

**Transcript of KMYR series on The Public Affair:
“New Mexico Resource Development”**

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Albuquerque Museum, gift of Zane Blaney

This radio program is a five-part series by Carrol Cagle on New Mexico’s natural wealth and its proposed future. Includes promo.

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ZANE BLANEY: Under the sacred lands of New Mexico, there is enough energy fuel to power half, if not all, of the nation. However, Jerry Apodaca has said that New Mexico will not become an energy colony for the rest of the country. But investigative reporter, Carrol Cagle says that colonialization has already begun.

[sound effect]

CARROL CAGLE: The state government, which owns sixteen percent of New Mexico’s total land area, already has begun letting leases for geo-thermal development.

[sound effects]

In spite of his speeches about energy colonialization of the Western states, the Governor has failed to oppose or even question major proposals which would thrust New Mexico into the forefront of energy exportation while causing major environmental harm.

[sound effect]

BLANEY: On “The Public Affair”. The resources of Carrol Cagle.

[01:17]

ZANE BLANEY: Governor Jerry Apodaca recently stated that he would not let New Mexico become an energy colony for the rest of the country. This week on “The Public Affair”,

investigative reporter Carrol Cagle explores resource development and finds that the colonialization has already begun.

CARROL CAGLE: New Mexico is on the edge of an energy development boom which could drastically effect the state's natural environment and its people. One of the first big moves is in the field of geo-thermal energy, the turban-driving power that comes from subterranean steam or hot water. Already, government agencies and major energy corporations are making moves to tap this plentiful resource in several New Mexico locations.

Geo-thermal energy is usually considered to be a relatively clean, environmentally-sound resource. That can be the case. But it also harbors the possibility of causing serious problems as New Mexico environmentalists are now warning. The state government, which owns sixteen percent of New Mexico's total land area, already has begun letting leases for geo-thermal development. Most are going to big, out-of-state oil companies ranging from Chevron and Union Oil to Hunt Petroleum in Dallas and Sun Oil Company. The federal government, which owns thirty-three percent of New Mexico's land, already has issued leases in the southern part of the state, and it is preparing to open for lease a major tract, three-hundred-and-ninety thousand acres in one of the most scenic parts of central New Mexico, along the Rio Grande Valley and into the Jemez Mountains near Los Alamos. If this is done, a major drilling network will be developed in scenic forested areas. Geo-thermal fields are highly industrialized involving drilling pads with continued drilling operations, cooling towers, access roads, steam transmission in pipes, drilling noise, and odors from the discharge of hydrogen sulfide, which can best be compared with the smell of rotten eggs. The drilling towers are more than one hundred feet high and compressed air sounds can be heard two miles away. Drilling mud is contained in holding ponds and some of the substances are highly toxic. Although plans are proceeding, no decision has yet been made by the Forest Service as to whether to even prepare an environmental impact statement, but environmental organizations are pressing the agency to prepare one. They note that the resulting geo-thermal complex could rival or surpass the electricity-generating capacity of the huge coal-burning power plants in Northwest New Mexico. The pollution from the Four Corners plants helped activate the state's environmental sentiment during the '60s. A spokesman for New Mexico's Citizens for Clean Air and Water, Ed Court, testified at a Los Alamos hearing that the Four Corners coal-burning plants were developed without citizen input and thus, Court said, Northern New Mexico got what was billed as the largest single-source of air pollution in the world. The geo-thermal expert for the Rio Grande chapter of the Sierra Club, Nan Naldert, testified that the scenic location was chosen because of pressure from the Secretary of the Interior in Washington. And, she added, the leases are dirt cheap and the public is being ripped off.

Political pressure by the State government and its congressional delegation helped to bring about some cleanup efforts at Four Corners. In that case, electrical power was, and is, being exported to the big cities of the Southwest and California, while New Mexico was left with the pollution. Leasing of the four-hundred-and-ninety thousand geo-thermal field could result in a

power exportation complex of even bigger magnitude and environmental harm. So far, the State's four congressmen, some of whom were vocal in the Four Corners issue, have been silent about the Jemez and Rio Grande geo-thermal fields.

So has Governor Jerry Apodaca, who has been pledging that he will not let New Mexico become an energy colony for the rest of the nation. This is Carrol Cagle on KMYR.

BLANEY: Any opinion that might be expressed on "The Public Affair" is not necessarily that of the radio station KMYR-Albuquerque.

[06:07]

ZANE BLANEY: In reviewing New Mexico resources, gasification cannot be overlooked and it is in this area that New Mexico's culture, environment, government, and industry are already at odds. Again, Carrol Cagle.

CARROL CAGLE: One of America's first hard decisions in dealing with the developing energy crunch will be faced in New Mexico. Can the nation afford to run low on one of its cleanest, most common fuels, natural gas? Or will alternative energy resources and conservation practices somehow save the Navajo Reservation from being strip-mined in order to get more gas? Those are some of the questions which have come to the forefront in Northwest New Mexico where plans are underway to build America's first coal-gasification plants. If the plans proceed the two plants will begin using plentiful coal strip-mined from the reservation, and turn it into synthetic natural gas. Natural gas supplies are definitely in short supply. *Business Week* magazine in an article on the two gasification plant proposals published last summer, noted "to the companies involved in the projects the plants offer the only workable alternative to crippling curtailments of gas supplies in the immediate future."

But there is some sharp opposition to building the plants. From environmentalists and from many Navajos who would have to live near the massive plants and the strip-mined area. Each plant would cost more than five-hundred million dollars to build. They would consume large amounts of scarce water and up to twenty-six thousand tons of strip-mined coal each day. Eventually, more than sixty-five thousand acres of the fragile desert environment could be stripped. Pipelines, service roads, and a new city of plant workers would be built. For the younger, more militant Navajos, members of the Coalition for Navajo Liberation and the American Indian Movement, the gasification plants are another part of the reservation's industrialization process being carried out by Anglo energy corporations and the federal government. Earlier this year when members of the American Indian Movement seized and occupied the Fairchild Instrument Company plant on the reservation, they warned that the real target was the proposed gasification plants. Wilbert Tsosie, a member of the Coalition for Navajo Liberation, testified at environmental hearings in these words: "The Fairchild takeover

should serve as a warning to outside industrialists. There will be a violent confrontation more intense than the Fairchild takeover.”

Some of those who are proponents of the gasification plants say they are urgently needed to keep America from running out of natural gas and charge that the militant Navajos are an unrepresentative minority. They note that the Navajo Tribal Government already has signed the leases which will allow construction and strip-mining. The opponents point to the coal-burning electricity generating stations, the electronics plant, and existing coal strip-mine operations as evidence that the reservation already is being exploited to provide energy to distant Anglo cities. And for many frivolous purposes, at that. And they also claim that they are more representative of rank-and-file Navajos than the Tribal Government in Window Rock. They point to votes of opposition from local reservation governing units called chapters. Such as the 129-0 vote by the Shiprock chapter, and the near unanimous vote of opposition by the Burnham chapter. Both chapters are in the area near the proposed plant sites.

There are two companies involved in the gasification construction proposals. One is El Paso Natural Gas and the other is a consortium known as WesCo. Both companies insist the plants will be built, although they acknowledge delays caused by environmental and financial problems. They could export most of the synthetic natural gas to other states. Governor Jerry Apodaca, who has pledged his efforts to avoid the energy colonialization of New Mexico, has not taken any public stance on the gasification proposals. This is Carrol Cagle on KMYR.

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ZANE BLANEY: As you have already heard, a great deal of New Mexico’s resources lie on Indian land. But there is more than just mineral and energy resources involved in this property. For years, Anglo developers have had their eyes on the last domain of the Indians. Again, Carrol Cagle.

CARROL CAGLE: How much authority does the State of New Mexico have over non-Indian developments on Indian reservations? The answer to that question involves billions of dollars in investments and a great deal about the future of New Mexicans and their natural environment. No one knows with any certainty when the answer will be forthcoming because of the magnitude and the complexity of the question and because of the slow, methodical workings of the federal court system.

One of the biggest issues is tax money. The state government wants to make sure that it will be able to collect taxes on a wide array of existing and proposed developments within its boundaries but located on Pueblos and Reservations. Involved are the massive coal-gasification plants proposed for the Navajo Reservation worth more than two billion dollars in all. The new

city at Cochiti Lake, the Colonias de Santa Fe housing subdivision on the Tesuque Pueblo, and numerous other major projects. The state has never asserted any authority to tax Indian projects on the reservation but it does claim, and already is tentatively exercising, taxing authorities over Anglo projects on reservations, which has begun to blossom in the last few years. The state also is claiming general governmental authority over these non-Indian projects which could drastically affect New Mexico's future. One federal court case should resolve whether the state will be able to collect the tens of millions of dollars in taxes involved in the projects and whether it will be able to apply a general range of laws to the non-Indian development. These laws include the state's construction industries code, the alcoholic beverage code, property taxes on improvements and the value of leases, water quality laws, and laws relating to advertising and sale of subdivision land. Another court case, brought by environmentalists, challenges an Anglo subdivider's claim that he does not have to prepare an environmental impact statement on his proposed housing development located on Tesuque Pueblo. Both cases have now reached the U.S. Circuit Court of Appeals in Denver. The environmentalists lost their case in U.S. district court in Albuquerque, but the circuit court overturned that ruling. A reversal of District Judge Howard Bratton's ruling means that the department of the Interior, which is the federal agency involved in granting approval for the subdivision, does have to prepare an environmental impact statement. The second case, the one involving both the taxing and general authority over the state over the massive projects was brought by former Attorney General David Norvell against the Sangre de Cristo subdivision company, which seeks to develop the Colonias de Santa Fe housing project on Tesuque Pueblo. But the answer will determine whether taxes will be collected on and state environmental and consumer laws applied to, an entire array of proposed projects.

Until a few years ago, there were few non-Indian projects on Indian land. But then Congress passed legislation authorizing Indian tribes to grant long-term leases, usually ninety-nine years, to non-Indian developers. That is when the rush began. Now the biggest development boom in New Mexico involves Anglo corporations operating under the long-term leases with Indian tribes. The resolution of the federal court case will determine whether the massive projects will escape state taxation and the general authority of state laws, which affect similar projects on non-Indian land. This is Carroll Cagle on KMYR.

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ZANE BLANEY: The State's property appraisal department is to most New Mexicans a pretty obscure agency. Rarely in the news, the department is nestled in a remote corner of the old Capitol complex in Santa Fe. But what the property appraisal department does in coming months and how the agency bosses, including Governor Jerry Apodaca, deal with the

developments will critically affect the resources of New Mexico and the level of taxes that all New Mexicans pay. Again, Carrol Cagle.

CARROL CAGLE: The particular issue involved seems as obscure to most people as the property appraisal department itself, but that's frequently the way government operates. With the temporary news-worthy controversies being far outweighed in genuine importance by dull-sounding, complication, unreported developments. This issue is known by the few capitalist officials and industry lobbyists who are familiar with it as the "lease-hold interest" issue. A lease-hold interest is the value of a lease itself as opposed to the value of real or tangible property. What's been happening in this case is that over the years millions of dollars, perhaps even billions of dollars, of leases owned by industrial and agricultural interests have escaped state taxation which state government officials now reluctantly concede they should have been paying. Not only does this mean that New Mexico residents have been making up the difference to the state treasury from their own pockets, but the industrial tax bonanza has made it more financially attractive for the business interests to exploit the state's natural resources. Here are some of the details:

Although many private interests like to think of New Mexico as a land of rugged individualists, one-half of the state's land is owned by the government itself, either State or Federal. The federal government owns thirty-four percent of the state's lands, twenty-six million acres of a total seventy-seven million acres. The State of New Mexico owns an additional sixteen percent, nine million surface acres and thirteen million acres of mineral rights. A great portion of this land, although seemingly barren and unappealing as a place to live, is worth a great deal to economic interests. Accordingly, it is leased by the federal and state governments to private interests. To ranchers for grazing purposes, and to the petroleum and mining interests for the right to exploit uranium, oil and gas, coal, uranium, geo-thermal power and other resources. Obviously, the leases themselves, known as lease-hold interests, are very valuable in themselves apart from the value of the resultant product. In certain areas where resources are known to be plentiful, competition is stiff to acquire the valuable leases. But, for all the decades that the leases have been granted, their value has not been taxed. The property appraisals department has never attempted to collect a lease-hold interest tax itself. Nor has it directed county assessors to collect it. Over this time, many millions of dollars in taxes have gone unpaid. The issue [muffled] made by the New Mexico news media came to light this way: In 1955, the state legislature passed a law which would enable the state's cities to lure industries to their areas by letting them locate on tax-exempt, city-owned land. The next year, in 1956, the New Mexico Supreme Court ruled that the property itself, being owned by the city, could go untaxed, but there was no way to exempt payment of the industries taxes on the value of the lease. In spite of that court ruling, the tax on lease-hold interests was never collected for the projects built in connection with the Municipal Industrial Revenue Bond Act. These include such major leases as [Senior Feeding?] and Lindkirk Companies in Albuquerque. Last year, an attorney general's opinion finally brought to light that these municipal lease interests were going untaxed and the state's business leaders reacted with alarm. The 1975 legislature passed

a new law which does exempt such municipal projects, although even that law may well be found unconstitutional if challenged in court. The Attorney General's opinion also brought to light that a wide range of private leases on public lands were going untaxed. These include tens of thousands of acres of grazing leases by ranchers, oil and gas leases by petroleum interests, and property on Indian lands, such as the new city at Cochiti Lake. Future leases also are involved, such as the proposed coal-gasification plants on the Navajo Reservation, involving an investment of more than two billion dollars. The property appraisal department now admits that this wide array of projects should indeed be taxed on the value of the leases involved. A year ago, after the Attorney General's opinion, the agency prepared to issue regulations to county assessors directing that this be done. But the regulations never were sent out. Now the agency says it is preparing, once again, to issue the directives to collect the tax. More than two months have gone by since the legislature adjourned and more than a year has elapsed since the attorney general's opinion. Still, no directives. The agency denies that it is dragging its feet, but it does acknowledge that it has no intention of collecting back-taxes for a period of ten years on the lease-hold interests which state law allows the agency to do. This is Carrol Cagle on KMYR.

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ZANE BLANEY: During his campaign for the governorship, Jerry Apodaca made quite a point at the news to protect New Mexico's environment. He strongly endorsed enactment of a State Environmental Quality Act, which would require state agencies to prepare environmental impact statements on major proposed projects and said that 1974 legislature acted unwisely in refusing such a measure. Carrol Cagle concludes his review of New Mexico resource development by reviewing Jerry Apodaca's environmental policies.

CARROL CAGLE: Since becoming Governor, Apodaca has been elected chairman of a ten-state Rocky Mountain Governors Energy Coalition and his environmental rhetoric has grown even stronger. Referring to increasing pressures on New Mexico and other Western states by an energy-hungry nation, the Governor made these declarations in a recent speech. And I quote, "Let there be no mistake, the West will not become an energy colony for the rest of the nation. We will not sacrifice our greatest assets, our blue skies and clear streams, our unblemished plains and mountains, to an endless national thirst for energy." Continuing the quote: "We will not stand idly by and let the profits and benefits of energy production go only to the nation's financial and industrial centers. We will not be left with only polluted air and water, barren and stripped plains and mountains, ugly transmission lines, ghost towns, and displaced people." That's the end of the quote from Governor Apodaca, but there is a wide and growing gap between Apodaca's environmental thoughts and his environmental actions. During the 1975

legislature, he demonstrated little political support for the Environmental Quality Act which he had so strongly endorsed in the campaign. He failed to put any public pressure on the legislatures and never criticized them for failing to act favorably on the measure. The bill never did get through the State House of Representatives, where it originated, and where Apodaca has solid political support. The same was the case with the Water Quality Act, which would have allowed the State to take over operations from the Dallas office of the Federal Environmental Protection Agency. The Water Quality Act never even came to a vote on the floor of the House. In spite of his speeches about energy colonialization of the Western states, the governor has failed to oppose, or even question, major proposals which would thrust New Mexico into the forefront of energy exportation while causing major environmental harm. These proposals range from the massive coal-gasification plants planned for the Navajo Reservation and the related strip-mine, which will produce up to twenty-six thousand tons of coal each day. And the Forest Service plans to lease scenic forested areas in the Jemez Mountains for a huge geo-thermal field for electrical power exportation.

Even more illustrative of the gap between the Governor's environmental stance and his governmental actions is his position on the nomination of Stanley Hathaway to be Secretary of the Interior. Hathaway, former Governor of Wyoming, will be the main federal authority in dealing with such issues as gasification, Forest Service geo-thermal leases, and the wide range of energy matters in New Mexico and throughout the West. Hathaway is the man who authorized Wyoming's sheep men to gun down eagles from airplanes. He proposed the sale of federal public lands to private commercial interests. He was the author of legislation that would have allowed the state to dam the scenic Upper Greene River. He tried to weaken state air quality regulations, opposed additional wilderness areas in Wyoming, and supported efforts to have a jet port established in Grand Teton National Park. *The New York Times* called Hathaway, "a political errand boy of the big energy conglomerates". A Wyoming publication, *The High Country News* says, "There are few people less qualified to become Secretary of the Interior than Stanley K. Hathaway." When Governor Apodaca's office was first questioned about his position on Hathaway, his staff first said he had taken no position at all. But when this reporter noted that Senator Pete Domenici's office had said Apodaca was supporting Hathaway, they dug further and came up with a previously unpublicized letter from the Governor to Domenici. That letter, although not released to the press, as were his speeches warning against the energy colonialization of the West, had this to say, and I quote, "It is with great pleasure that I take this opportunity to endorse the nomination of Stanley K. Hathaway. Everyone I have talked with has indicated that Governor Hathaway is a man of high ability and integrity. I'm sure that we can work together for the benefit of the entire country." End of quote from Governor Apodaca. This is Carrol Cagle on KMYR.

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