

Firm hopes water demand runneth over

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American PureTex Water Corp. is ready to make a splash selling underground water in metropolitan areas.

The Houston-based company recently announced acquisition rights to 24 trillion gallons of subterranean water in Austin, Colorado and Wharton counties.

George Abbey, former director of the Johnson Space Center, heads the group of private investors in American PureTex who have plans in the pipeline to market the aquifer water in Houston and San Antonio.

The company envisions development of a pipeline system that will take six years to build and cost an expected \$350 million.

Demand will be generated by an increasing number of consumers, Abbey says, noting that the population of Texas is projected to double over the next 50 years.

A study is under way on how to deliver the water, and a survey of potential routes indicates that the Interstate 10 corridor "would be the most convenient" for construction of water pipelines, Abbey says.

He says American PureTex has had meetings with communities in west Harris County, north Harris County and Fort Bend County, as well as San Antonio.

"Water will be a critical and limiting factor for growth in these areas. These communities are interested in how they can provide water for their citizens," he says.

Prospective customers, however, apparently don't share the same sense of urgency.

City of Houston officials say a 30-year to 35- year water supply is available now, and pending water rights permits for surface water supplies would serve the city through the year 2050.

"We have no immediate need to develop such a groundwater supply project," says city public works spokesman Wes Johnson.

Johnson says current City Public Works and Engineering Water Production representatives have not spoken to PureTex.

"They called on former director Jon Vanden Bosch once, but he made no overtures or commitments," Johnson says.

Abbey says PureTex will "start with a shorter pipeline to communities with the most immediate needs," such as Fort Bend County and west Harris County.

But Mayor David Wallace of Sugar Land -- the major population center in Fort Bend County -- says the city has not been approached by American PureTex.

Wallace also serves as chairman of the Urban Water Council for the U.S. Conference of Mayors and is a frequent speaker at water conferences in Texas and nationwide.

Judge Bob Hebert, who heads the Fort Bend Surface Water Supply Corp., says he has not heard of or talked to American PureTex.

Second effort

American PureTex's water rights originally were acquired more than two decades ago by company founder George Ingram, who heads a Missouri-based family enterprise that includes a Dallas-based oil and gas company, Investore Resource Drilling.

The energy firm was incorporated in 1997 and dissolved earlier this year. American PureTex was incorporated in November of 2001.

The company first unveiled water marketing plans in late 2002 and early 2003 with Ingram acting as spokesman. In January 2003 the company also hired NASA veteran and former Space Shuttle pilot Charles Bolden as president and chief operating officer. He left the company three months later.

At that time, according to American PureTex spokesman Craig Fryar, the company's proposal stirred up a lot of negative reaction. Part of it apparently was due to the company's criticism of the quality of treated surface water, which communities in the Houston area are required to adopt as an alternative to ground water in order to stop subsidence.

Now American PureTex is keeping Ingram in the background. His name does not appear on the firm's Web site except as the husband of director and corporate secretary Kimberly Phillips-Ingram.

Although Ingram is acknowledged as one of the founders of American PureTex, Fryar says the company's founders "want to stay in the background."

A co-founder is Herschell Wilkenfeld, a Houston resident who was an executive and joint venture partner with Ingram's now-dissolved oil and gas company.

Aquifer questions

A press release issued by American PureTex in announcing acquisition of the water rights says that recent Gulf Coast aquifer modeling studies completed by the Texas Water Development Board "confirm the high-yield capabilities of the Chicot and Evangeline aquifer sands" located within the company's operating area.

These aquifers "range from 750 feet to 1,250 feet thick with very high conductivity and transmissibility," the company says.

But according to the Water Development Board, those modeling studies have not yet been completed and have not been officially released.

The aquifer under study runs along the Colorado River from Louisiana and North Texas to the Rio Grande River, and its thickness "varies considerably," says Carla Daws, a spokeswoman for the state board.

American PureTex plans to pool land into drilling areas of 640 acres, or in some locations 320 acres, with four wells a mile apart and a monitor well in the center.

But one Texas water expert questions the feasibility of the plan.

"The Gulf Coast aquifer is spread out and thin," says Lynn Sherman, president of Austin-based WaterTexas, a private water development consulting firm.

Sherman, an attorney, has dealt with Texas water issues for decades while serving with numerous public entities, including the Lower Colorado River Authority.

If the area American PureTex is talking about truly has thicknesses of 750 to 1,250 feet, "that's news to me and that's significant," Sherman says.

The area draws groundwater from the Brazos River, which "could be a concern," he says. American PureTex officials describe the company as privately owned by "natural resource conservationists," and say production will be confined to a rate that will allow the aquifer to continue to re-charge itself.

Colorado County has no groundwater district, which means the state's unique "rule of capture" law would apply to American PureTex's pumping rights. Basically, that means the company can pump as much water as they can use, provided there is no "malice" or wastefulness involved.

But Austin and Wharton counties have groundwater districts, and anyone in those counties must comply with the rules set forth by those districts.

American PureTex investors say they don't expect to see "a single cent of income" until 2008 to 2010. And it will take 15 years before they get their investment back.

Former Johnson Space Center Director Abbey says he became interested in water issues facing the state when he was asked by then-state Senator Buster Brown to serve on the Texas Water Foundation, which was created in 1998 following passage of legislation known as the Brown-Lewis Water Management Plan.

The foundation works to develop and implement plans to address the state's water needs for the next 50 years.

"I think water is getting to be more critical to this community than any other resource, including oil and gas," Abbey says.

Working with American PureTex "seemed like a great opportunity to develop a water source that would serve the community," he says.