more than 600,000 acres as being available for sale. This is land purchased with your tax money and where you and your families now hunt, fish and camp.** But the focus of the intended sale is primarily on the national forest system managed by the Forest Service in the Agriculture Department, and public domain land administered by the Bureau of Land Management in the Interior Department. Here is what the administra-

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tion has decided thus far to do with those pieces of America.

National forest system
The national forest system is 190 million acres of land and water that is open to free public access for hunting, fishing, hiking, boating, camping and other outdoor pursuits. **The system, which includes national forests, national grasslands and three national monuments, provides sportsmen 60 million days of hunting and fishing each year.** It has 83,000 miles of fishing streams and 2.7 millions acres of lakes. It includes 45 million acres of big-game range that support 3.5 million big-game animals. It also offers protected habitat to 80 threatened or endangered species.

Overall, the national forests and grasslands supply 213 million visitor days of outdoor recreation each year. That is nearly 40 percent of all public land recreation and is almost twice as much as provided by the national park system. **The national forest system is the largest single producer of public outdoor recreation in the nation.** And several federal statutes currently prohibit any of that land to be sold. But an attempt will be made to change that.

In August 1982, agriculture secretary John Block announced that the administration will draft legislation and have it introduced in the 1983 Congress to permit USDA to sell national forest system land.

Anticipating authority to sell at least part of the system, USDA already had put Forest Service lands into three sale categories. The first includes 60,000 acres of relatively small tracts known as "land utilization projects." These once-abused areas, purchased many years ago and used to demonstrate how worn-out land can be rehabilitated, are not a part of the national forest system and may be sold immediately. Located in 26 states, these lands likely would be placed on the market first. Some of the larger acreages are in Arizona (3,923), California (22,701), Colorado (4,209), Georgia (9,340), Michigan (999), New York (13,232), Oregon (1,227) and South Dakota (1,628). But these lands are small potatoes compared with the national forest system.

The second category includes 46 million acres that USDA says will not be sold. The lands, protected by specific legislation, include designated wilderness, areas being reviewed for wilderness status, wild and scenic rivers, national recreational areas and national monuments.

The third category holds the remaining 144 million acres of the national forest system, and the legislation that the administration will try to get past Congress next year apparently would permit USDA to sell part or all of it.

It is inconceivable that the administration would consider selling any large amount of national forest land. But 144 million acres?

USDA is trying to soften public reaction to this bombshell by claiming: "An initial review of the . . . [144 million acres] . . . will quickly identify those lands which need more intensive study to determine whether they might qualify for sale once legislation is enacted.

"After initial review, lands . . . not identified for intensive study would be placed in the retention category."

Secretary Block said that 15 to 18 million acres of national forest lands are likely to get "intensive study."

Therefore the exact size and locations of the announced national forest land sale are unclear. Sources close to the situation believe that between 15 million and 18 million acres is the administration's goal. It is obvious from USDA comments, however, that 144 million acres will be available for sale status in the first cut.

The Forest Service has been characteristically quiet during this land sale debate. But one can read the faces of service professionals and see the anxiety caused by such serious talk of selling national forests. The push to sell obviously is coming from higher levels in the administration, and service personnel must heed their bosses, no matter how wrong those bosses may be.

There are a few hints on which parts of the 144 million vulnerable acres are most likely to be offered for sale. All of the 3.8 million acres of national grasslands are prime candidates because they are not significant timber producers. Eastern forests where the federal government owns 50 percent or less of the land within the forest boundary may become expendable. The Oconee National Forest in Georgia, Uwharrie National Forest in North Carolina and Talladega National Forest in Alabama are said to be examples. Isolated sections and townships and "checkerboarded" patterns of federal ownerships in Western national forests will get "intensive study." The Payette in Idaho is an example of a national forest with this type of ownership pattern. There, of course, are many others.

These scattered and isolated tracts now are used by the Forest Service to trade for private lands within or adjoining national forests. If they are sold, this "blocking-up" of national forest property would end. The only way incompatible inholdings could be acquired would be by purchase, which is most unlikely.

Public domain
The public domain managed by the Bureau of Land Management is lands originally acquired by the federal government from other countries. The Louisiana Purchase, Gadsden Purchase and Alaska Acquisition are examples. Today the public domain is what remains of those acres after much was sold, given away or withdrawn for national forests, parks, refuges, military reservations and other purposes. It includes 327 million acres, sometimes referred to as "The Lands Nobody Wanted." It is mostly arid land and tundra and located primarily in the West and Alaska. But it is not a biological desert.

BLM estimates that 248 million acres of its lands are good big-game habitat. Sportsmen take 170,000 big-game animals from BLM lands every year. Fourty-four percent of the pronghorns taken each year are bagged on the public domain and 24 percent of all wildlife taken by hunters in the West are from these lands. BLM wildlife authorities report that 27 percent of the nation's pronghorn, deer, elk and bighorn sheep live on the public domain. **The lands host 80,000 miles of fishing streams and 2.7 million acres of fishing lakes. They provide 7.7 million days of hunting and fishing and 5 million days of other outdoor recreation each year.** No longer are

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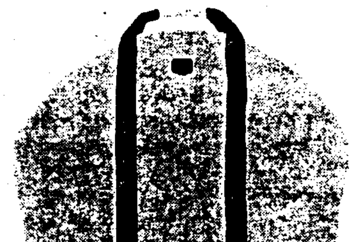

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they the lands nobody wants.

The Department of Interior reports that "preliminary" inventory of the public domain indicates that only a small percentage—much of it small tracts near urban areas—might be considered for eventual sale. Thus far BLM has identified 4.3 million acres, exclusive of Alaska, for potential sale to private ownership.

About half of the 4.3 million acres that BLM has listed for potential sale was identified through a well-organized land use planning process. It is conceivable that the entire acreage is more than the public needs and should be sold. But because this is only a first cut at disposing of public domain land, there will be other inventories and more land could hit the market. Also, history teaches us to be very wary because there are many ways to get rid of public property other than sales.

Selling large tracts of public land at fair market value may be a paper tiger that we worry too much about. Realistically, who is going to buy it? Cattlemen can't afford it and already graze the range for fees amounting to half or less of the forage value. Miners can get the land free under the antiquated 1872 Mining Act. Oil and gas companies want only the fossil fuels from public land. In fact, some are giving land they already own to the federal government to keep from paying taxes on it. One company recently donated 100,000 acres of outstanding recreational land in New Mexico to the Forest Service.

A latent fear is that the sale scheme may become an old-time give-away. Unfortunately there is a precedent for this. The railroads were given an area of public domain nearly twice the size of Colorado to encourage their building of transcontinental lines. The Northern Pacific received 45 million acres, including nearly one-quarter of North Dakota and 15 percent of Montana. A U.S. senator, through a masked conveyance, once received 50,000 acres of formerly public land in California's San Joaquin Valley for helping the railroads get giant land subsidies. Numerous other land raids took place under such questionable statutes as the Timber Culture Act, Timber and Stone Act and Timber Cutting Act. These 1870s laws permitted millions of acres to be transferred to private interests for logging and cattle grazing.

So far it appears that the national forest system could lose more land than could the public domain in the administration's "privatization" ploy. But the dust has not settled and no one knows the full extent of this threat to public property. **Those who have a favorite hunting spot or fishing stream on national forests or BLM lands and want to keep it had best take precautions.** Contact the forest supervisor's offices for the national forests you are interested in and request to be kept informed on any potential land sales in those forests. For possible BLM land sales, contact the appropriate district or state offices.

Historically, the battles against numerous attempts to divest the public of its lands have been joined by hunters, fishermen and others who rely on the areas for free, accessible outdoor recreation. The "privatization" threat deserves their attention also.

Make no mistake, you will be hearing more about this. The bookkeepers in Washington, D.C., seem determined to get rid of your public lands.

PLANTS POISON GROUSE

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don't do so well when green pastures are dominated by the wrong grasses. For all our intelligence, many humans don't eat a proper diet, and grouse are no wiser. So the information that a certain item is eaten by a group of grouse tells us little about the real value of that food. Even carefully controlled, experimental feeding studies in a laboratory may be meaningless if the researchers fail to select the identical materials that animals choose at the time they'd be choosing them.

On the basis of nearly 25 years of ruffed grouse studies on the University of Minnesota's Cloquet Forestry Center, near Duluth, it is beginning to look as though changes in the availability of certain food materials may have a major impact upon the abundance of ruffed grouse.

It appears that it is not solely a matter of physical availability of food but, as Laukhart postulated 25 years ago, it may be a matter of chemical availability. This problem arises when the food resource is available but the tree has loaded it with substances that make the food unusable. The occurrence of these substances, which protect plants against insect attack, have long been known by biologists working in this field. But wildlife researchers have been slow to recognize this.

In the early 1960s, at Cloquet it was recognized that the male flower buds on the aspens were the most important winter food item eaten by ruffed grouse. In a study that covered eight years, it was shown that ruffed grouse preferred these flower buds by a margin of nearly 13 to 1 over all the other buds available. Heavy dependence upon this single food material continued through 1971, and the grouse population surged from scarcity to its greatest abundance in the past 20 years. If the aspen flower bud crop had not fallen in 1967-68 and there had not been poor snow conditions the same year, Minnesota grouse might have reached an all-time high in the early 1970s. Then in 1971 and 1972, the flower bud crop fell and Minnesota grouse turned to filbert, birch and ironwood catkins as their primary food. Bird numbers plummeted by 70 percent in two years.

Identifying the cause for this abrupt decline in the population was complicated by two other events. Northern Minnesota had below-average snowfall during 1971 and 1972, so the grouse didn't have the snow cover that they needed to survive the winter. The problem of this lack of cover was compounded by a major invasion of

It's not solely a matter of physical availability, but it may be a matter of chemical availability.

hawks and owls from farther north. In the fall of 1972, Duluth's annual hawk count was more than 5,000 goshawks compared to the usual counts of 200 or 300. The goshawk probably is the most efficient predator of grouse, if not the most important.

Until 1973 the relationship between grouse and aspen buds seemed to be simple. When the flower buds—which are formed in late July and available until April—were abundant, ruffed grouse thrived. When they were not, grouse became scarce. Then in 1973 the situation changed, for although flower buds were abundant, grouse ignored them. This same scenario was repeated during 1974 and 1975. Minnesota's ruffed grouse numbers continued to sag in spite of favorable snow conditions and reduced pressure from predators. Ruffed grouse did not winter well on diets of birch, filbert catkins and cherry buds.

In the fall of 1976, grouse began to feed on aspens again and this continued the following year. Ruffed grouse increased in 1977 and again in 1978.

Instead of continuing to feed on the aspen buds, Minnesota's ruffed grouse ignored them in 1978 and the population surge stalled. Even though the buds still were available, grouse made little use of them in 1979. A crop failure in 1980 ended the buds' availability. This failure, coupled with very poor wintering conditions, set the stage for the decline in grouse numbers in 1981.

The puzzle surrounding the birds' change in diet became more mystifying because the birds fed heavily on the extended catkins that develop from the male flower buds in early April. Although for five years ruffed grouse didn't feed on these flowers while they were still encased in bud scales, they did feed on these flowers once they were free from the buds. Something in or on the flower bud scales affected the ruffed grouse feeding habits. One guess was that it had something to do with the gummy resin covering the buds.

Recent research by Dr. John Bryant at the University of Alaska suggests a solution to this puzzle. He found that the plant resins like those that cover the aspen bud scales are largely composed of terpenes and phenols. This group of chemicals interferes with the digestive processes in various plant-eating animals. When the terpene and phenol content in the resin is high, ruffed grouse in Minnesota shift to alternate food resources, such as the male flowers or catkins of filbert, ironwood, birch and, rarely, alder. But Bryant's research has shown that this group of plants has similar resins in the twigs and catkins.

There is still much to learn, but the present hypothesis is something like this: When the aspen flower buds are relatively

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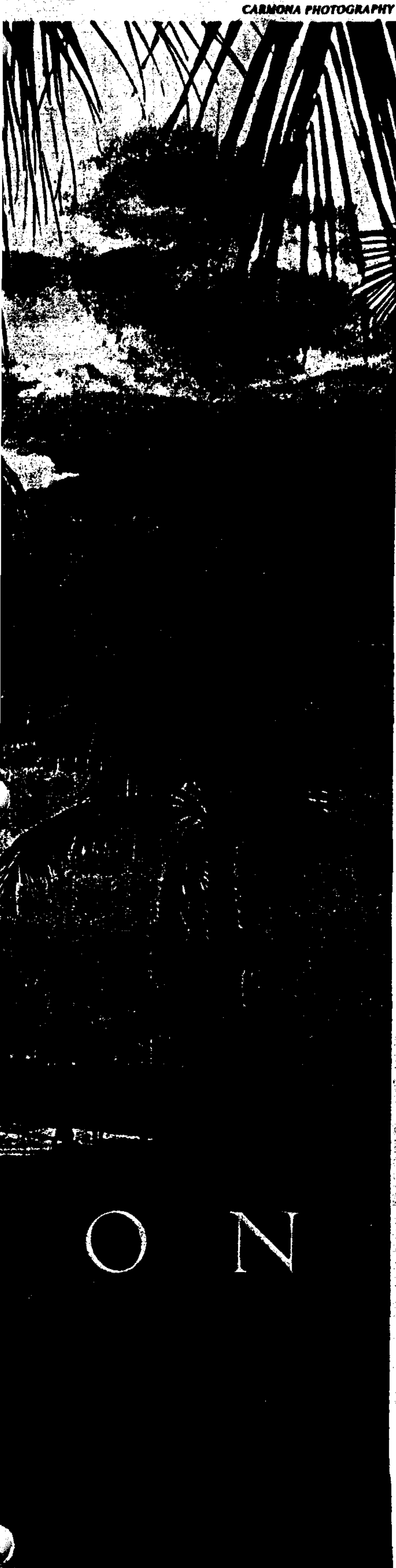
CARMONA PHOTOGRAPHY



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JOHN HOOPER

SINCE THE BEGINNING of the Reagan administration, environmentalists have objected to appointment after appointment, and policy after policy. In recent months, however, many of the specific proposals and attitudes environmentalists protested have coalesced into one general and pervasive threat. It's called "privatization" and it sounds innocent and simple: the government sells off "excess" federal property and uses the proceeds to balance the budget. An important variation on the theme calls for long-term leasing of energy and mineral resources to private corporations at minute fractions of their true value. Environmental economists have estimated that the Reagan administration's proposed oil and gas leasing policy will end up costing the taxpayers $97 billion, an amount equivalent to virtually the entire budget deficit for fiscal 1983. Both privatization and giveaway leases transfer publicly owned wealth to a few large companies.

Two of the most controversial candidates for privatization. Left: Fort DeRussy, the last open space on Honolulu's Waikiki. Above: California's Point Sur Light Station perches on the massive rock in the foreground.

"Privatization" takes the Sagebrush Rebellion banner under which Ronald Reagan rode into office, and carries it one step further. Rather than simply transferring the management of federally administered lands to the western states in which they are located, as the Sagebrush Rebels had originally advocated, privatization would skip that intermediate step and sell public lands outright to private interests or give away natural resources through long-term leases.

The ostensible purpose of the program is to reduce the national debt; as James Watt says, "What better way to raise some of the revenues that we so badly need than by selling some of the land and buildings that we don't need?" Another administration spokesman told *Time*, "It is the best way we can think of to relieve the debt because it doesn't hurt anyone. It doesn't raise taxes. It doesn't cut anyone's budget. It just raises money."

The five-year program would involve the sale of roughly 5% of all federally owned lands, a total of some 35 million acres, an area the size of Iowa. These sales would bring in a total of $17 billion over five years. In terms of the national debt, this is an insignificant figure. Year by year, the revenues would reduce the debt by about .003%.

The administration also believes that "surplus" federal land could become more economically productive—more profitable

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—in private hands. In announcing the land-sale program, Watt explained, "A sheep pasture will become an industrial site, desert lands will be used for hotels and resorts."

The actual workings of the program seem a bit unclear as yet. A newly established Property Review Board will provide policy direction for the disposal of properties. So far, the Reagan administration has identified some 307 parcels totalling 60,000 acres for sale in the near future. Some of these lands are not controversial; even environmentalists agree that they can be sold to private interests with little danger to the public interest. Others, however, are items of contention; a light station at Big Sur, for example, is reportedly up for sale, as is the last remaining open space on Honolulu's Waikiki Beach.

At present, about one third of the land in this country is owned by its citizens. A common misperception is that these lands belong to some distant landlord called the "federal government." While it is true that federal agencies *administer* this land on behalf of the citizens of the United States, *we*, in fact, are the true owners. There are nearly three acres of federally administered public land for each citizen of the United States. The total 740 million acres of public lands are more than just national parks, wildlife refuges, wilderness areas, forests and deserts. A nation remains great only as long as it protects its natural resources, and public lands hold some of the most tangible elements of the American dream. On or in them are half the standing timber, untold minerals and most of the energy resources known in the United States. At present, federal lands are protected from overexploitation and abuse by a great number of regulations and a set of key land-use policies, such as multiple-use and sustained yield management. Privatization would remove such restrictions—and would make lands vulnerable to the sort of short-term profit taking that many corporations practice in time of economic stress.

The concept of the "public domain" is as old as our country. The issue of how the newly established United States would handle its western lands and future territorial additions was one of the most discussed at the Second Continental Congress. Several of the original states held claims to large areas of western "reserves," which each

In August 1982, the Forest Service approved oil and gas leases for all available acreage in the Hoosier National Forest (below).

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perceived to be under its exclusive jurisdiction. But in 1779 the Continental Congress resolved that lands ceded to the United States would be used for the benefit of *all* citizens. As new states entered the Union, Congress granted each substantial amounts of public land in return for which they relinquished claims to other lands within their borders. Today, state and local governments own about 6% of the total U.S. land.

The question of how best to manage public lands has been a topic of intense debate ever since. Until the late 1800s, Congress was very generous and made major land grants, not only to the states for schools, roads and other purposes, but also to the railroads, to miners, to timber producers and, through the Homestead Act, to individuals. Of the U.S.'s total land area of some 2.2 billion acres, the federal government once owned about 85%, some 1860 million acres. It has since disposed of about 62% of its peak holdings; today, the federal lands constitute about 34% of the total.

Congress gradually came to realize that the federal land base was being dismantled, mismanaged and even destroyed, and that there was a pressing need to protect it.

In 1976, Congress passed the Federal Land Policy and Management Act, establishing firm, updated objectives for the administration by the Bureau of Land Management of the remaining public lands. In adopting the law, Congress said: "It is the policy of the United States that the public lands be retained in federal ownership, unless as a result of the land-use planning procedure provided for in this act, it is determined that disposal of a particular parcel will serve the national interest." This legislation was pushed through Congress by some of the same legislators who are now bent on dismantling the public domain.

The philosophical premise on which privatization is justified was summed up quite simply by Steven Hanke, who was until recently the senior economist on the President's Council of Economic Advisors and the man most directly responsible for putting privatization on the President's agenda. Pointing to a myriad of examples of how public lands are mismanaged and how terribly inefficient government ownership can be, Hanke stated: "Land, like all other resources, is most productive when in private hands." The implication is that everyone would benefit if the public lands were owned and managed by the private sector and managed exclusively for their highest economic return. But the record indicates otherwise. The proponents of privatization ignore entirely the environmental abuses—the "cut and run" tactics—that private management has allowed in this country and that government has repeatedly attempted to control.

Measuring Benefits

Economic return cannot be used as the sole measure of public benefit from federally owned property. The economic return is most likely to benefit the private owners of land that undergoes privatization—or else, why would they want it? Furthermore, public benefit must be assessed using a more complicated formula, one that considers other values; what serves the public interest does not always provide the highest economic return. The public interest may at times be best served by using a particular parcel for a park, a hospital or other use that may not be as economically attractive as private development.

The question of private and public ownership of natural resources involves many environmental issues, some of which are not usually considered part of the ongoing debate over privatization and energy resources. Forest management and grazing policy are two issues that exemplify the conflicting goals and management objectives of private and public-land management. During the 19th century, vast forested areas of the Midwest and West were cleared for farmland and timber production. But careless techniques and severe overcutting produced tremendous problems, including ruined watersheds, unsuccessful forest regeneration, severe loss of wildlife habitat and overgrazing. Eventually, public concern over the deteriorating condition of the nation's forests led to the creation, in the 1890s, of forest "reserves," which evolved into the national forest system.

There followed a long period during which the national forests were managed on a custodial basis; relatively little timber harvesting took place. However, since World War II, the timber industry has been vastly overcutting its own private inventory, particularly in California, Oregon and Washington. This rapid overcutting has resulted, over the past 25 years, in a 50% reduction in the timber industry's private inventory of uncut timber. Now, after decades of cutting far beyond a sustained-yield level, the timber industry is pressing the federal government to increase the level of allowable timber harvests from national forests. In particular, the timber industry is pushing for permission to cut the last remaining stands of valuable virgin timber.

The national forests have acted as a kind of "buffer" that has limited the extent of private-sector mismanagement. Federal forestlands have not been as severely overcut because they are managed according to the "multiple use" principles; that is, the forests are managed not simply for the highest dollar return that can be achieved by cutting timber but also for fish and wildlife habitat, preservation of water quality, recreation, forage and wilderness. Multiple-use management reflects the diversity of the users (and inhabitants) of the forests, rather than the private economic interests of one powerful industry.

Increasing the cut on the national forests doesn't make ecological or economic sense; overexploitation cannot be sustained. Nevertheless, the pressure to do so is intense and originates at a high level.

President Reagan's Assistant Secretary of Agriculture, John Crowell (formerly general counsel for Louisiana-Pacific Corporation, one of the largest buyers of federal timber), believes the annual potential yield from the national forests to be an astounding 35 billion board feet, more than triple the existing 11 billion board foot level. Increasing the allowable cut on national forestlands is not a giveaway of the land itself, but of irreplaceable natural resources. Such harvest levels jeopardize future timber supplies as well as endangering the ecological viability of forests for years if not centuries to come. Soil erosion would increase, and water quality would be harmed. Wildlife habitat would suffer; recreation and aesthetic values would be damaged. Finally, there is no need to increase the timber cut during a period of deep recession. Housing starts are at an all-time low, and the backlog of timber that has been sold but not cut in the national forests is approaching 40 billion board feet. In fact, the timber industry is trying to convince Congress to pass legislation allowing companies to terminate or extend existing contracts.

Only about 20% of our timber supply comes from national forests. The vast majority of our most productive timberlands is already privately owned. What we need is not privatization but improved management techniques on private timberlands.

Grazing livestock on public lands provides another example of how advice from the private sector is exacerbating poor management. More than one third of the Bureau of Land Management's 170 million acres of grazing lands are in poor condition as a result of overgrazing. The numbers of grazing animals must be reduced if the range is to be restored, but the Reagan administration has

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taken the opposite course by circumventing a court order to perform environmental studies of federal grazing lands by continuing to allow overgrazing.

There is plenty of opportunity to increase livestock production of private lands. More than 400 million acres of rangeland are privately owned, and 86% of livestock is produced on these lands.

These situations illustrate the differences between public-lands and private-sector management. Managers of privately owned lands are in business to make money; they must pay close heed to the stockholders and the annual report. But public-land managers are required by law to regard the consequences of their policies and actions from a broader perspective. How will a proposed timber sale affect wildlife, water quality, fisheries and recreation? Public-land managers must also weigh values that are not easily quantifiable, such as wilderness, wildlife and aesthetics, against commodity values. They are required to sanction only activities that can be sustained over time. These are constraints that private managers often need not consider.

This is not to say that public-land managers do not have a lot to learn from the private sector. However, the fact that government management is sometimes inefficient does not necessarily mean that the private sector should take over ownership of the public lands or of key resources.

Increasing Revenue

The government already supports private industry by subsidizing the production of virtually all commodities taken from public lands: timber, forage, oil and gas, water and minerals. But to generate $17 billion in revenue over the next five years, as the Reagan administration anticipates, further giveaways have been deemed necessary. For the land sales will inevitably include Forest

Privatization Close Up

DEBBIE SEASE

Proponents of privatization sometimes try to play down the potential impact of selling off public lands by depicting the areas proposed for sale as little more than vacant lots, deserted buildings and small parcels of useless wasteland. Were this true, the program could never generate the revenues projected for it. Moreover, even a cursory examination of even the limited list of areas already identified for disposal will quickly correct this misrepresentation.

Privatization promoters cite Fort DeRussy in Hawaii as a prime example of the kind of land that should be sold; they decry the existing military resort hotel as a boondoggle and a waste of taxpayers' money. But Fort DeRussy is a 117-acre remnant of open space within highly urbanized Honolulu; it includes one of the few beaches in the city not owned by private interests. Though it may be inappropriate for the Defense Department to retain the property, the citizens of Hawaii have made it clear that they care deeply about this small patch of green space in Honolulu and that they will vehemently oppose its sale to the developers.

Far to the east, the citizens of Boston are similarly concerned about the proposal to sell a 756-acre federal tract in Hingham. State officials have sought to acquire this area of dense woods and open fields as an addition to Wompatuck State Park. The state of Massachusetts wants to use the area for hiking and riding trails and for picnic and playgrounds for the Boston area, which has very little recreational land available.

A small but scenic and historically significant parcel, Point Sur Lighthouse on California's Big Sur coast is another of the areas on the administration's "for sale" list.

These are but a few examples of the "useless" lands that may soon be put on the auction block. In years past and under previous administrations, such "surplus" lands would have first been offered to other federal, state or local agencies for parks, recreation areas, wildlife refuges or other public uses. In fact, it was through this policy that such popular urban parks as California's Golden Gate National Recreation Area, Seattle's Discovery Park and New York's Gateway National Recreation Area were established. But important additions to these parks are now threatened by the Reagan administration's policy of selling surplus property to the highest bidder without first considering whether a transfer to another government agency, at rates lower than commercial market values, would serve important public purposes—and make more sense in the long run.

Most of the 35 million acres Reagan proposes to sell over the next five years are lands managed by the Forest Service and the Bureau of Land Management. The administration describes such lands as unimportant—small, scattered and isolated tracts that are hard to manage and of little public value. Unquestionably, some federal lands meet this description and might be sold. But "small" and "isolated" does not necessarily connote "valueless." Many of the lands are scattered parcels located in valleys that have been largely cultivated and irrigated for agriculture. These small, isolated tracts are sometimes all that remain of unplowed, natural landscapes.

For example, the Forest Service manages 797 acres in California's San Joaquin Valley—a small remnant of the original San Joaquin desert grassland ecosystem. It is the habitat of many rare endemic plant and animal species; in fact, it is designated critical habitat for the San Joaquin blunt-nosed leopard lizard, a reptile listed by both the state and federal governments as rare and endangered. The rare and endangered San Joaquin kit fox has been sighted in the area, which is also, coincidentally, a favorite birdwatching spot for local residents, and is only two miles from a national wildlife refuge. But in August the Forest Service announced that this parcel was part of the acreage that had been designated for immediate sale.

This is only one example of the sort of lands selected for privatization whose value and uniqueness might not be immediately apparent. How many more such areas are also rich in wildlife and other values? It's impossible to know at this time; the administration won't disclose details. It confines its information to generalizations, acreage summaries and vague categories. □

Debbie Sease works on public lands issues in the Sierra Club's Washington D.C. office.

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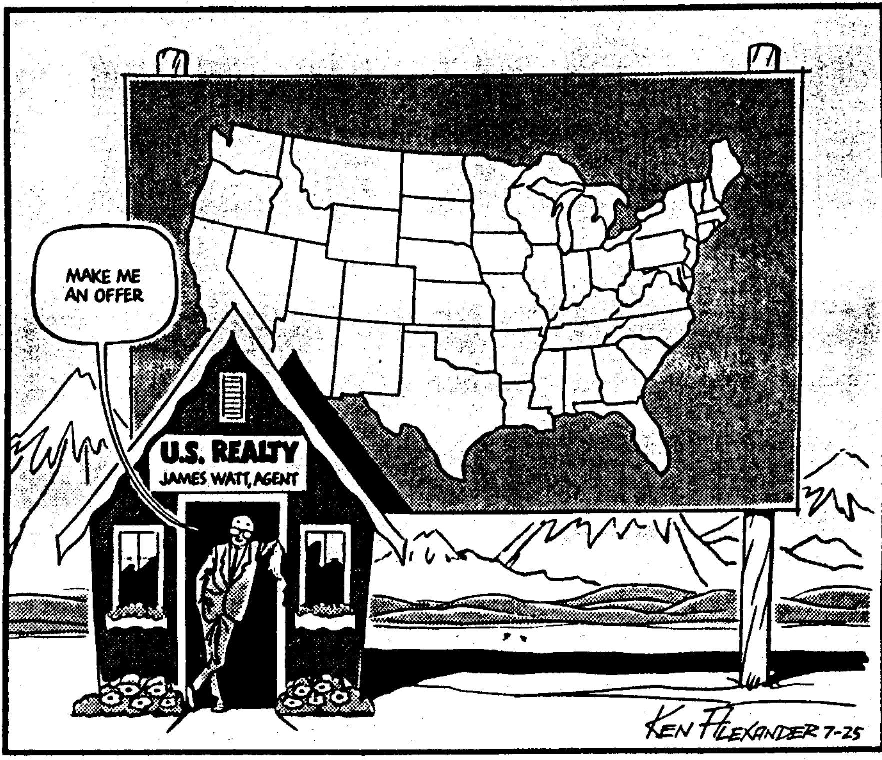

Service and Bureau of Land Management lands that could generate profits but do not because they are currently not being fiscally well managed. In fact, Agriculture Secretary Block has stated that he will send legislation to Congress to give him authority to sell off Forest Service lands, and that he may eventually identify some 15 million acres for sale.

It isn't necessary or desirable to sell "unprofitable" Forest Service and Bureau of Land Management lands, however; revenues could be increased substantially by charging fair market prices for resources on public lands: forage, timber, minerals and oil and gas. Since the common justification for privatization (and long-term leases) is to increase the revenues to the federal government, it is important to note that these proposed policies will end up costing the American public an immense amount of money. Leases such as those planned by Secretary Watt are contracts that shift the ownership of natural resources from the public to corporations. Some leases last 50 years or more and cannot be cancelled without due process and just compensation to the corporations involved. The leases or sale arrangements guarantee little environmental protection and ensure only minimum payments to the owners of the land—the American people. The leases do assure, however, maximum profits and corporate control over public land. Bern Shanks, assistant resources secretary of the state of California, was one of the early analysts of the consequences of privatization. His findings were seminal and cogent, and his conclusions were startling. The public will end up losing the future market value of Watt's leases; at today's prices, the losses may exceed $1 trillion—enough to liquidate the national debt. In contrast, the five-year Reagan privatization program would raise a total of $17 billion, an amount equivalent to a little more than 1% of the national debt.

What is needed is *not* a "fire sale" of large amounts of publicly owned acreage and not long-term leases of energy resources—proposals that will enrich only a few large corporations.

If "free market" bidding for the privilege of using resources from public lands were practiced, revenues could be increased by many billions of dollars. Removing existing subsidies, which represent a significant drain on the treasury, and replacing them with lease arrangements that would guarantee a fair return would have much greater value to the public than a one-time sale of our heritage.

One of the largest sources of fossil-fuel energy in the nation is the estimated 400 billion tons of coal underlying western public lands. Watt has opened these lands to coal leasing as part of his plan to "restore" America's greatness. He has repeatedly complained of "radical environmentalists" who blocked new coal leases for a decade. The fact is this: There was a ten-year moratorium on leasing imposed in 1971 by Richard Nixon. The reason was simple. At that time, more than 16.5 billion tons of coal had been transferred to corporate ownership by more than 500 coal leases on nearly a million acres of public lands. But each year an average of only .004% of this leased coal was actually produced. At that rate, federal coal already leased would take about 200 years to be exploited. Why lease more? Flooding the market with coal from public lands has one simple economic result: it lowers prices for the corporations buying the coal and consequently reduces income for the federal government. A similar situation is now occurring with oil and gas. About 75% of the oil and gas leases now issued on federal lands expire without any work whatsoever being done on them; selling still more leases won't lower energy prices for consumers or guarantee that federal revenues will increase significantly. Yet Secretary Watt is persisting in this uneconomical process, flooding the energy market with public energy and transferring wealth and control to corporations.

Secretary Watt recently authorized the Powder River coal lease in Montana, the largest coal lease in history, 2.4 billion tons. Another billion tons in the Fort Union area is scheduled for sale in 1983. A 1.5-billion-ton sale is planned for Utah's Book Cliffs in 1983, and a 3.3-billion-ton lease in southwestern Utah is expected. In all, Watt has scheduled coal sales that will last 50 years or more on top of the old leases. At the same time, he has proposed regulations that slow the production of coal from federal lands. Why? Again, the reason involves the tremendous value of the leases themselves. Existing leases on unmined land are worth approximately $550 billion; Watt's planned leases are worth about $750 million—at today's prices. If we project even conservative increases in energy prices, these sales of public resources will be worth approximately $4.5 trillion to energy corporations by the end of the century, when the mines eventually reach maximum production. Yet Watt's leasing terms assure that the American people will receive only pennies on the dollar for their own resources.

The Reagan administration is dismantling decades of slow progress that has been made in public-lands management. The wealth of the nation—our very strength and heritage—is being turned over to private interests. □

John Hooper is the public lands specialist in the Sierra Club's San Francisco office.

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Worried About Specifics:

Congress Decidedly Cool To Reagan Land-Sale Plan

Congress has given a cool reception to President Reagan's plans to raise $17 billion over the next five years by selling off federal real estate.

The proposal, unveiled last February in the Reagan budget for fiscal 1983, prompted sharp questions during House and Senate hearings in May and June. Vague answers as to just what property will be sold have aroused congressional anxieties and fueled suspicions that administration revenue estimates are too high. *(Budget, Weekly Report p. 267)*

Still, the administration is going ahead with its "Asset Management Program." Interior Secretary James G. Watt said June 10 that the government plans to sell up to 5 percent of federally owned land — or more than 35 million acres, an area about the size of Florida. But he downplayed the program's magnitude.

"We are not talking about any massive sell-off of federal lands," Watt told a workshop sponsored by the Senate Energy and Natural Resources Subcommittee on Public Lands and Reserved Water.

The U.S. Forest Service May 18 said it was putting 54 of its properties, totaling 42,730 acres, up for sale. And on July 1, 307 parcels of "unneeded federal property," totaling some 60,000 acres, were targeted for sale by Edwin Harper, chairman of the Property Review Board overseeing the program. Board members include top White House staffers, the chairman of the Council of Economic Advisers, and the director of the Office of Management and Budget.

The administration says many of the targeted lands are unused, underused, or poorly used — small, scattered tracts that are too costly to manage and that serve no public purpose.

Some properties in urban areas, although small in terms of acreage, are high in market value. Interior Department officials say the private sector or local governments could put these holdings to good use and manage them more effectively than the federal government. And land-sale proceeds could help reduce the national debt.

"It is just plain vanilla good management," says Assistant Interior Secretary Garrey E. Carruthers, whose department manages the largest share of federal land.

He stressed that the administration "will not sell" National Park System lands, National Wildlife Refuge lands, Indian Trust lands, or "other lands with unique characteristics and national value, such as wilderness areas, designated wild and scenic rivers, and other areas having formal congressional designation."

Critics of the plan say today's depressed real estate market cannot yield the "fair market value" the administration hopes to get for these lands. They say dumping so much land on the market within a few years would further depress prices, possibly injuring private landowners trying to sell at the same time.

Dumping

Furthermore, environmentalists worry that if the administration sets revenue targets before identifying surplus properties, agencies will be encouraged to sell whatever lands they have until those targets are met — rather than to select only lands that are unneeded or have no public value.

Environmentalists are particularly worried about possible sales of grazing lands in the West, a concern shared by many ranchers who lease such lands but fear they will not be able to afford to buy the tracts.

The administration regards such concerns as premature at best. "Initially we will be looking first for high-value lands, generally those in or near urban areas, which are not essential for important federal programs," said Robert F. Burford, director of Interior's Bureau of Land Management, in an April 27 departmental memo.

Targeted Parcels

The July 1 list of parcels targeted for sale by the Property Review Board included properties in every state but Alaska, plus the District of Columbia, Puerto Rico and Guam.

The list included properties

—By Joseph A. Davis

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deemed most readily salable. The greatest portion belong to the Department of Defense, which holds some of the highest-value properties in the federal government's estate.

Cities and states get first crack at these properties. But they must pay fair market value unless they make a strong case that cut-rate conveyance is in the public interest.

Among the July 1 listings were the following:

- A prime beach-front resort on Hawaii's Waikiki Beach, now owned by the Defense Department and used by vacationing troops. The 17-acre property, one of the last open spaces on the beach, is valued by the Office of Management and Budget at $221 million. It cannot be sold without congressional approval, under a 1968 law sponsored by Sen. Daniel K. Inouye, D-Hawaii, who is opposed to the sale.
- The old New York Assay Office on Wall Street, a now-vacant five-story building assessed at $8.3 million this year by New York City.
- A Coast Guard lighthouse at Big Sur, Calif., one of the most scenic areas along the Pacific Coast.
- An 11-acre portion of the U.S. Penitentiary at Terre Haute, Ind.
- A two-acre National Guard vehicle storage facility located in Elizabeth City, N.C.

Authority for Sales

Public land sales are nothing new; indeed they date back to the earliest days of the republic. *(Box, p. 1689)*

A welter of existing federal land laws gives the president, the interior secretary, and other agency heads authority to sell federal property, but the authority is bridled in many respects.

Reagan launched his program Feb. 25 with Executive Order 12348, which invokes the authority of the Federal Real Property and Administrative Services Act of 1949. Because that law covers disposal of surplus federal property by the General Services Administration, some congressional critics say it does not apply to public domain lands.

They note that since the enactment in 1976 of the Federal Land Policy and Management Act (FLPMA), congressional policy emphasis has been not on the disposal of public lands but rather on their retention and management for the common good. *(FLPMA, 1976 Almanac p. 182)*

While FLPMA itself allows land sales, it sets conditions that in practice prevent massive, indiscriminate sales. For example, it entitles Congress to approve land sales of more than 2,500 acres. And it set up a planning process that requires state and local officials to be consulted in land disposal decisions.

In a Feb. 9 memo to Reagan, the Cabinet Council on Economic Affairs warned the president that new laws and regulations might be needed to implement his land-disposal plan.

"Current statutes and the regulations which implement them make commercial sales of federal lands time-consuming, if not practically impossible," the memo said.

Congressional Interest

Congress is taking a definite interest this year as the outlines of the land-disposal program slowly emerge.

Resolutions (S Res 231, H Res 265) in support of the concept have been introduced by Sen. Charles H. Percy, R-Ill., and Rep. Larry Winn Jr., R-Kan., and both the Senate Committee on Energy and Natural Resources and the House Committee on Interior and Insular Affairs have held hearings on the matter.

The non-binding Percy resolution was introduced Oct. 20, 1981, several months before Reagan unveiled his own proposal. It urges the president to liquidate surplus properties to reduce the national debt.

The resolution calls on Reagan to direct executive agencies to inventory their assets, estimate their value, identify the uses to which each is being put, and identify those which are surplus. All this is mandated under existing law, but the process has dragged on for years without completion. The resolution urges the president to recommend to Congress any legislative or administrative changes needed to liquidate surplus assets in an orderly way.

Percy's resolution specifically excludes national parks, monuments, and historic sites as possible sales targets. And it specifies that the proceeds of property sales should be used only to reduce the national debt.

The resolution was scheduled for markup in the Senate Governmental Affairs Committee on June 17, but it was abruptly laid aside — because, according to committee staffers, the administration is planning to introduce its own bill.

That measure, which has not yet been submitted, is expected to include binding language allocating proceeds from sales of government properties to a reduction of the national debt. However, even the full $17 billion Reagan hopes to gain would make no more than a dent in the nation's annual deficit — now expected to exceed $100 billion — let alone in the $1 trillion national debt.

How Much Land?

Exactly how much land the administration can or will sell remains unclear. Right now, it is hard to see where the 35 million acres Watt has cited will come from.

The two likeliest sources are the two biggest federal landholders, the Interior Department and the U.S. Forest Service, an arm of the Agriculture Department. Excluding Alaskan lands covered by legislation enacted in 1980, Interior has about 516 million acres and the Forest Service about 190 million acres of total federal holdings estimated at between 738 million and 770 million acres. *(1981 Weekly Report p. 1900)*

The lands bureau holds by far the largest chunk of Interior's land: about 397 million acres. Most of the remainder is held by the National Park Service (68 million acres) and the U.S. Fish and Wildlife Service (43 million acres), whose lands are not generally available for legal sale or disposal.

The Interior Department June 17 put out a summary of BLM property that it considers suitable for disposal: a total of 4.3 million acres with an estimated fair market value of $2.5 billion.

But land-use plans, required under the 1976 federal land management law, have been completed only for a fraction of that acreage.

"I have encouraged the Bureau of Land Management to accelerate the planning process," Carruthers told the House Interior Subcommittee on Public Lands and National Parks during a June 11 hearing.

Rep. John F. Seiberling, D-Ohio, the subcommittee's chairman, questioned whether accelerated planning was possible, noting that the lands bureau "has dramatically slashed funding in personnel for planning functions. Some state office planning staffs have been cut by as much as 50 percent."

The other major federal landholder, the Forest Service, may not add much to the total acreage available for sell-off beyond the 42,730 acres it identified in May. Forest Service chief R. Max Peterson told

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Public Land Sales: As Old as the Republic

Americans have battled over the disposal of public lands — with words and even guns — for more than 200 years. Thomas Jefferson quarreled with Alexander Hamilton. Cattlemen fought with homesteaders. Today, timber, mining, and energy interests are fighting with environmentalists.

During its first two centuries, the nation disposed of 1.14 billion acres of public land, creating most of its 50 states in the process.

With vast tracts of government-owned land and few settlers to fill them, Jefferson — among others — sought to encourage rapid settlement of the continent by yeoman farmers. Early public land laws such as the Northwest Ordinance of 1785 and the Public Lands Act of 1796 were primarily land-disposal acts.

Hamilton, the nation's first Treasury secretary, saw lands in the public domain as an important source of revenue for the fledgling, cash-starved national government. But the $2 per acre price for parcels no smaller than 640 acres was beyond the reach of the average pioneer.

As new states opened up to the West, there was a growing demand for land for settlement. The sell-off policy yielded to a giveaway policy. The Homestead Act of 1862 gave a 160-acre plot to any pioneer who would live on it and improve it for five years. Other land grants went to agricultural colleges and railroads.

By the end of the 19th century, as the frontier closed and lands best suited for small, non-irrigated farms were largely taken, federal land policies grew obsolete. Stockmen had used the unappropriated public domain lands — the "open range" — for grazing, but these too were closed as the new century wore on.

The U.S. Forest Service set up a grazing permit system in 1905, and the Taylor Grazing Act of 1934 established a management system and grazing fees on remaining public domain lands.

More recently, a growing national interest in conservation — stronger in the East than in the West — brought passage in 1976 of the Federal Land Policy and Management Act (FLPMA). It largely replaced some 2,500 individual laws that had been patched together in the 19th and 20th centuries. *(1976 Almanac p. 182)*

FLPMA, as well as other laws like the Wilderness Act of 1964 and the National Forest Management Act of 1976, reversed the historic policy assumption that public domain lands were to be disposed of, declaring instead that they were to be kept in public ownership and managed for the benefit of the entire nation, unless disposal of a particular parcel were in the public interest. *(Wilderness Act, Congress and the Nation Vol. I., p. 1061; Forest Act, 1976 Almanac p. 192)*

Seiberling's subcommittee that his agency had so far identified 833 acres for disposal — out of its 190 million-acre holdings.

Peterson said that most Forest Service land "cannot easily be assigned clearly to retention or disposal." But he left open the possibility that more land would be targeted after his agency's submittal is analyzed by the Property Review Board.

Minor amounts of land have been earmarked for disposal by other agencies. The U.S. Army Corps of Engineers, for example, administers approximately 12 million acres. The corps told the Property Review Board that it had 34,844 acres of civil works land, worth an estimated $24 million, that were available for disposal.

The Revenue Estimates

Reagan's fiscal 1983 budget projected revenues from the Asset Management Program at $17 billion over five years: $1 billion for fiscal 1983 and $4 billion annually during fiscal 1984-1987.

While the 1983 figures are within the realm of feasibility, it is not clear whether that much land actually will be sold by the end of the fiscal year.

It is even less clear whether or how revenue projections for the later years can be achieved. Acreage identified this year for possible sale was gleaned from a review of all federal lands, making it difficult to locate large amounts of additional surplus land. And if land-sale revenue projections are overstated, then budget deficit estimates are understated.

Furthermore, there is some question about the legality of funneling land-sale proceeds into the general fund for reduction of the deficit.

The Reclamation Act of 1902 requires proceeds from land sales in 16 Western states to be set aside in the Reclamation Fund for use in building irrigation projects in those states. And under the Land and Water Conservation Fund Act of 1964, proceeds from the sale of certain other federal lands are earmarked for federal and state acquisition of land for parks, wildlife refuges, and similar purposes.

Good Neighbor Program

The administration's program to raise money by selling land seems to conflict with its program to give land away to state and local governments in the West under the "Good Neighbor" program, one of the centerpieces of the Reagan administration's effort to defuse the "Sagebrush Rebellion" and please its Western backers.

The federal government is a big presence in the Western "neighborhood," where it holds about 48 percent of the total land. In Nevada, 86 percent of the land is federally owned. Many Western towns have long complained that federal landholdings constrain their development.

The "Good Neighbor" program is authorized under the Recreation and Public Purposes Act of 1954 and goes back as far as the Recreation Act of 1926. This law gives the interior secretary authority to convey certain parcels of federal land to state and local governments for a range of public purposes.

On February 4, 1981, Interior Secretary Watt invited Western governors to identify parcels of federal land that could serve local needs. The governors came back with 361 separate requests from various state, county, and municipal entities for a total of 951,028 acres. Property Review Board officials say almost a third of that land is not eligible for disposal.

By April 1, the Interior Department had authorized use or disposal of 12,666 acres of land under the "Good Neighbor" program.

Give land away.

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Ranchers who lease public lands for grazing are casting a wary eye on President Reagan's proposal to sell off surplus federal property. Many fear they could not afford to buy the land they now are using.

Local governments may get the land free or at a very low price (a so-called "discount conveyance"). For example, Grand County, Colo., leases a 40-acre landfill for $10 per year.

The Property Review Board at its May 21 meeting settled the apparent conflict between the two administration programs by ruling that parties who had submitted their "Good Neighbor" land requests before Reagan's Feb. 25 executive order would get priority consideration. Local governments would have until Sept. 1 to complete their applications for federal land. Thereafter, discount conveyances would still be considered, but on a more limited basis.

The Pros and Cons

"Privatization" of public land is an idea backed by many conservatives in the Reagan camp. They believe that private owners can manage land better than the federal government.

Sen. Paul Laxalt, R-Nev., for example, has called for sale to grazing permit-holders or others of some part of the 155 million acres of grazing land managed by BLM.

"I believe that some form of privatization would benefit all of us, with the possible exception of the bureaucrats who manage the public lands," Laxalt said April 16.

"Those who depend on the land would have the security of tenure. Local governments would see private lands added to their tax rolls. The federal government, which spends more than it garners in nine of the 11 Western states, would end its negative cash flow," he said.

Others in Congress remain skeptical. The June 11 hearing of Seiberling's subcommittee highlighted some of the built-in institutional conflicts between the Interior Department and the Interior Committee over who makes federal land management and policy decisions.

Seiberling was not happy with either the completeness or the timeliness of the information he received from Carruthers.

The subcommittee chairman said he had asked Watt by letter on May 19 for specific information on the lands to be transferred to state and local governments under the secretary's Good Neighbor program, as well as information on property to be sold under the Asset Management Program.

Interior did not provide the information Seiberling wanted, however. Carruthers explained that most of it was still being gathered and was not yet available.

Seiberling then produced leaked Interior Department documents, dating from before his request to Watt, that contained the information he had requested.

Carruthers said the leaked figures were still preliminary and incomplete and did not reflect administration decisions on what to sell.

"I don't consider that cooperation. I consider it to be an affront to the House," Seiberling said. He threatened to subpoena documents and put witnesses under oath if he didn't get what he asked for in the future.

Interior then released to the press on June 17 the information Seiberling had requested — still not supplying it directly to the subcommittee.

Committee criticism of the land-sales proposal was not limited to disclosure issues.

One member who vocally objected to the entire "privatization" concept was Rep. James D. Santini, D-Nev., a self-proclaimed "original sponsor of the Sagebrush Rebellion."

"Privatization misses the boat," Santini said, calling the sales plan "hardly the behavior I would expect from a 'Good Neighbor.'"

"Rather than chase a trillion dollar debt with our national heritage, let's look carefully at just what land is excess," Santini said. "If we do sell some of it, let's put the proceeds in a trust fund for the environmental and recreational needs of the future." ∎

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2-28-83

December 1982 Issue of American Forests

"PRIVATIZATION"—SHORTHAND FOR THE disposal of public lands to private interests to help pay off the national debt—continues to generate debate between conservationists and the Administration, as well as an increasing amount of attention from the national news media. While Administration spokesmen continue to insist that massive disposal of Forest Service and BLM lands is not intended, Interior Secretary Watt has said as much as five percent of the public domain might be sold and Agriculture Secretary John R. Block has announced that from 15 million to 18 million acres of National Forest lands will be studied for potential disposal.

New legislation would be needed for sales of such magnitude, and even as strong an Administration backer as Senator James McClure (R-ID), Chairman of the Senate Energy and Natural Resources Committee, has vowed to block any legislation until the lands to be sold are specifically identified. McClure joined with Senator Dale Bumpers (D-AR) to successfully attach an amendment to the Continuing Resolution that requires the Administration to provide for public and Congressional review of any proposed sales. Although the Continuing Resolution remains in effect only until mid-December, the McClure-Bumpers provision is a clear signal of Congressional skepticism and mistrust of the way the Administration has handled (or mishandled) its land-sales effort.

Rex Resler, American Forestry Association Executive Vice President, issued a statement to the press in early November in which he said: "We (AFA) strenuously oppose changes in the law that would permit wholesale disposal of public lands." Resler characterized massive disposal of public lands as an insidious danger and "an irresponsible fraud which we believe the American public will reject."

2-28-83.

Missoulian 1/13/83

Block sale of forests

Reader comment

"They're Selling our Forests" is the title of a frightening article published by the Wildlife Management Institute in Washington, D.C.

Our president will introduce legislation in the 98th Congress expanding the secretary of agriculture's authority to sell national forest land. A plan to do this has been prepared by the president's Council of Economic Advisers, and the reason, so they claim, is to reduce the national debt.

This effort to divest the public of its lands is the latest in a long line of similar efforts beginning in the 1930s and 1940s.

In 1981, this notion was better known as the Sagebrush Rebellion. Today, the proposal has no name tag, but is known for what it is — a dismal, supposedly quick and easy way, to extricate the federal government from its gloomy economic position.

Congress has always maintained constraints on the disposal of public lands. The secretary of agriculture has limited authority today to dispose of national forest land, but the administration now wants unlimited authority for wholesale disposal. The national debt exceeds $1 trillion. The interest paid by the federal government on that borrowed money in 1983 alone is estimated at $113.2 billion. The administration wants to collect $17 billion from public land sales during the next five years, which is only one-fifth of the interest owed in 1983. It won't reduce the debt at all!

Federal lands managed under multiple-use represent a vast storehouse of publicly owned resources such as outdoor recreation, timber, wildlife, range and minerals which provide millions of hunters, fishermen, campers, picnickers, backpackers, skiers, snowmobilers and others a place to recreate without encountering "No Trespassing" signs.

Federal lands are now available for use and enjoyment by all American citizens. Control of these lands, therefore, should remain in federal ownership since public ownership will ensure continued multiple-use management and public access. This nation cannot rely on the vagaries of private ownership to conserve, coordinate and develop these resources.

We urge the state Legislature to send a resolution to the president, Congress and the Montana congressional delegation to oppose any legislation "to sell our forests" when it emerges in the 98th Congress. — Neal M. Rahm, 1852 35th St., Missoula.

NAME: Don Judge DATE: 2/28/83

ADDRESS: P.O. Box 1176 Helena

PHONE: 442-1708

REPRESENTING WHOM? MT STATE AFL-CIO

APPEARING ON WHICH PROPOSAL: HJR-12

DO YOU: SUPPORT? X AMEND? ______ OPPOSE? ______

COMMENTS: prepared testimony left with Committee

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Ex #2
2-28-83
HJR 12
Sen. Nat. Res.

MONTANA STATE AFL-CIO
AFL CIO
APRIL 29 1956

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF DON JUDGE ON HOUSE JOINT RESOLUTION 12, BEFORE THE SENATE NATURAL RESOURCES COMMITTEE, FEBRUARY 28, 1983

I am Don Judge, representing the Montana State AFL-CIO, speaking in support of House Joint Resolution 12.

We have a convention position which was proposed by the Montana State Building and Construction Trades Council and overwhelmingly concurred in by a convention of delegates from our affiliated unions all across Montana. This position strongly expresses our opposition to any move to transfer the ownership of public lands from their present owners, especially if the eventual owners of those lands would be those who would like to profit most for themselves and not for the public. Working people would certainly not be able to afford to compete with wealthy individuals and corporations to purchase these lands.

Workers in Montana believe in the basic rights for themselves and their children to enjoy the recreational opportunities in this state provided by public lands. They are concerned about the possibility that these lands will become subject to public sale, and therefore, no longer be public lands. Their concern is for the accessibility both now and in the future, to Montana's outstanding recreational opportunities for hunting, fishing and other outdoor activities.

We urge you to give House Joint Resolution 12 a "do pass" recommendation.

Thank you.

NAME: Susan Cottingham DATE: 2/28/83

ADDRESS: Box 1184 Helena

PHONE: 443-2520

REPRESENTING WHOM? MEIC

APPEARING ON WHICH PROPOSAL: HJR 12

DO YOU: SUPPORT? ✓ AMEND? ______ OPPOSE? ______

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: Nancy J. Harte DATE: 2-28-83

ADDRESS: Box 802, Helena

PHONE: 442-9520

REPRESENTING WHOM? Mt. Democratic Party

APPEARING ON WHICH PROPOSAL: HJR 12

DO YOU: SUPPORT? X AMEND? ______ OPPOSE? ______

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME George N. ENGLER BILL NO. HJR 12

ADDRESS 2412 5th Ave So. - Great Falls DATE 2/28/83

WHOM DO YOU REPRESENT Wildlands & Resources Assoc.

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

About 80 members in our Association.

WILDLANDS AND RESOURCES ASSOCIATION

Great Falls, MT.

Chairman

Senator Harold Dover
Chairman, Natural Resources Committee
Montana State Senate
Helena, MT. 59620

February 28, 1983

Dear Senator Dover and Members of the Committee,

The Wildlands and Resources Association of Great Falls urges the support of HJR 12, which opposes the sale of public lands. The Administration's proposal simply is not in the public interest for several reasons. It would dissipate a national resource for an alleged short term debt relief; it would bring instability to present ranching operations dependent on the public lands; it would result in corporate control of the land and its resources with the public locked out; and it is contrary to the intent of Congress as most recently expressed in the Federal Land Policy and Management Act and the National Forest Management Act.

The Administration's stated goal of selling the public land to retire a portion of the national debt is not valid. The objective of seventeen billion dollars over the next five years is only a fraction of the interest each year on the debt. The sales would not retire any of the principal.

Sales of public land would disrupt the stability of the ranching and recreation businesses presently operating on those lands. Because lands are to be sold to the highest bidder the small ranchers and other permittees would not be competitive. Farmers and ranchers are having difficulty paying for machinary and other operating expenses, without trying to buy more land. Furthermore, agricultural lenders are allready holding a lot of "paper" on land of inflated value. It is unlikely they have the funds or the will to support family operators in bidding for the public land. It is therefore obvious that the Administration's proposal would result in transfer of control of the public land to large corporations that do have investment capital.

The Congress has reaffirmed, through the National Forest Management Act and the Federal Land Policy and Management Act, that it is the policy of the federal government to retain the National Forests and the bulk of the public domain in public ownership. Authority already exists, under those Acts and others, for the Secretary of Agriculture and the Secretary of Interior to dispose of, or exchange land, when it is in the national interest to do so.

We would hope that the Montana legislature would urge that the Congress of the United States deny the Administration the authority to pursue extensive sales of the public land.

Respectfully,

George N. Engler

George N. Engler, President
Wildlands and Resources Ass'n.
2412 5th Ave. South
Great Falls, MT. 59405

Medicine River Canoe Club
Great Falls, Montana
February 27, 1985

Natural Resources Committee
Senate
Helena, Montana

To the Committee Members,

Our organization staunchly opposes the sale of public lands. We have recently been hearing the argument that private owners will provide better stewardship of the land. We think there is ample evidence to refute this and fear instead that much of those lands would be subject to abuse and exploitation. Overall, we feel that the various agencies, under whose care these lands have been administered, have done an adequate job in protecting and preserving the public's interests.

Our greatest concern is that if these lands are sold, they will be irrevocably lost to public use, not just for our generation but forever.

We wish to go on record as firmly supporting House Joint Resolution 12 and hope that the federal government will be stymied in its efforts to dispose of our lands.

Respectfully yours,

Walter H. Carpenter
Walter H. Carpenter, President

Eugene H. Cantley
Eugene H. Cantley, Vice President

Dianne L. McDermand
Dianne L. McDermand, Sec.-Treas.
Medicine River Canoe Club
3805 [illegible]th Ave. South
Great Falls, Montana 59405

Exh #5
Nat. Res.

NAME: BOB HELDING DATE: 2-28-83

ADDRESS: Missoula, MT.

PHONE: 728- 3650

REPRESENTING WHOM? Montana Wood Products Assoc.

APPEARING ON WHICH PROPOSAL: HJR 12

DO YOU: SUPPORT? ____ AMEND? ____ OPPOSE? ✓

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

''r H 2
2-28-83
Nat. Res.

Robert M. Helding, representing the Montana Wood Products Association
--speaking in oppostion to House Joint Resolution 12

I was a member of the Montana land law review committee which reviewed this issue. If we consider that 65% of the total land owned by Uncle Sam is located West of the Mississippi and 35% of the land is East of the Mississippi and that the suggestions concerning lands in the West that were presented were good proposals but few were adopted, you can see the Eastern influences dominate the federal land issues, but that is only a political reality.

(Helding then referred to an article from the Missoulian, 9-27-79)

Just reading a little from the article: The federal government should get rid of its large land holdings in the West, delegates representing governments of 13 Western states declared Wednesday.

The policy statement was contained in one of the nine resolutions on public land policy adopted by overwhelming voice vote on the final day of the annual western conference of the Council of STate Governments. Attending the conference were legislators and other officials representing Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada New Mexico, Oregon, Utah, Washington, Wyoming and the possessions of American Samoa and Guam. (end)

I have spent much of my professional life in the tax business and I had occassion last fall to speak on this problem. If you look at these maps and the 1979 statistics you will see that the United States is taking private lands off the tax rolls and converting them to the core of engineers, the defense department and other agencies. If we are going to lose the tax base in the West we are going to be in an even worse financial situation than we are in now. If you add all of the federal lands you will find that 41% of the lands in Montana are not in the land base used for taxation and the private lands are used in determining taxes. According to Newsweek, 63.5 % of the land area belongs to the United States and 42% of each state on average is federal land.

I had the pleasure of telling Governor Brown that 48% of the land in California was federal land. About one-half of our economy is based on the development of resources from our public lands. When we interfer with the federal land situation we only create problems. For example-- RARE I and RARE II have been in the works for 17 years and have tied up 62 Million acres of public lands that continue to be in limbo. We have had a recent adverse law suit completed in California that will add another few years to the delays. We can't work with a study that lasts more than 20 years. And here you want to add another study.

The federal directive was to look at some of your proposals to see if something could be done, to see if lands would be better served by the private ownership of that land rather than through the public ownership.

(165 million acres were to be reviewed by the proposal???

Look at what will happen to the Western economy. Take a look, however, to see whether the public or private ownership of the land is better.

A S
2-28-83
Nat. Res.

Helding displays map of all the public lands--95% of the land owned by the United States is located in the West. The Easterners don't even know what public lands problems are!

Helding showed Map of the Clean Air Problem locations in the West--commenting on the impacts of federal lands on the economy. We must take a good look at what is happening in our economy and take a really good look!

We are entitled in the West to find out what is going to happen to our economy.
Why are big firms leaving the West? These firms are leaving because of the unpredictablilty of the resources in theWest. You can't plan any more in the West and that is a tragedy. In Montana with 35% of our MOntana wilderness devoted to the timber industry we must be able to predict the availability of resources. We in the timber industry will never come back to the levels of production that we once had, but we want to resume production.

Helding showed Map of BLM lands.

I don't think that it hurts one damn bit if we look at the public ownership and see if we can do better with private ownership of the land.

Helding cited examples of land publically owned in several Montana counties--Beaverhead has over 2 million acres, Valley and Philipsburg each with 1 and 1/2 million acres, Lewis and Clark with 1 million acres.

we
These are the questions that are going to be looked at by the federal government on the problem of federal ownership.
We have had in the past the frustrations of the Sagebrush Rebellion.
I see good reason to study the federal lands situation. The peopl have a right to know what type of flow of natural resources will be available inthe state.
As stated in the resolution:
The sale of public lands could be made to the highest bidder, the result could be the elimination of the small rancher, timber operator, and other small commercial enterprises" . . is a bunch of blarney

We have the problem now with the ongoing studies and now more study is proposed. You have to bit the bullet sometime. We should work to pay off the federal deficit. It's an admirable thing to do in my opinion.

THE MISSOULIAN 9-27-79

Submitted by
Robert Helding
Mt. Wood Prod. Assoc.
2-28-83
Nat. Res.

Council of state officials seeking sale of all federal lands in West

By GARRY J. MOES
Associated Press

HELENA — The federal government should get rid of its large land holdings in the West, delegates representing governments of 13 Western states declared Wednesday.

The policy statement was contained in one of nine resolutions on public land policy adopted by overwhelming voice vote on the final day of the annual western conference of the Council of State Governments.

Although the five-day meeting focused almost entirely on energy, nearly half the resolutions approved dealt with the growing federal-state land conflict popularly called the Sagebrush Rebellion.

Among the resolutions was one asking Congress to waive the federal government's immunity from lawsuit for five years so that Western states can challenge in court the constitutionality of federal retention of public lands.

A three-paragraph statement resolved that "Congress pass legislation to require the disposition of federal lands to state, territorial and local governments and private ownership."

Attending the conference were legislators and other officials representing Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and the possessions of American Samoa and Guam.

A more detailed land-policy resolution endorsed a bill by U.S. Sen. Orrin Hatch, R-Utah, to divest the federal government of the public domain and give it to the states.

It took special exception to the Bureau of Land Management's recent decision to withdraw "Areas of Critical Environmental Concern" from public access, with greater restrictions than apply to national wilderness areas. "Such areas ... represent an additional effort by the federal govenment to inhibit and restrain the orderly, appropriate and responsible development of the resources of the public lands located within the western states," the resolution said.

The conference also adopted a comprehensive, 41-point "Public Land Policy of the Western States" to guide the Western Region of the Council of State Governments and Western Interstate Region of the National Association of Counties in new efforts for local control of public lands.

That policy statement also included a recommendation that the BLM Organic Act be amended to require disposition of federal lands. And it called for modifications of the act to "decrease the arbitrary authority of the secretary of the interior in dealing with such activities as mining, grazing and rights of way.

The policy statement called for land transfers to end the checkerboard pattern of public and private land ownership in the West and for greater weight to state and local government opinions than those of special interest groups in development of BLM regulations.

It called for tighter guidelines for wilderness selection. A separate resolution asked Congress to delay any further wilderness designation until such has been approved by the legislatures and governors of the affected states.

"Each state is best qualified to judge and evaluate any change in designation of public lands within its own borders," the resolution said.

Another resolution condemned federal efforts "to circumvent and ignore the primary role of the states to allocate and manage the water resources within their jurisdiction."

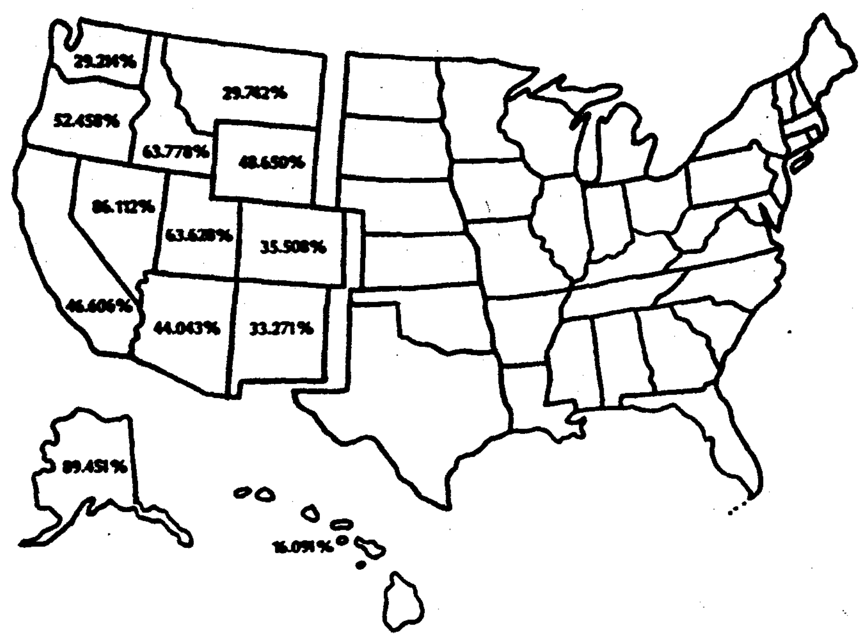
The conference's official pronouncements on energy included resolutions:

- Endorsing the versions of bills creating President Carter's Energy Mobilization Board that would prohibit any overriding of substative state and local laws in pursuit of approval for national priority energy projects.
- Calling for congressional licensing of the Arizona Power Authority to construct the Hualapai Dam on the Colorado River.
- Encourging the state and federal authorities to promote every known potential source of energy supply from — fossil and synthetic fuels to exotic technologies and conservation.
- Calling on the 13 members states to examine and revise any of their laws that might restrict car-, bus- and van-pooling arrangements.

Another set of resolutions called for more state power and flexibility in using federal grants and challenging federal regulations. One advocating a "federal regulatory rebellion" called for a kind of civil disobedience by Western legislatures, through concerted enactment of laws defying federal statutes and regulations.

Robert Helding, of Mt. Wood Products Association

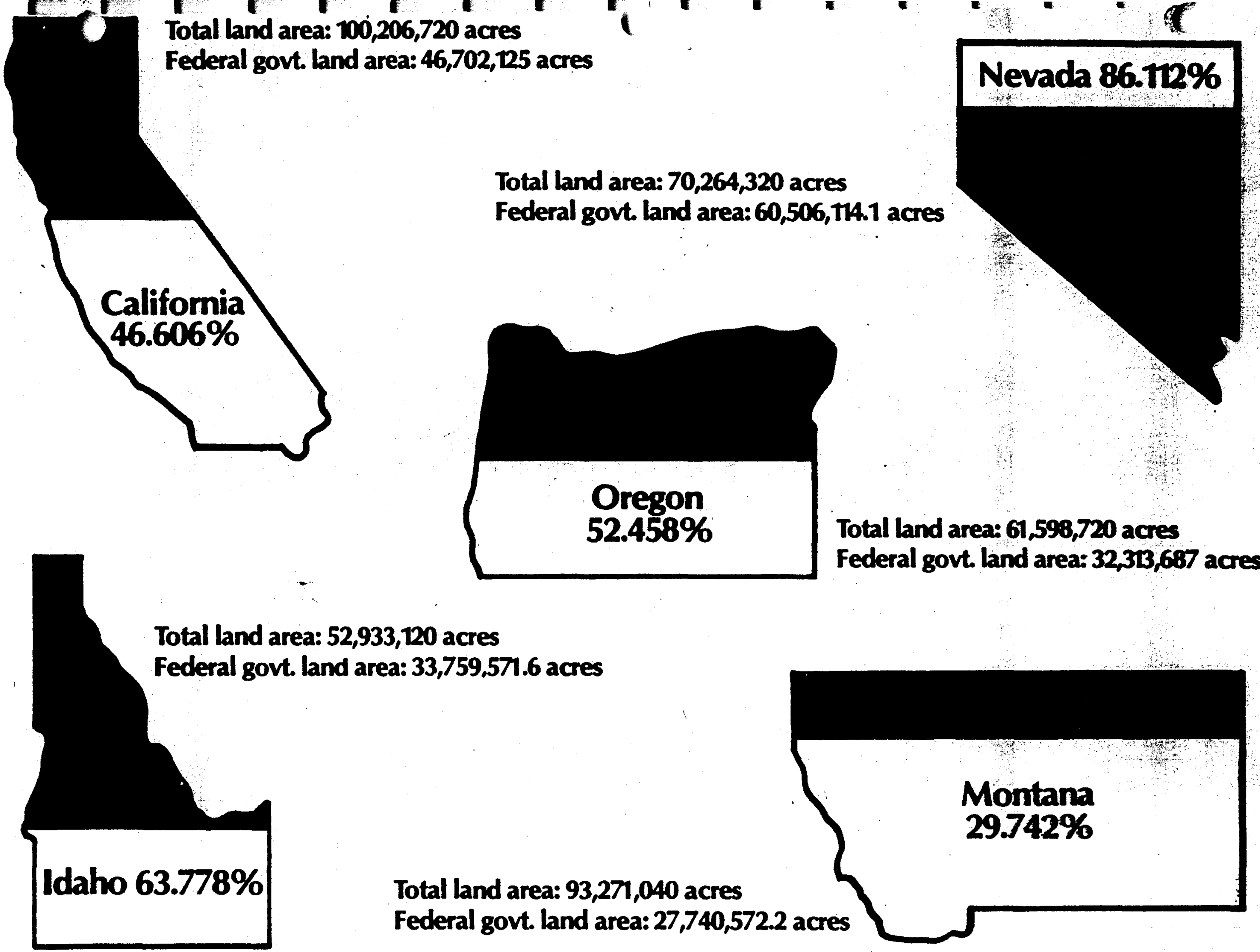
MONTANA WOOD PRODUCTS ASSOCIATION

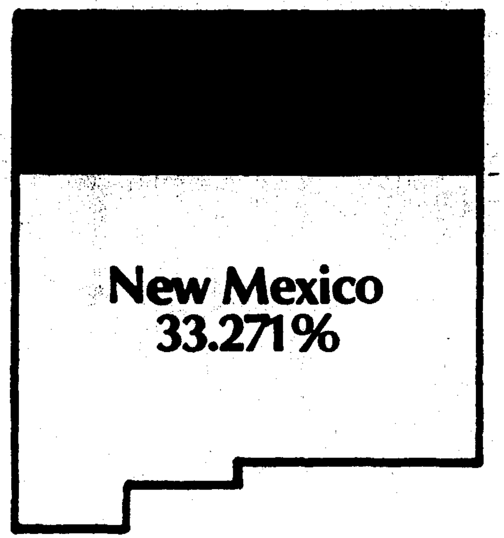


Source: PUBLIC LAND STATISTICS, 1979
U.S. Department of the Interior

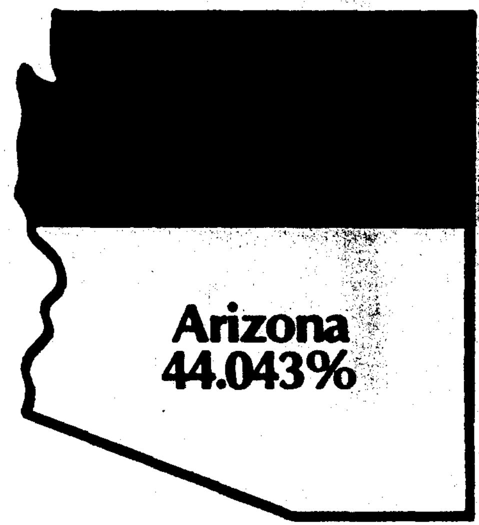
Significance of federal government land ownership in the Western States

2.28-83 Nat Res.

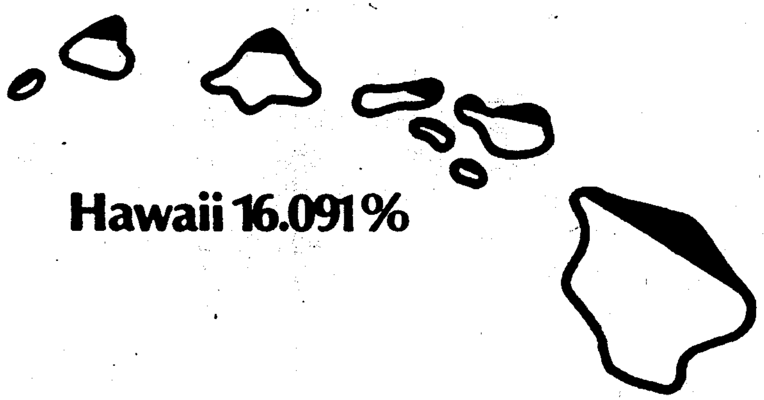

Total land area: 100,206,720 acres
Federal govt. land area: 46,702,125 acres
California
46.606%
Total land area: 70,264,320 acres
Federal govt. land area: 60,506,114.1 acres
Nevada 86.112%
Oregon
52.458%
Total land area: 61,598,720 acres
Federal govt. land area: 32,313,687 acres
Total land area: 52,933,120 acres
Federal govt. land area: 33,759,571.6 acres
Idaho 63.778%
Montana
29.742%
Total land area: 93,271,040 acres
Federal govt. land area: 27,740,572.2 acres



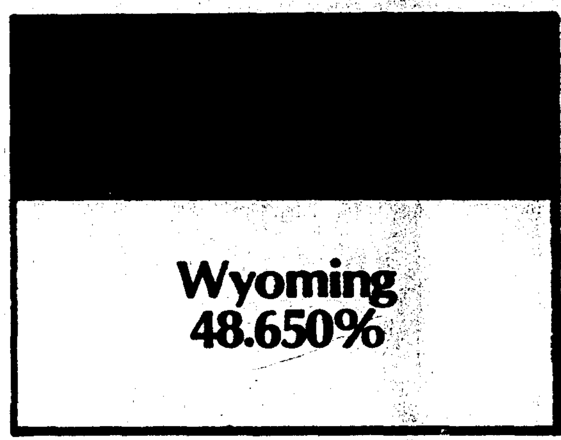
Total land area: 77,766,400 acres
Federal govt. land area: 25,873,744.7 acres



Total land area: 72,688,000 acres
Federal govt. land area: 32,014,276.1 acres



Total land area: 4,105,600 acres
Federal govt. land area: 660,620.1 acres



Total land area: 62,343,040 acres
Federal govt. land area: 30,329,555.5 acres

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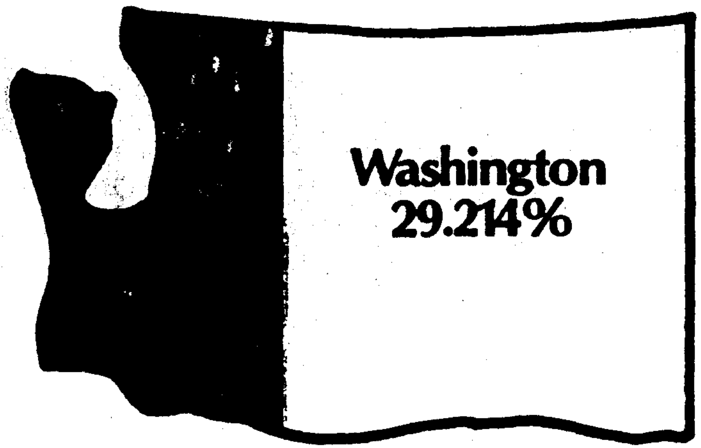
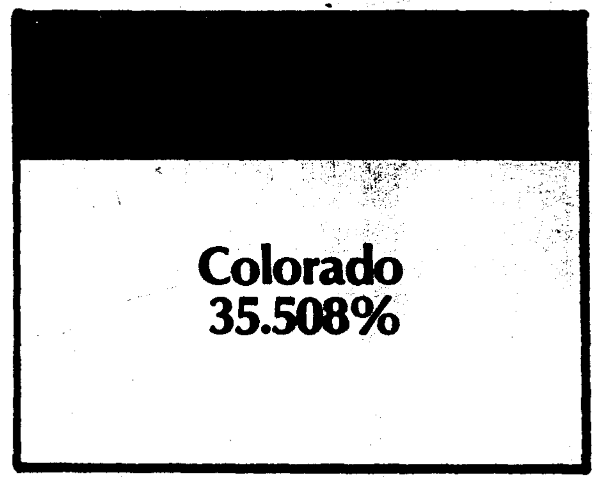
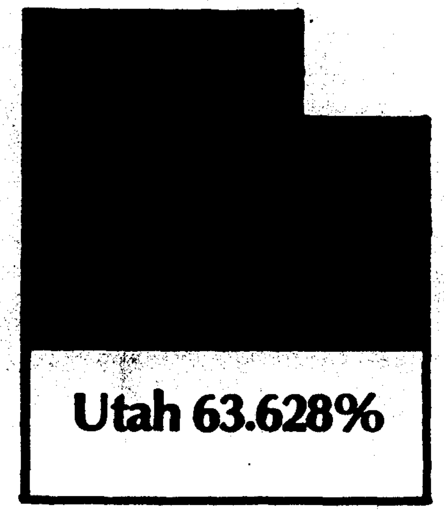
2-28-83
Nat. Res.



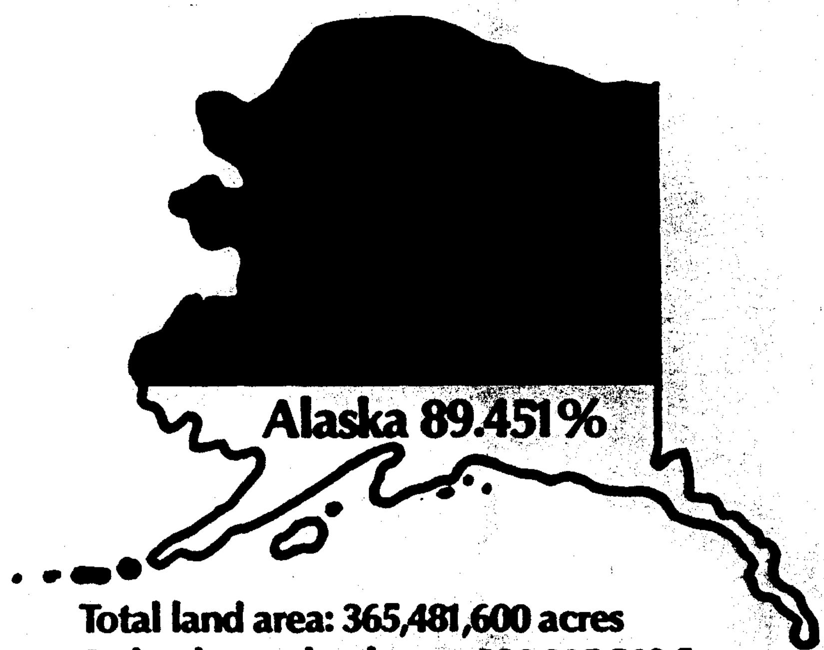
Total land area: 42,693,760 acres
Federal govt. land area: 12,472,703.7 acres



Total land area: 66,485,760 acres
Federal govt. land area: 23,607,946.5 acres



Total land area: 52,696,960 acres
Federal govt. land area: 33,529,967.4 acres



Total land area: 365,481,600 acres
Federal govt. land area: 326,925,560.5 acres

2-28-8
Nat. Res.

HJKL
Nat Res. 1

NAME: DENNIS SANDBERG DATE: 2-28-83

ADDRESS: P.O 491 GLENDIVE, MT

PHONE: (406) 365-5294 - HELENA - 449-6357

REPRESENTING WHOM? TENNECO COAL - TENNECO GASIFICATION & INTAKE WATER

APPEARING ON WHICH PROPOSAL: HJR-2

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENTS: OUTLINE TO SECRETARY

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

~~1/21/83~~
2/28/83
NATRES

I. Introduction
Tenneco Coal, Tenneco Coal Gasification, and Intake Water Co.

II. Opening
TCGC plans to file under Montana's Major Facility Siting Act on April 1, 1984.
Great Plains is approximately ~~39%~~ 45% complete employing ~~3,100.~~ 3,700

III. Tenneco Coal Gasification Co. Status
We need at least one year of successful operation at Great Plains.
Most of the community growth induced by our project is expected to be distributed along this 100 mile corridor from Glendive to Dickinson.

IV. Intake Water Co. Status
The Draft Environmental Statement on the Yellowstone Diversion Project was filed with the EPA December 22, 1982.

V. Tenneco Coal Co. Status
Approximately 70% of the coal is in Montana, 30% in North Dakota.

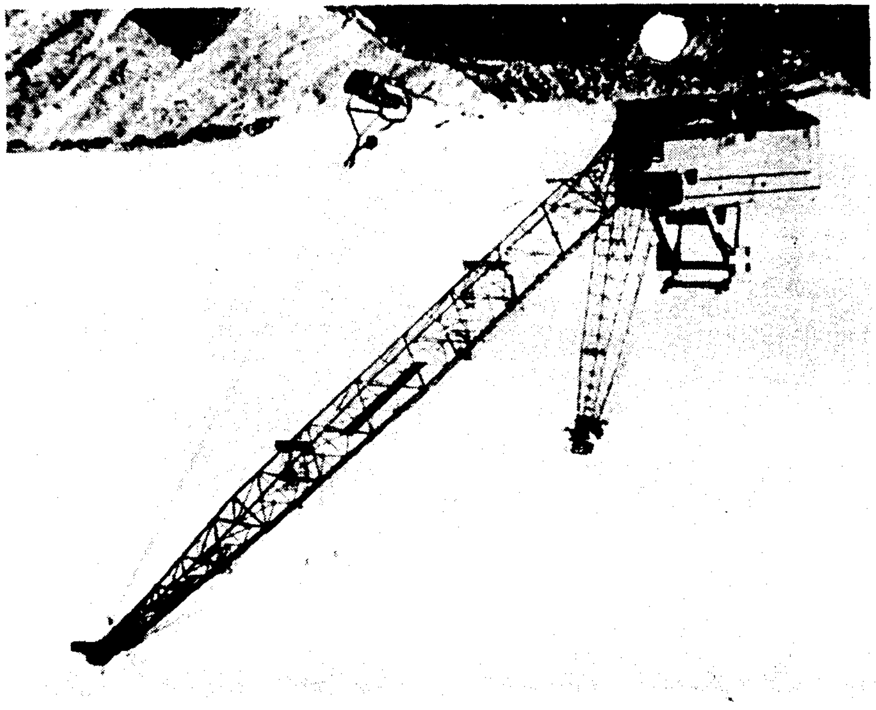
VI. Transportation System
Plans are to transport the pipeline quality gas from Great Plains in 1984 and from Beach-Wibaux in the early 1990's through the new Northern Border Pipeline to markets in the Midwest.

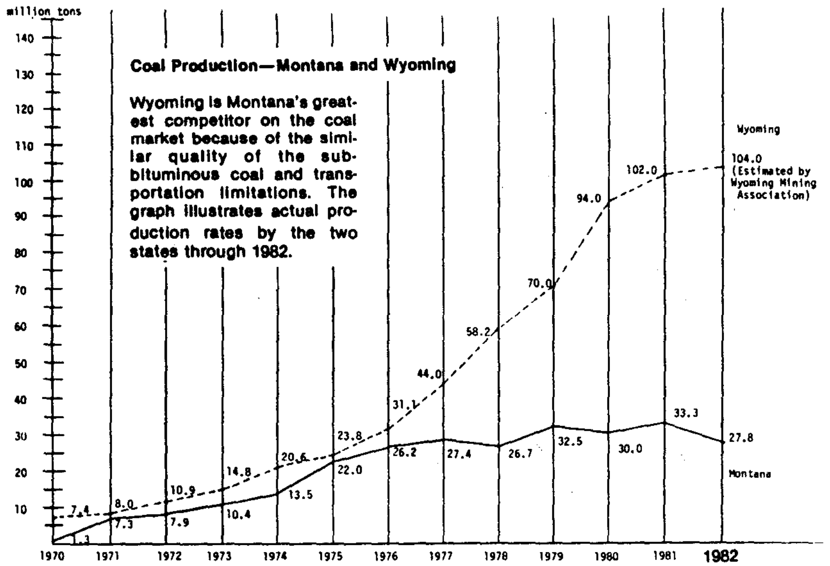
VII. Summary
Montana has an excellent opportunity to have the nation's second commercial size coal gasification project.

VIII. Closing
This project needs the support of both states before it can become a reality.

Montana Coal 1983

Every ton of Montana coal replaces 3½ barrels of foreign oil.





Coal Production—Montana and Wyoming

Wyoming is Montana's greatest competitor on the coal market because of the similar quality of the subbituminous coal and transportation limitations. The graph illustrates actual production rates by the two states through 1982.

Source: Wyoming - Annual Report of the State Inspector of Mines of Wyoming, 1980
Montana - Workers Compensation Division, Bureau of Safety & Health

This brochure was prepared by the staff of the Montana Coal Council with the assistance of informational sources quoted. The Montana Coal Council is a trade association whose members are involved in the production of coal in Montana. We support realistic state and national environmental and social standards. The Council also recognizes the need for a federal energy policy that will lead to the development of domestic energy sources and reducing this nation's dependence on foreign oil.

Montana Coal Council
2301 Colonial Drive
Helena, MT 59601

Executive Director: James D. Mockler
Office Manager: Danette M. Warren

Tenneco

A PUBLICATION OF TENNECO INC. WINTER 1982

Tenneco Coal
A Tenneco Company

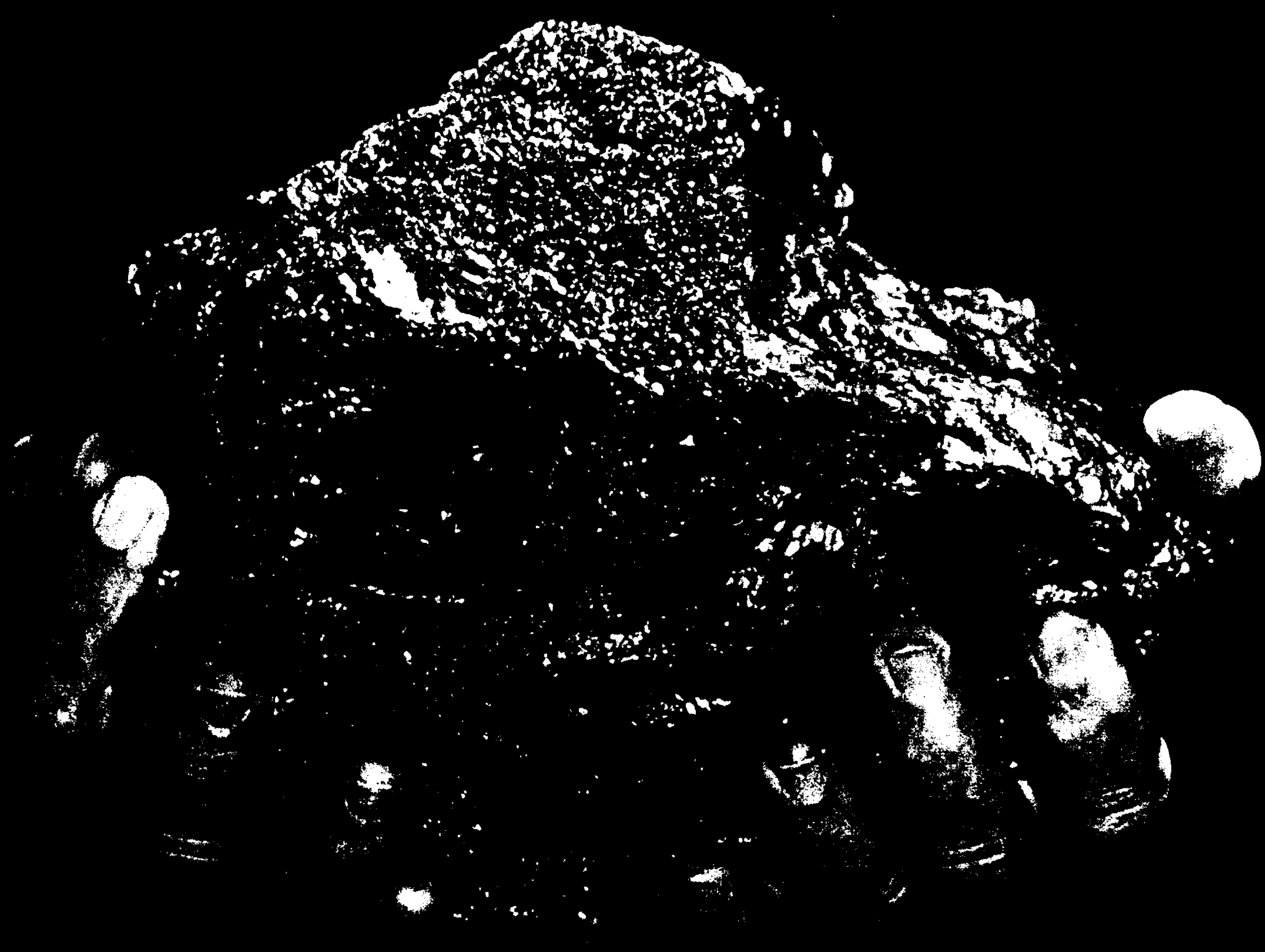
Dennis G. Sandberg
Energy Development
Representative

1983 Legislative Address
2301 Colonial Drive
Helena, Montana 59601
(406) 449-6357

Glendive, Montana
(406) 365-5294

Tenneco Coal Gasification

Intake Water



HJR 2 #2
Nat Res.
2-28-83

January 21, 1983

REGARDING INTAKE'S YELLOWSTONE DIVERSION PROJECT
DRAFT ENVIRONMENTAL STATEMENT

C-3 . . . flows will not be reduced below 4400 cfs during the irrigation season when water is needed by LYID (Lower Yellowstone Irrigation District). . .

D-13, D-14 Letter of Understanding with the Board of Control - Lower Yellowstone Irrigation Project Nos. 1 and 2 . . . reflects intentions of IWC (Intake Water Co.) . . . to provide a share of the operating and maintenance (O and M) costs of the existing dam . . . at Intake . . . beginning the first year IWC actually diverts water . . .

D-4, D-5, D-6 Periods of Restricted Pumping (For example, if IWC had been diverting water in 1961, 74 days of no pumping would have avoided infringing on senior water right holders. The reservoir has sufficient capacity to allow 90 consecutive days of no pumping.)

2-
2.28.83

IWC will also notify MDFWP of intended pumping plans when river flows fall to or below 5000 cfs during those months (Exhibit C-3). Also, flows will not be reduced below 4400 cfs during the irrigation season when water is needed by the LYID;

- Assisting MDFWP in the construction of recreational facilities on Joe's Island. The facilities would be constructed at the same time as the YDP facilities using the all-weather road for access. MDFWP will obtain all necessary clearance for the facilities and be responsible for their maintenance (Exhibit C-4);

- Allowing public access to the reservoir for recreational purposes; however, MDFWP will have sole responsibility of maintenance and policing the facility. IWC will have sole right to the water for beneficial use and limited liability for recreational use of the reservoir as defined in current statutes (Exhibit C-5); and

- Upon completion, facilities would be painted to blend into the surrounding environment.

Intake Water Co. .pany
A Tenneco Company

P.O. Box 2511
Houston, Texas 77001
(713) 757-2131

TENNECO

2-28-83

September 29, 1982

Exhibit D-1

Board of Control
Lower Yellowstone Irrigation
Project Nos. 1 & 2
P.O. Box 112
7th Avenue S. W.
Sidney, Montana 59270

Gentlemen:

Pursuant to paragraph e, page 2, of Intake Water Company's License to Construct, Operate and Maintain a Pumping Plant and Its Facilities Upon, Under, Over and Across Reclamation Land, dated June 19, 1973, by and between Intake Water Company (IWC) and the United States Department of the Interior, Bureau of Reclamation. The Board of Control (BOARD) of the Lower Yellowstone Irrigation Districts Nos. 1 and 2 (LYID) desires to enter into a Letter of Understanding, which reflects the intentions of IWC to enter into a contract with the BOARD, to provide a share of the Operating and Maintenance (O and M) costs of the existing dam across the Yellowstone River and related equipment at Intake, Montana and known as the Lower Yellowstone Irrigation Project (LYIP).

Paragraph e states as follows:

> "It is contemplated that the Licensee will enter into a contract with the Board of Control of the Lower Yellowstone Irrigation Districts Nos. 1 and 2, present operators of the Lower Yellowstone Project, under which the Licensee will accept an appropriate share of the O and M costs of the Lower Yellowstone Diversion Dam; also that the Licensee shall make appropriate arrangements with the existing lessee of the lands above described."

Equipment to be included in this agreement for the purposes of determining O and M expenses are the north and south wooden towers, boiler house, bridge over the gates, north and south buttress and underwater dam. For the purposes of this agreement, a year shall be defined as beginning on January 1 and continuing through the following December 31.

BOARD shall provide IWC with historical O and M costs of the Lower Yellowstone Diversion Dam and related facilities, and shall at the earliest possible date each year, provide IWC with its projected O and M budget for the following year, so as to facilitate IWC's planning process.

IWC shall commence payment to LYIP of its share of the actual O and M expenses for the facilities, as set forth above, beginning the first year IWC actually diverts water. No payment shall be made for any year prior to actual diversion of water by IWC.

BOARD shall allow IWC, at its request, the right to examine all records pertaining to the O and M of the facility.

IWC shall pay LYIP Fifty percent (50%) of the total O and M expenses for the equipment set forth above, not to exceed a total payment of $25,000 by IWC in any year.

In any year in which Fifty percent (50%) of the O and M exceeds Twenty-five Thousand dollars ($25,000), IWC and LYIP shall meet and by mutual agreement determine what, if any, portion of the amount in excess of $25,000 is to be borne by IWC.

BOARD agrees that IWC may, at its own risk and expense, undertake to raise the height of the existing Lower Yellowstone Diversion Dam by the addition of flash boards, or other mutually acceptable means, to enhance IWC'S ability to divert, so long as said diversions do not reduce BOARD'S ability to divert its full water right.

After IWC has obtained all the necessary permits, legal documents and licenses necessary, and after construction commences, IWC will enter into a contract with the BOARD which reflects the contents of this Letter of Understanding. Please sign, date and return the original and three duplicate copies to IWC indicating acceptance of this understanding. Retain the remaining duplicate copy for your records.

Sincerely,

Richard L. Echols

Richard L. Echols
Agent and Attorney-in-Fact

APPROVED
AS TO FORM
9/31/82 DHS
LEGAL DEPT.

Accepted and agreed to this
5th day of October, 1982.

Robert [illegible]

Title Project Manager

RLE:ac

cc: File - YDP

2-28-83

TABLE D-2

PERIODS OF RESTRICTED PUMPING FOR THE YDP FACILITY

SIDNEY GAGE

PERIOD OF RECORD (29 YEARS) 1952-1980

Water Year	Number of Days No Pumping		Number of Days Restricted Pumping*		Total
	Irrigation	Non-irrigation	Irrigation	Non-irrigation	
1952	--	7	--	--	7
1953	--	4	1	--	5
1954	--	14	2	--	16
1955	29	--	1	--	30
1956	--	5	--	--	5
1957	--	--	--	--	--
1958	--	--	--	--	--
1959	--	--	--	1	1
1960	41	9	2	--	52
1961	68	6	2	3	79
1962	--	9	--	--	9
1963	--	7	--	1	8
1964	--	7	--	--	7
1965	--	--	--	--	--
1966	20	--	5	--	25
1967	--	--	--	--	--
1968	--	--	--	--	--
1969	--	--	--	--	--
1970	--	--	--	--	--
1971	--	--	--	--	--
1972	--	--	--	--	--
1973	--	--	--	--	--
1974	--	--	--	--	--
1975	--	--	--	--	--
1976	--	--	--	--	--
1977	--	--	--	3	3
1978	--	7	--	1	8
1979	--	--	--	--	--
1980	--	--	--	--	--

*Pumping restricted below the maximum rate of 200 cfs.

2-28-83

TABLE D-3

PERIODS OF RESTRICTED PUMPING FOR THE YDP FACILITY
MILES CITY GAGE
PERIOD OF RECORD (52 YEARS) 1930-1981

Water Year	Number of Days No Pumping		Number of Days Restricted Pumping*		Total
	Irrigation	Non-irrigation	Irrigation	Non-irrigation	
1930	--	3	--	4	7
1931	63	--	--	2	65
1932	--	14	3	9	26
1933	8	10	4	--	22
1934	74	--	4	--	78
1935	35	12	11	6	64
1936	27	15	3	6	51
1937	46	19	--	--	65
1938	2	--	1	--	3
1939	37	1	2	--	40
1940	53	11	--	--	64
1941	3	7	2	2	14
1942	18	9	6	--	33
1943	--	2	--	--	2
1944	--	--	3	--	3
1945	--	7	--	1	8
1946	7	6	3	--	16
1947	--	4	--	--	4
1948	11	--	6	--	17
1949	19	1	3	2	25
1950	--	2	--	3	5
1951	--	--	--	--	--
1952	--	1	--	--	1
1953	1	--	9	--	10
1954	4	2	1	--	7
1955	30	--	2	--	32
1956	--	5	--	--	5
1957	--	7	--	--	7
1958	--	--	--	--	--
1959	2	2	8	--	12

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TABLE D-3 (Concluded)

Water Year	Number of Days No Pumping		Number of Days Restricted Pumping*		Total
	Irrigation	Non-irrigation	Irrigation	Non-irrigation	
1960	45	9	8	--	62
1961	68	5	2	--	75
1962	--	4	--	1	5
1963	--	5	3	--	8
1964	--	1	--	1	2
1965	--	1	--	--	1
1966	31	--	6	--	37
1967	--	--	--	--	--
1968	--	--	--	--	--
1969	--	--	--	--	--
1970	--	--	--	--	--
1971	--	--	--	--	--
1972	--	--	--	--	--
1973	--	--	--	--	--
1974	--	--	--	--	--
1975	--	--	--	--	--
1976	--	--	--	--	--
1977	12	--	2	--	14
1978	--	4	--	1	5
1979	--	--	--	--	--
1980	--	--	--	--	--
1981	5	--	8	--	13

*Pumping restricted below the maximum rate of 200 cfs.

HJK 2 2-28-83

Forty-eighth
Legislative Assembly
of North Dakota

HOUSE CONCURRENT RESOLUTION NO. 3002

Lignite

Introduced by

Legislative Council

(Interim Tenneco Plant Committee)

A concurrent resolution directing the Legislative Council to create a special Legislative Council interim committee to conduct a study of the impacts on North Dakota from the proposed Tenneco coal gasification plant at Wibaux, Montana.

WHEREAS, it appears that a coal gasification plant will soon be constructed at or near Wibaux, Montana; and

WHEREAS, the city of Beach, North Dakota, and its surrounding area will in all probability be heavily impacted by the Tenneco project, due to its size and proximity to the Beach area; and

WHEREAS, the initial mining plan submitted by Tenneco calls for coal to be mined in both North Dakota and Montana but it is estimated that the North Dakota coal will not be mined for approximately 20 years after plant production begins; and

WHEREAS, the precedent has been established that coal development impact aid made pursuant to North Dakota Century Code Chapter 57-62 may be used only to mitigate the adverse effects of development of North Dakota coal; and

WHEREAS, depending upon the mining progression established by Tenneco, the Beach area may be heavily impacted for a number of years before becoming eligible for coal development impact grants if no coal is mined in North Dakota during those years; and

WHEREAS, the Tenneco project, because of its need for large water supplies, may affect water rights in North Dakota; and

WHEREAS, since Tenneco may provide municipal water supplies to the city of Beach, the proposed Southwest Pipeline Project in North Dakota may be affected;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Legislative Council create a special interim committee with one member chosen from the area that will be impacted by the proposed Tenneco project; and

BE IT FURTHER RESOLVED, that the special Legislative Council interim committee conduct a study of the potential impact of the Tenneco coal gasification plant upon the city of Beach, North Dakota, and the surrounding area, with special emphasis placed on alternative methods of ensuring continuous impact assistance to the area throughout the life of the plant; and

BE IT FURTHER RESOLVED, that the special Legislative Council interim committee conduct a study of the potential impact of the Tenneco coal gasification plant water supply projects upon water rights in North Dakota and upon the proposed Southwest Pipeline Project; and

BE IT FURTHER RESOLVED, that the special Legislative Council interim committee communicate and meet with an appropriate committee or entity from the state of Montana to arrive at a solution mutually acceptable to both states; and

BE IT FURTHER RESOLVED, that the special Legislative Council interim committee operate according to the statutes and procedures governing the operation of other Legislative Council interim committee and make its report and recommendations to the Legislative Council; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Forty-ninth Legislative Assembly.

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HB 1192 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

MADAM SPEAKER: Your Committee on Natural Resources to which was referred HCR 3002 has had the same under consideration and recommends by a vote of 17 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 2, delete lines 18 through 21, and insert in lieu thereof:

"BE IT FURTHER RESOLVED, that the state of Montana be respectfully requested to designate or establish a similar committee to meet with this special Legislative Council interim committee to arrive at a solution mutually acceptable to both states; and

BE IT FURTHER RESOLVED, that a copy of this resolution be respectfully submitted to the Governor of Montana, its Senate, and its House of Representatives; and"

And renumber the lines accordingly

REP. BROKAW, Chairman

HCR 3002 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

MADAM SPEAKER: Your Committee on Judiciary to which was referred HB 1056 has had the same under consideration and recommends by a vote of 15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING that the same DO PASS.

REP. E. POMEROY, Chairman

HB 1056 was placed on the Eleventh order of business on the calendar for the succeeding legislative day.

MADAM SPEAKER: Your Committee on Education to which was referred HB 1074 has had the same under consideration and recommends by a vote of 17 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING that the same DO PASS.

REP. JACOBSON, Chairman

HB 1074 was placed on the Eleventh order of business on the calendar for the succeeding legislative day.

MADAM SPEAKER: Your Committee on Education to which was referred HB 1076 has had the same under consideration and recommends by a vote of 13 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING that the same DO PASS.

REP. JACOBSON, Chairman

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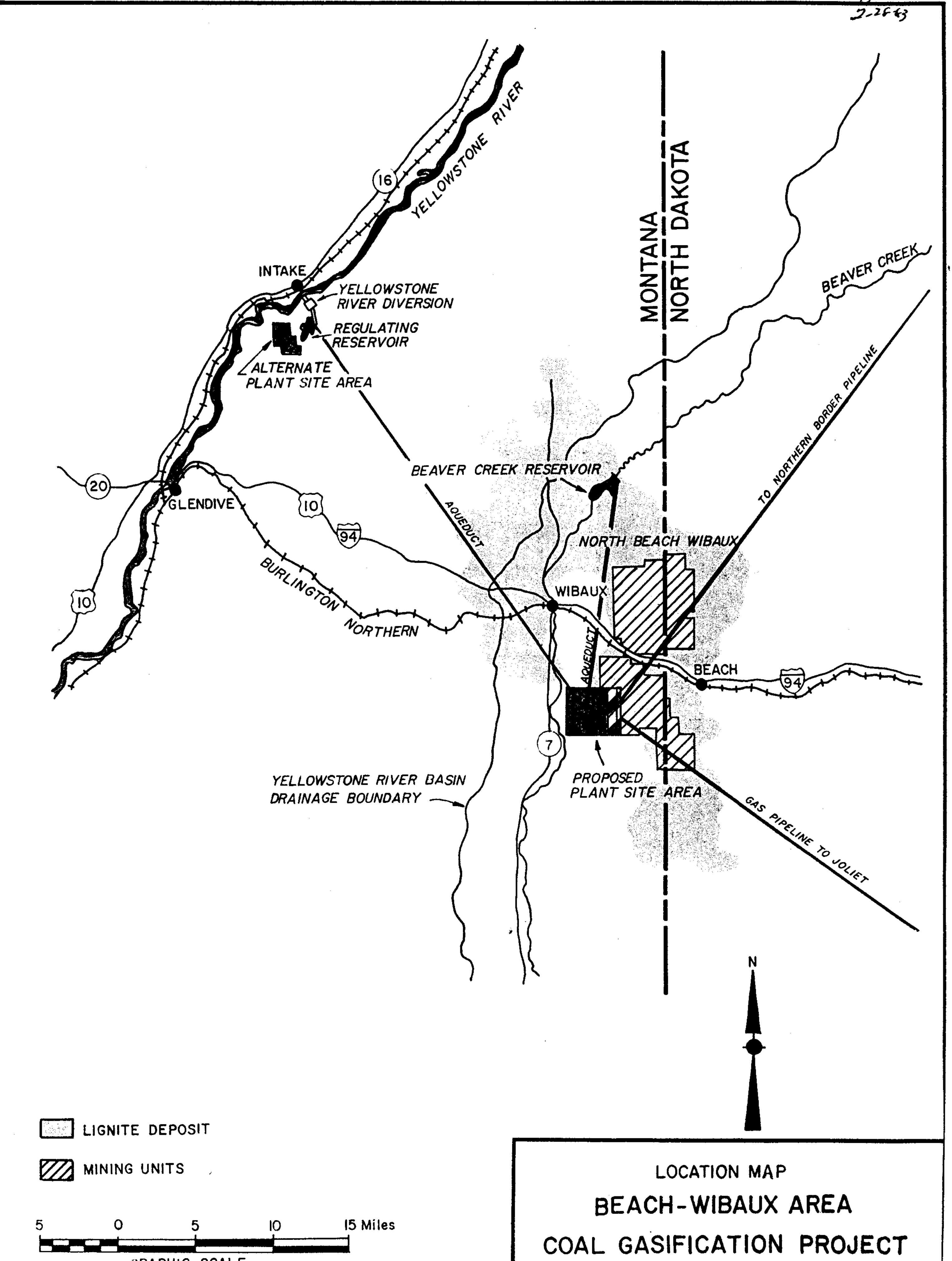

LOCATION MAP
BEACH-WIBAUX AREA
COAL GASIFICATION PROJECT

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TENNECO COAL GASIFICATION COMPANY

MONTANA LONG-RANGE PLAN

APRIL 1, 1982

2-28-83

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INTRODUCTION

Tenneco Coal Gasification Company, a subsidiary of Tenneco Inc., hereby files its 1982 Long-Range Plan under the Montana Major Facility Siting Act (MMFSA), in accordance with Section 75-20-501, MCA.

The efforts of Tenneco Coal Gasification Company to proceed with preliminary engineering and site related environmental analysis for the location of a coal gasification plant in Wibaux or Dawson County, Montana are outlined in this plan. The plant will consume 13.5 million tons of lignite feedstock annually and produce approximately 280 million standard cubic feet per day (MMSCFD) of synthetic natural gas (SNG). The plant's life is projected to be at least 30 years, and the available lignite reserves are well in excess of requirements for the life of the plant.

The SNG will be transported through a pipeline constructed to connect the plant with the Northern Border pipeline in North Dakota, or through a pipeline constructed from the plant to Joliet, Illinois. Either pipeline will deliver gas into the facilities of Midwestern Gas Transmission Company, a subsidiary of Tenneco Inc., near Joliet, Illinois. From there the gas can be delivered by displacement to other marketing areas of Tenneco Inc.'s divisions or subsidiaries in the Northeastern part of the United States during the early 1990's and beyond.

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Tenneco plans to complete Phase I work consisting of preliminary engineering, site confirmation, and environmental analysis by the end of 1985. Phase II - which includes detailed engineering, procurement, and construction is projected for completion in 1990 with the plant operating at full capacity by early 1991.

To the extent possible, this Long-Range Plan furnishes information in each of the areas required under Section 75-20-501, MCA, including: (1) the general location, (2) the coordination of the project with the overall energy needs of the region, (3) the attention to be given to environmental protection and land use planning in the planning process, and, (4) a description of the projected demand for the services to be made available by the project.

THE GENERAL LOCATION, SIZE, AND TYPE OF ALL FACILITIES TO BE OWNED AND OPERATED DURING THE ENSUING TEN (10) YEARS, AS WELL AS THOSE FACILITIES TO BE REMOVED FROM SERVICE DURING THE PLANNING PERIOD

The coal gasification project will involve the following components, all of which may not be facilities as defined by MMFSA: (1) a coal gasification plant, (2) a surface mine, (3) a water supply system, and, (4) a natural gas pipeline and all ancillary facilities.

COAL GASIFICATION PLANT

Tenneco proposes to build a coal gasification plant in Wibaux County, Montana to produce 280 MMSCFD of synthetic natural gas from coal. This location is shown on the project location map, Figure I.

The preferred plant site is within a nine section area located approximately 5 miles southeast of Wibaux, Montana. This area lies on the western outcrop of the coal deposit and will not cover mineable coal. Based on existing information, Tenneco considers the project site to have no excluding environmental constraints. The region is a low seismic risk zone with relatively simple structural geology, and does not have any other significant natural hazards such as floodplains.

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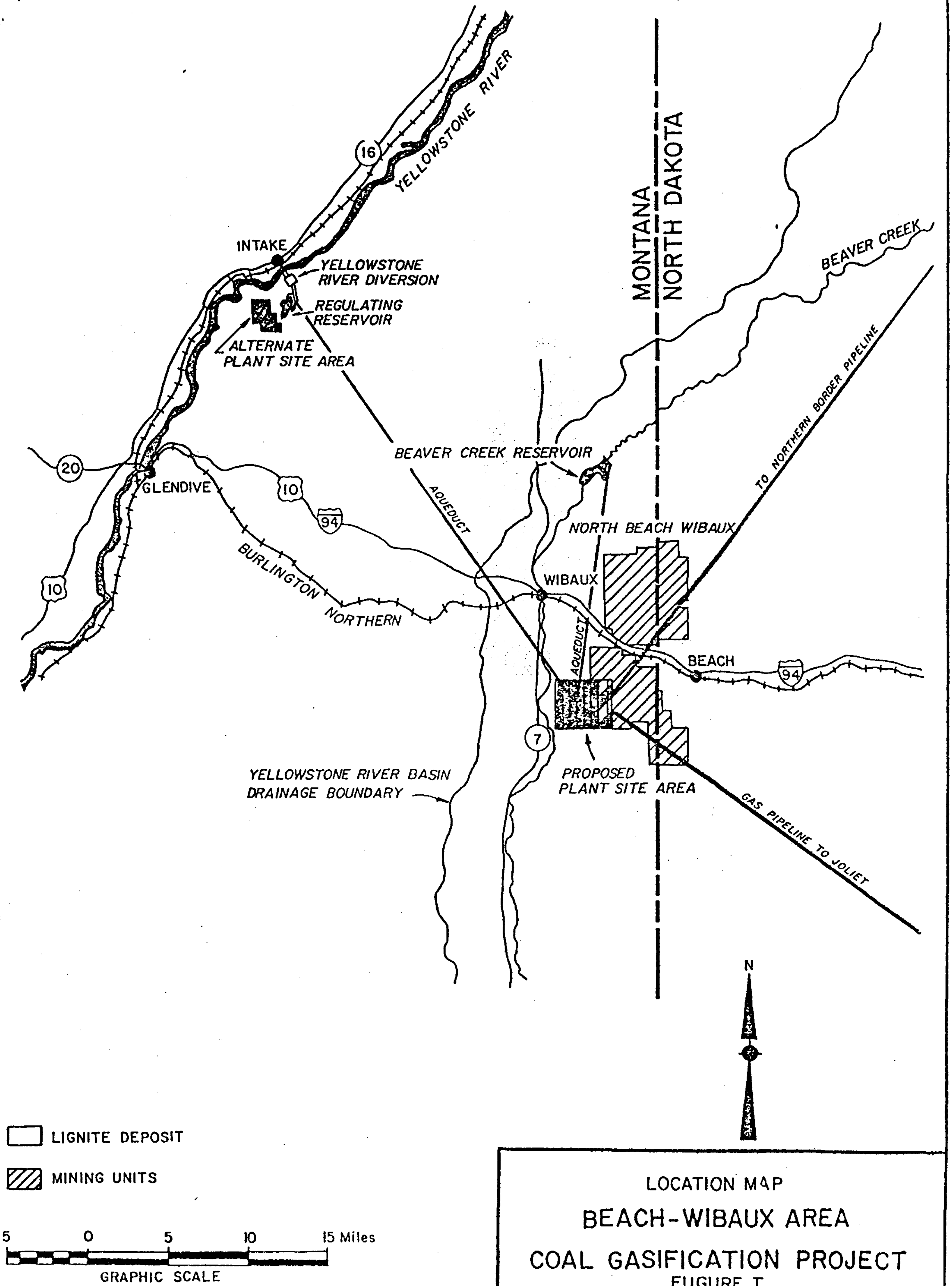


LOCATION MAP

BEACH-WIBAUX AREA

COAL GASIFICATION PROJECT

FUGURE I

2-28-83

The preferred plant site area will allow mine-mouth operation of the plant which will result in lower raw material costs, easier ash handling and ash disposal, and lower environmental impacts related to coal transportation. A better net energy balance will also be obtained with a mine-mouth plant. The alternate project site shown on Figure I offers none of these advantages. The available resource is large, assuring continued coal supplies for the plant. Rail transportation can be made available to the site by the construction of a spur from the Burlington Northern line just to the north.

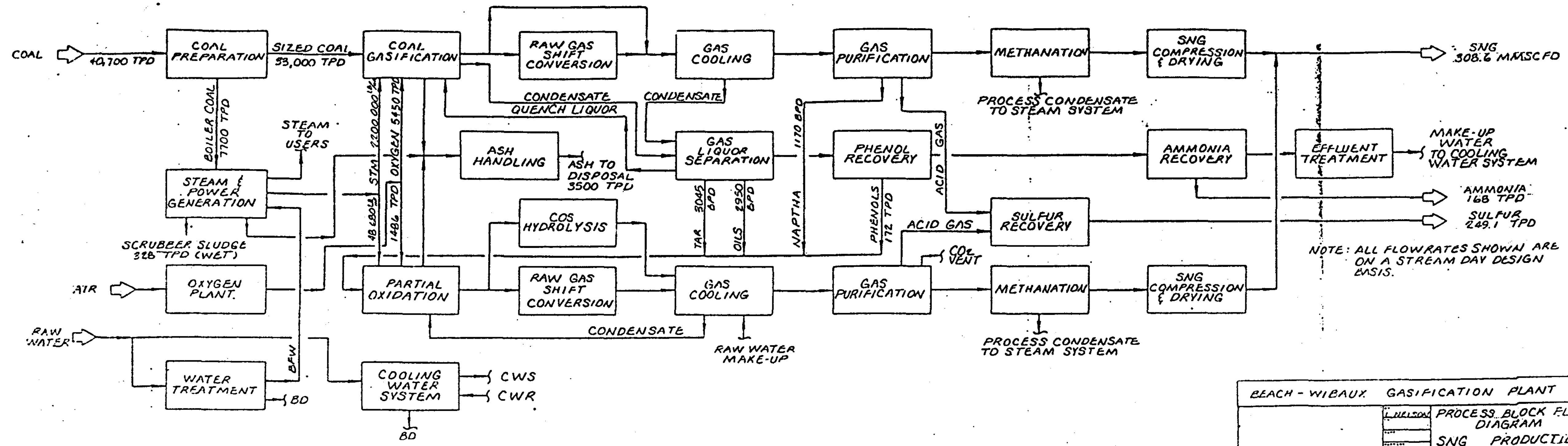
Preliminary results of air emission modeling indicate that a plant of the size contemplated can meet the Class I air quality standards over Theodore Roosevelt National Memorial Park. Finally, the loss of habitat, both temporary and permanent, does not appear to involve any critical areas such as wetlands or culturally sensitive areas.

The Beach-Wibaux coal gasification project will use the commercially proven Lurgi process to produce SNG having a higher heating value of about 970 BTU/SCF. Products of the plant will be about 280 MMSCFD of SNG, 168 tons per day (TPD) of anhydrous ammonia, and 223 TPD of elemental sulfur. By-products such as tars, oils, phenols, and naphtha that are normally associated with the coal gasification process will be converted to SNG using Texaco's partial oxidation process.

The plant requires a coal supply of 41,000 TPD and an annual water supply of about 10,000 acre-feet. Lurgi gasification tests have been performed on representative coal samples from the two Logical Mining Units (LMU) shown on Figure I, and the results of these tests show that the Beach-Wibaux coals will make excellent feedstock for the Lurgi process.

The coal gasification plant includes all process systems, utilities, and support facilities required for a grass-roots plant. Lurgi's process design forms the basis for the gasification, shift conversion, gas cooling, gas purification, gas liquor separation, and methanation units. Engineering/construction contractors will design other process units, offsite facilities, sulfur recovery, waste effluent control systems, and coal handling facilities. Figure II is a Block Flow Diagram for the proposed coal gasification plant. Electric power and high purity oxygen will be produced on-site. The only requirement for purchased power will be during emergencies and for mining.

Salable by-products from the plant will be anhydrous ammonia and sulfur. Ammonia is recovered from the products of gasification and purified by a proven process to produce agricultural grade anhydrous ammonia. By-producet sulfur compounds are also removed from the products of gasification and treated in a conventional Stretford plant to produce high-grade sulfur.



BEACH - WIBAUX GASIFICATION PLANT

L. NELSON

PROCESS BLOCK FLOW DIAGRAM

SNG PRODUCTION

FIGURE II

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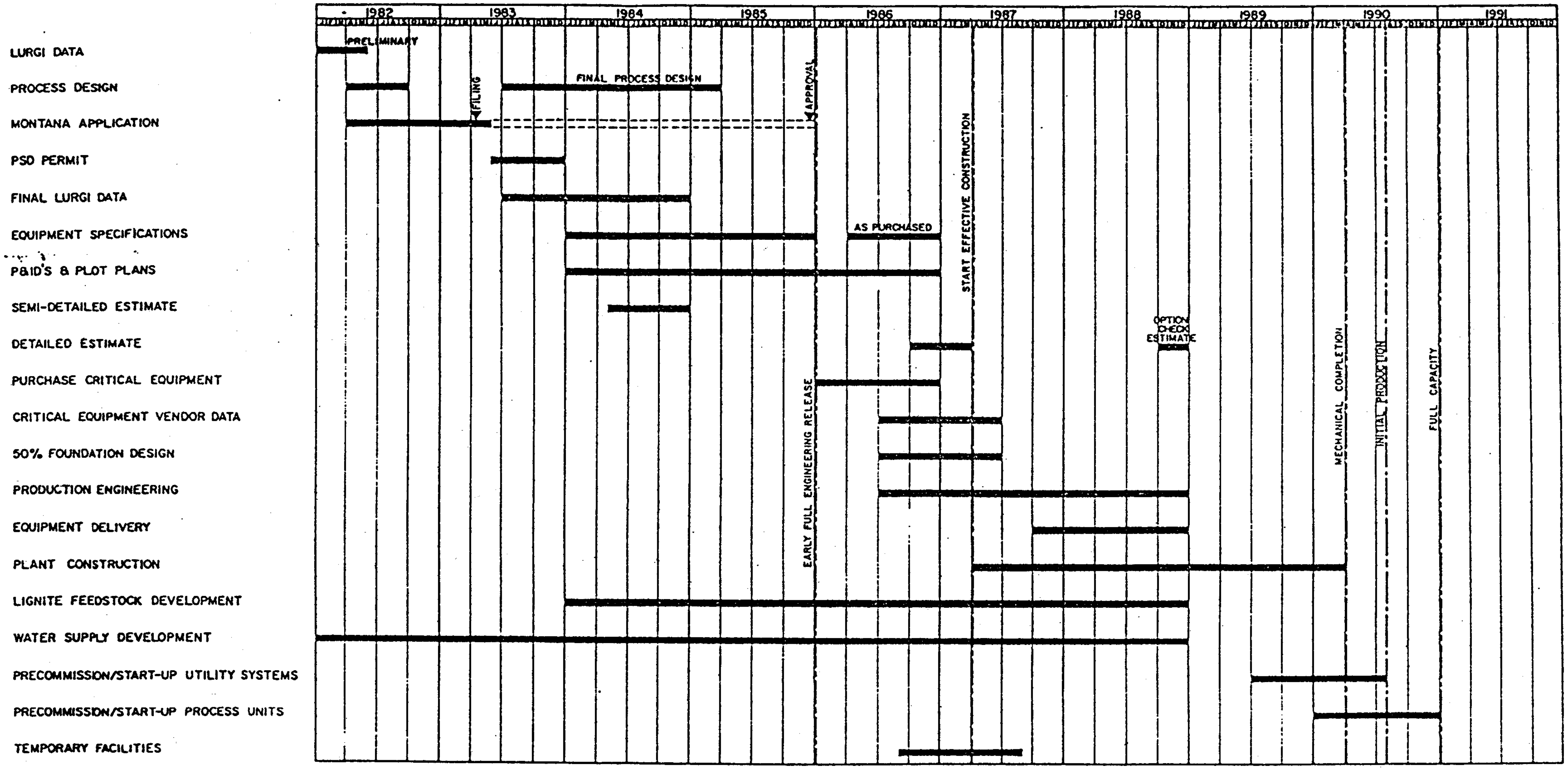
The only solid wastes from this facility are sludge from the Flue Gas Desulfurization System, coal ash from the boilers and gasifiers, and sediment from raw water treatment. All solid wastes will be disposed of in an environmentally acceptable manner. Best Available Control Technology (BACT) will be used for all air emissions even though emission standards for coal gasification plants have not been developed.

The overall thermal efficiency of the plant (ratio of heating value of the products to raw materials) will be optimized during the engineering design of the plant and can be expected to be in excess of 60%. Discharge of treated process waste water will be held to an absolute minimum, and if Phase I design shows it is feasible to do so, the plant will have no liquid discharge.

The present master schedule for project development from planning through engineering, procurement, construction and operation is shown in Figure III. This schedule will be refined and updated as more information is developed during Phase I.

TENNECO COAL GASIFICATION COMPANY

BEACH-WIBAUX COAL GASIFICATION PROJECT



3/31/82 FIGURE III

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A preliminary mine plan has been developed on the LMU South of Interstate 94 to produce 13.5 million tons per year. During Phase I of the project, alternate mine plans and other studies relating to supplying a uniform feedstock to the gasification plant will be required. The following is a list of Phase I mining activities planned:

Confirmation of the Logical Mining Units
Test Pit Development
Crushing, Screening and Drying Tests
Mining Equipment Selection
Mine Development Plan
Mine Reclamation Plan
Infrastructure Development Plan

Various methods of transportation of the lignite from the mine to the gasification plant will be investigated. Rail, truck and conveyor or combinations of these three methods will be evaluated during Phase I.

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WATER SUPPLY

The two alternatives for water supply by Intake Water Company (a subsidiary of Tenneco Inc.) for the coal gasification plant are the Yellowstone River Diversion Project and the Yellowstone River Diversion Project supplemented with the Beaver Creek Project.

The Yellowstone River Diversion Project, the primary source of water for the coal gasification plant, consists of a diversion structure with pumping plant, offstream regulating reservoir and a pipeline connecting the diversion structure to the reservoir. Water market analysis, preliminary engineering, preliminary geotechnical, and site evaluation studies have been performed. Further project development will include final engineering design of the diversion structure, pump station, regulating reservoir and connecting pipeline. An Environmental Impact Statement is currently being prepared by Bureau of Reclamation and is scheduled to be complete by June, 1983. Section 10 and 404 permits will be obtained from the Corps of Engineers.

As an alternative, the Yellowstone River Diversion Project could be supplemented with water from the Beaver Creek Project. An impoundment on Beaver Creek will develop up to 6800 acre feet per year of water. Intake Water Company has made an Application for a Beneficial Water Use Permit to the Montana Department of Natural Resources and

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Conservation (DNRC) for the Beaver Creek Project. The Beaver Creek Project would consist of an earthen dam, spillway, and outlet works. Preliminary engineering, preliminary site geotechnical work, and a water rights study have been completed for this project. To complete the project a geotechnical site investigation, preliminary dam design and a final dam design are required. Section 10 and 404 permits will be obtained from the Corps of Engineers. Intake Water Company and the DNRC are operating under an agreement signed in April, 1980 which provides for joint scoping of required environmental studies, joint selection of contractors, and the development of an Environmental Assessment Report by Intake. An Environmental Impact Statement will be completed by the Montana DNRC.

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NATURAL GAS PIPELINE

During Phase I Tenneco will explore various options available for transportation of gas from Wibaux, Montana, to Joliet, Illinois. These options include:

1) Build a 75 mile pipeline, to the Northern Border (NB) pipeline in North Dakota and transport gas by negotiated agreement with NB to Dwight, Illinois, and then by a short connection to Joliet, Illinois, where a Tenneco Company--Midwestern Gas Transmission--has an existing 30-inch line. Eventually, when the NB line is operating at full capacity or if the Tenneco plant is expanded, a parallel line to that of NB can be built to tie into the pipeline at Joliet, Illinois.

2) Build a new line to Joliet, Illinois. This option will include a new 30-inch line to Joliet from Wibaux, Montana, a distance of 915 miles.

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A DESCRIPTION OF EFFORTS TO COORDINATE THE LONG-RANGE PLAN WITH OTHERS SO AS TO PROVIDE A COORDINATED REGIONAL PLAN FOR MEETING THE ENERGY NEEDS OF THE REGION

As the project development study progresses, Tenneco Coal Gasification Company personnel will be conducting public meetings in the counties considered for plant sites to ascertain local and regional support for the project. In addition, other entities will be contacted regarding power supply to connect to the coal gasification plant, along with product purchase and transportation arrangements. The preferred plant location is in Wibaux County, Montana, and a Certificate of Environmental compatibility and Public Need will be sought in compliance with the Montana Major Facility Siting Act.

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A DESCRIPTION OF THE EFFORTS TO INVOLVE ENVIRONMENTAL PROTECTION AND LAND USE PLANNING AGENCIES IN THE PLANNING PROCESS, AS WELL AS OTHER EFFORTS TO IDENTIFY AND MINIMIZE ENVIRONMENTAL PROBLEMS AT THE EARLIEST POSSIBLE STAGE IN THE PLANNING PROCESS

Tenneco is committed to obtaining inputs from various agencies and individuals to encourage development of environmentally sound energy projects. These inputs will continue to be solicited and used during the development of the overall project. The company will continue to encourage state agencies, federal agencies, private citizens, and private groups to become familiar with the project and to make pertinent observations and comments on its action.

Major federal permits will include, but not be limited to, requirements by the US Environmental Protection Agency, the US Army Corps of Engineers, the Bureau of Land Management, and the Office of Surface Mining.

In Montana, major permits will be obtained from the Montana Department of Natural Resources and Conservation, the Montana Department of State Lands, and the Montana Department of Health and Environmental Sciences.

In North Dakota, major permits will be obtained from the North Dakota Public Service Commission and the North Dakota State Department of

2-28-83

Health. In addition, the company will comply with other federal, state, and local regulations and requirements. Table 1 lists the major permits and administering agencies.

In accordance with the provisions of the Montana Major Facility Siting Act, power or energy facilities may not be constructed or operated within Montana without a Certificate of Environmental Compatibility and Public Need. This certificate is issued by the Montana Board of Natural Resources and Conservation. Careful consideration must be given to environmental and socio-economic impacts of this facility and adequate state review time is provided.

A detailed, comprehensive site evaluation will be prepared in conjunction with this application. A number of the elements required in this effort will coincide with requirements of other state agencies such as air and water quality evaluations and the siting studies.

The Montana DNRC will prepare a state Environmental Impact Statement. Information developed from Phase I studies will provide the information necessary for this agency to complete its task. In addition, Tenneco may contract in advance of its application to the Montana DNRC for baseline studies.

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TABLE 1

MAJOR PERMIT AND ADMINISTERING AGENCIES

MAJOR PERMITS	ADMINISTERING AGENCY
Certificate of Environmental Compatibility and Public Need	Montana Board of Natural Resources and Conservation
State EIS	Montana Department of Natural Resource and Conservation DNRC
AIR	
State Air Permit	Department of Health and Environmental Sciences (DHES)
PSD New Source Review[1]	EPA Region VIII
New Source Performance Standards Review	EPA Region VIII
National Emission Standards for Air Pollutants Review	
WATER	
Montana SPDES	Montana DHES
Groundwater Discharge Permit[2]	Montana DHES
Intake Structure--316(b) Review	EPA Region VIII
Section 10 and/or 404 Permit	Corps of Engineers
Beneficial Water Use Permit - Beaver Creek	Montana DNRC
Montana Section 310 Stream Crossing Permit	Local Conservation District
Montana 5g Authorization	Montana DHES
SOLID WASTE	
Montana Solid Water Permit	Montana DHES
Resource Conservation and Recovery Review	EPA Region VIII
Solid Waste Permit	North Dakota State Department of Health

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MAJOR PERMITS	ADMINISTERING AGENCY
MINING	
Permit for Coal Exploration[3]	Montana Department of State Lands
Permit to Surface Mine Coal	Montana Department of State Lands
Surface Mine Permit	North Dakota Public Service Commission
OTHER	
Safety Standards	Occupational Safety and Health Administration
Certificate of Site Compatibility	North Dakota Public Service Commission
Permit to Construct	North Dakota State Department of Health
Permit to Operate	North Dakota State Department of Health
Rights of Way	North Dakota State Highway Commission
Antiquities Permit	Montana Historical Society

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[1] Expected to be administered by the Montana Department of Health and Environmental Sciences.

[2] To be implemented in 1982.

[3] Portions of the Logical Mining Units are located in North Dakota.

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The Region VIII Office of the Environmental Protection Agency (EPA) in Denver currently administers the PSD New Source Review Program of the Clean Air Act, the 316(b) Review Process of the Clean Water Act and the regulation of waste disposal as required by the Resource Conservation and Recovery Act and Underground Injection Control program. EPA is also involved in the review of air and water quality standards and in development of guidelines for air and water emissions, as well as developing Guidance Documents for the Synthetic fuel industry. We recognize that the state of Montana will have administering authority over these programs in the near future.

Tenneco plans to coordinate with the states of Montana and North Dakota and EPA in preparation of environmental impact statements. Tenneco will also coordinate environmental impact abatement activities in cooperation with federal, state and local interest groups and agencies.

Local agencies such as cities, counties, and regional planning commissions will be involved in granting permits and rights-of-way under their authority. These can include approvals for zoning varaiances, water diversion, road crossings, and a number of other activities. The details for each of these permits and approvals will be determined when plant sites and pipeline routes are determined during Phase I of this project.

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PROJECTIONS OF THE DEMAND FOR THE SERVICE RENDERED BY THE COMPANY AND EXPLANATION OF THE BASIS FOR THOSE PROJECTIONS, AND A DESCRIPTION OF THE MANNER AND EXTENT TO WHICH THE PROPOSED FACILITIES WILL MEET THE PROJECTED DEMAND

Tenneco is the operator of one of the nation's largest interstate pipeline systems, serving 25 states through its three interstate pipeline companies: Tennessee Gas Pipeline Company, East Tennessee Natural Gas Company and Midwestern Gas Transmission Company. These three companies sell to other interstate pipelines as well as to gas distribution companies, utilities and townships.

Figure IV, shows the service area of Tenneco Inc.'s three interstate pipelines and the proposed location of the Beach-Wibaux plant. The service area currently accounts for almost 60% of the nation's population and personal income. Within this 25 state area Tenneco serves on the average about 16% of the natural gas market.

Tennessee Gas Tranmission (TGT) is the organization which provides administrative control over the natural gas transmission companies engaged in the business of purchasing, transporting and selling natural gas in interstate commerce, under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). Over 16,000 miles of pipe connect the traditional Gulf Coast supply area with the principal markets for gas on the east coast of the United States.

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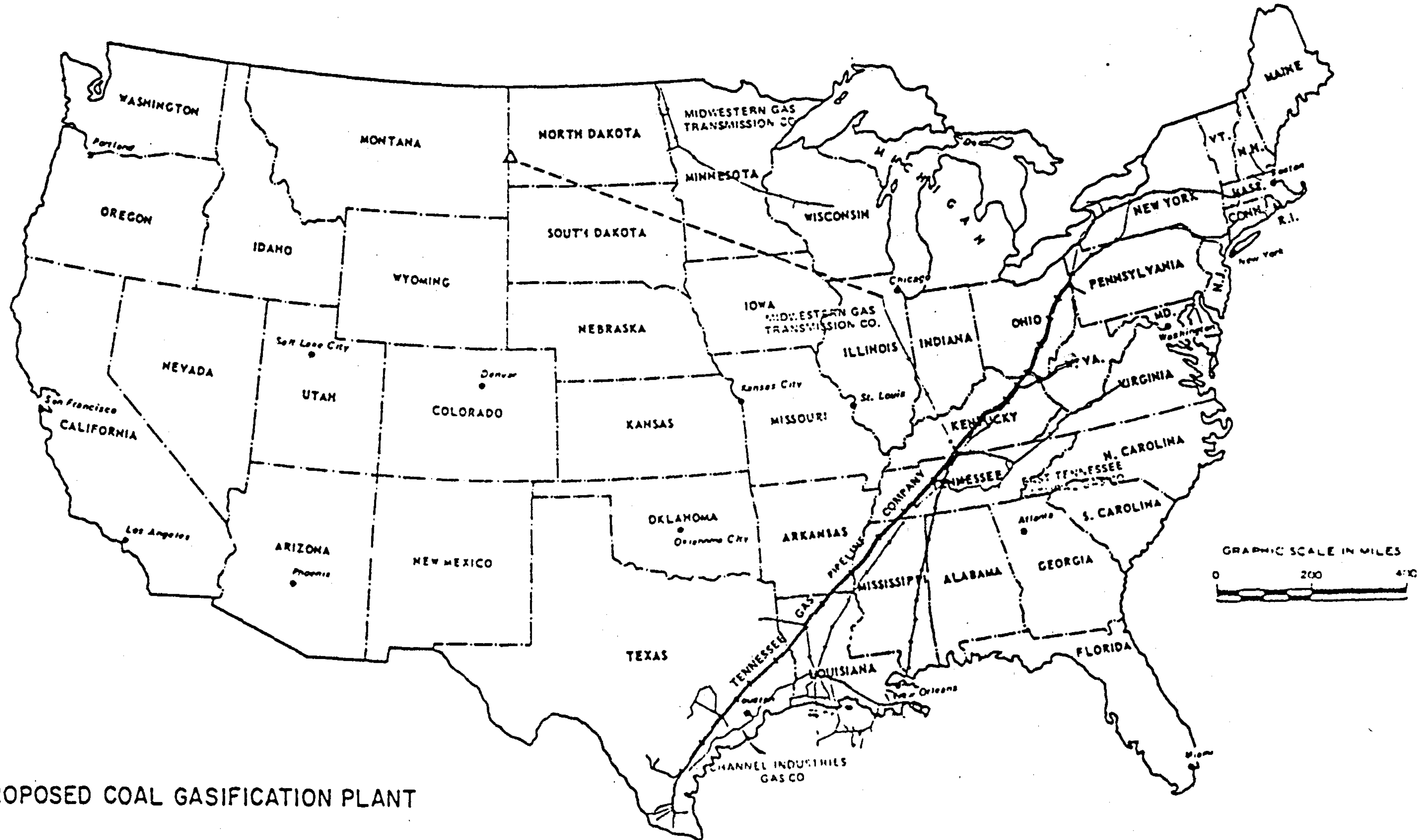

△ PROPOSED COAL GASIFICATION PLANT

--- PROPOSED SNG PIPELINE

□ TGT MARKET AREA

TENNESSEE GAS TRANSMISSION COMPANY
PIPELINE SYSTEMS
FIGURE IV

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The traditional supply areas of TGT are onshore and offshore Louisiana and Texas where long-term contracts are made with gas producers. In addition, natural gas is imported from Canada and Mexico. Gas from the Beach-Wibaux project will become a part of the total system supply for Tennessee Gas Transmission.

A significant supply/demand gap in the Tennessee Gas market is projected through the year 2000. Based upon an analysis of the most probable projected gas demand contrasted to current reserves, the trend for gas supply additions in the lower 48 states, and currently certified supplemental gas supplies, supplemental gas supply projects will definitely be necessary to meet the long-term energy needs of TGT's gas market area. The most probable projected gas demand in the TGT market area, excluding additional boiler fuel demand, is illustrated in the attached graph identified as Figure V. As shown on Figure V, starting in 1985, the deficiency between the projected gas demand and total supply increases each year. The same holds true for the supply/demand situation in the Midwestern states in the TGT market area as shown in the attached graph identified as Figure VI.

Gas is expected to remain price competitive in all applications throughout the Tennessee Gas market area. The marketability of SNG from the coal gasification project is predicated on producing it at prices competitive with other supplemental supplies and with imported

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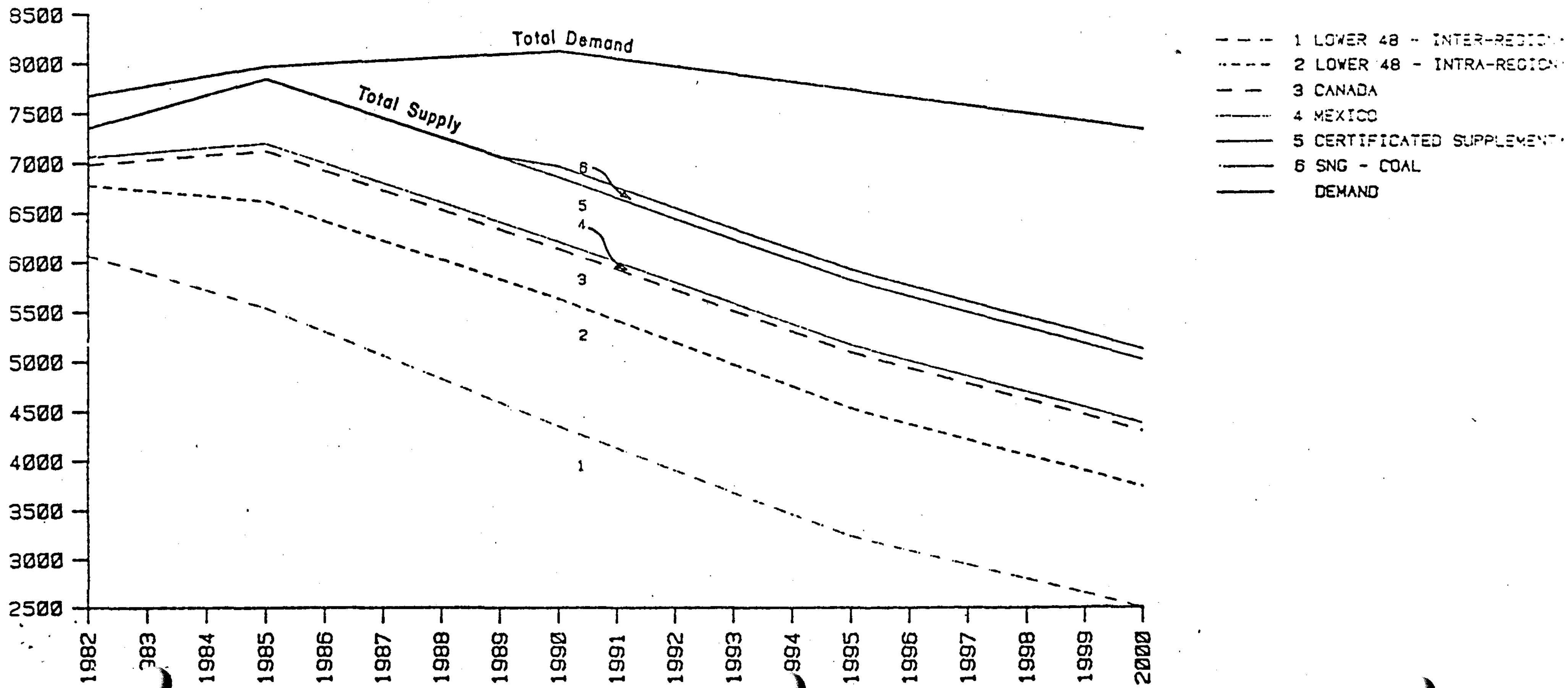
NATURAL GAS
SUPPLY / DEMAND 1982-2000
TGT TOTAL MARKET AREA

FIGURE V



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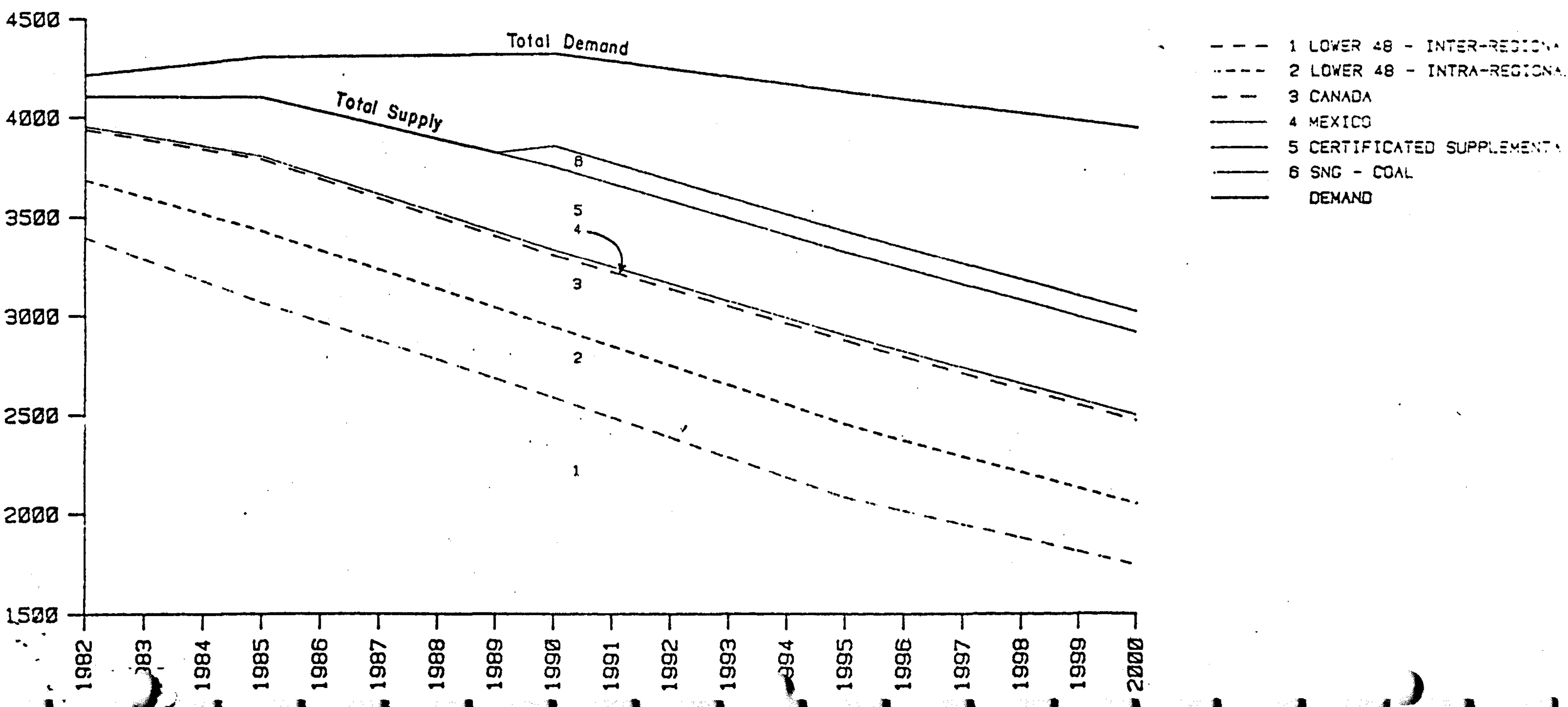
NATURAL GAS SUPPLY\DEMAND
MIDWESTERN STATES IN TGT'S MARKET AREA 1982-2000

FIGURE VI



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oil in the context of the applicable supply/demand framework. The projected economics of the proposed plant indicate this SNG to be price competitive.

Several assumptions were made in calculating the most probable projected gas demand. These assumptions were made in the areas of general energy price increases, general economic indicators in the market area, and the rate of real energy (crude oil) price increases. Energy prices were assumed to increase on the average at 3%- 5% per year in real terms for the period 1982-2000. In addition, all economic indicators in the market area exhibit positive growth over the planning horizon. The indications are of (1) a 0.6% per year population growth, (2) a 2.0% per year to 2.5% per year real income growth, (3) a 3.0% per year value added in manufacturing growth, (4) a slowed demographic redistribution of population to the Sun Belt eventually ending by 1990, and (5) the retention of tremendous strength and potential for future growth in the Tennessee Gas market area. Furthermore, the relevant energy price elasticities of demand use per customer for specific energy types are dependent on the rate of real energy price increases incorporated in the study. Taken together, they demonstrate a steady increase in demand for natural gas in this market area.

As shown in Figures V and VI, supply in the entire Tennessee Gas market area, as well as the Midwestern's market area, is expected to

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increase slightly from 1982 to 1985 and then decline from 1985-2000. An analysis of the anticipated supply includes projections of the most probable lower-48 gas supply additions trend. Several key assumptions have been adopted in examining this trend: (1) gross reserve additions of 13.5 trillion cubic feet per year, (2) a minimum RLI (Reserve Life Index) of 9.3 years, and (3) attaining the minimum RLI in 1982.

The total supply/demand balance for natural gas in the Tennessee Gas market area definitely supports the need for 280 MMSCfd of SNG production via this coal gasification project. The supply/demand balance in the Midwestern states where the SNG could be transported by pipeline indicates specific regional need for the SNG without market displacement to the remaining market area of TGT.