

Senate committee says slow down on state water deals

Panel wants studies on impact of removing groundwater

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A state Senate panel on Thursday warned the General Land Office to move slowly into water deals, a directive that could delay the state's involvement in contracts in West Texas and along the Texas 130 corridor in Central Texas.

The Senate Subcommittee on the Lease of State Water Rights voted to ask Land Commissioner Jerry Patterson to hold off on leasing West Texas lands to private water developers until the end of 2004. Subcommittee Chairman Sen. Frank Madla, D-San Antonio, said the Texas Water Development Board needs time to determine how much groundwater can safely be removed from West Texas aquifers.

Decisions on using state lands for private water sales, Madla said, "should be based on reliable science." "Anything short of that is unacceptable," he said. Madla said studies won't be done until about November 2004.

Patterson is pursuing water deals as a way to boost revenue for the state's Permanent School Fund, which benefits public education. The School Land Board, an adjunct of the land office, oversees state lands that provide royalties for the education fund.

The land board is negotiating a lease with a private Midland partnership, Rio Nuevo LLC. The partners, mostly oil and natural gas executives, want to lease 355,000 acres of state land in four West Texas counties -- Hudspeth, Jeff Davis, Culberson and

Presidio. The partnership is also negotiating with private owners to acquire groundwater rights to another 350,000 acres.

Rio Nuevo says it doesn't yet have customers for the water. There is fierce opposition in West Texas to the group's plans, primarily because of the lack of comprehensive data on how much water can be pumped from the region's aquifers without damaging the long-term supply.

Madla acknowledged that the committee doesn't have the power to stop the land office and school land board from leasing state land for water sales. But he rattled the legislative saber in Patterson's direction, indicating that lawmakers could examine the contracts in the 2005 session and possibly trim the duties of the land office.

"What the Legislature gives, the Legislature can take away," Madla said.

Lt. Gov. David Dewhurst last month named 11 senators to a Select Committee on Water Policy, with a subcommittee on leases, signaling a new round of debate over Texas water laws just four years after lawmakers completed their most recent overhaul. The meeting Thursday was the first gathering of either group.

The subcommittee's resolution didn't cover the land office's possible role in supplying water for the development boom expected once the Texas 130 toll road is completed in 2007. The road will run parallel to Interstate 35 from Seguin to Georgetown.

But Sen. Troy Fraser, R-Horseshoe Bay, said he also wants the panel to closely examine the potential Texas 130 deal between the land office and WaterTexas, an Austin-based development company. Under the deal, the land office could buy water rights and customer contracts from WaterTexas, in essence becoming a giant water wholesaler in the region.

The land office's revenue from the water contracts would flow into the school fund.

Fraser complained that the land office was subverting the "ground up" structure of state water policy, which leaves management largely to local groundwater districts.

Any water deal the land office completes could set a precedent in other regions of the state, Fraser said.

Fraser's district borders Milam and Lee counties, where WaterTexas has acquired substantial groundwater rights. In recent meetings with constituents, Fraser said that "all people wanted to talk about was this single issue." The School Land Board on Tuesday voted to approve detailed negotiations with WaterTexas.

WaterTexas Chief Executive Derek Saunders said his company's progress shouldn't be affected by the legislative debate or how quickly the land office acts. WaterTexas will continue to develop water resources for the 130 corridor, regardless of whether the land office joins the deal, Saunders said.

Paul Sugg, legislative liaison for the Texas Association of Counties, welcomed the panel's examination of state deals with private companies as well as state leases. "Hopefully, this will answer some of the unknowns of transporting large amounts of water" from a region, Sugg said.

Patterson was unavailable for comment Thursday, his office said. Regarding the West Texas negotiations, Trace Finley, policy director for the land office, said the commissioner "will work with Sen. Madla's time frame." He said any final decision on how soon leases will be signed is up to Patterson.

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