

Energy Insider by William Engdahl

The Western coal pipeline battle

A proposal to pump millions of tons of Wyoming coal has agriculture and others up in arms.

A new kind of controversy stares Interior Secretary James Watt in the face this month. Unlike earlier fights, this one divides his usual base of support down the middle—between energy developmentalists and agriculture developmentalists. Watt will be asked to approve the final Environmental Impact Statement (EIS) for a project known as ETSI, or Energy Transportation Systems, Inc.

This proposal, if approved, will allow construction of the longest pipeline in the lower-48 states, a giant \$2 billion, 1,664-mile coal-slurry transportation project. The ETSI pipeline would haul between 25 and 37 million tons annually of strip-mined, low-sulphur, low-BTU coal, in pulverized form, in a water "slurry," to electric utilities in Oklahoma, Arkansas, and possibly Louisiana. The coal would originate from the rich Powder River Basin region between the Black Hills of South Dakota and the Big Horn Mountains of Northeast Wyoming.

The battle has been under way since 1974, when the Wyoming state legislature granted ETSI approval to use water from the Madison Formation aquifer. The principals in ETSI include the suspect combination of Lehman Brothers-Kuhn Loeb investment bankers, Atlantic Richfield, and Bechtel Construction. They have engaged more than \$25 million and some 65 court cases against the potentially

competing railroads to get basic right-of-way with private landowners to build the project. Because the proposed route would cross some 36 miles of federal land in Wyoming, Watt's Bureau of Land Management enters the picture. It's not a simple judgment Watt faces.

First, for years a guerrilla war has persisted between Eastern high-sulfur coal from the Appalachian region, most of it under UMW union jurisdiction, and Western coal. The Western coal, strip-mined by enormous machines from seams more than 100 feet thick in areas such as the Powder River Basin, is low in sulphur, a plus for certain environmental considerations. But, its BTU energy content is considerably lower than Eastern high-sulfur. This lower-quality, subbituminous coal, requires approximately two tons to every one ton of Eastern coal to give equivalent energy.

Because of this lower quality, until now, Western coal has not been economical for Eastern and Southern utilities to burn, given the high transportation costs.

The heart of this controversy is the fact that one ton of scarce Western water is needed to push each ton of coal, or about 20,000 acre-feet per year for the ETSI project as planned. No serious person with whom I discussed the question objected to the need to develop our coal resources. It is not a case of rails versus pipeline. It is one of

serious concern that the state and region is getting locked into a decision that could pose major damage to the water table, for little gain.

One of the most articulate critics of the present ETSI proposal is a Wyoming state representative, Marlene Simons. She has spent considerable time and effort to show that there are better options such as pumping water from the Oahe Reservoir in South Dakota that otherwise would run into the Gulf of Mexico, for providing source water to ETSI. "One of my major concerns," she told me, "is the fact that nobody knows what the effect on the area of such a drastic drawdown could be after five years." I then spoke with Dr. Perry Rahn, a respected hydrologist with the South Dakota School of Mines. He pointed out that, while Bechtel and Atlantic Richfield claim in their proposal to Watt that there will be virtually no drawdown beyond the well site, that "most independent evaluations—U.S. Geological Survey, BLM, University of Wyoming, and South Dakota Geological Survey—all show that ETSI will have a wide-ranging effect on drawdown over thousands of square miles."

Concerned with these independent evaluations, the governors of Wyoming, South Dakota, Montana, and Nebraska have sent a letter to Watt urging him to hold final approval of ETSI until a full study of alternatives is made.

Leaving aside the specific merits of this ETSI and similar slurry proposals waiting in the wings, about which I personally have strong reservations, this issue dramatically poses the urgent need for a real national water policy . . . this one without David Stockman, please.