Cooperative Agreement Change Advances Aquatrain Project

A modification to a Cooperative Agreement between private industry and the Federal government signifies progress for the proposed $2-3 billion Aquatrain pipeline system, the Bureau of Reclamation's Upper Colorado Regional Director Clifford Barrett announced today.

The Bureau of Reclamation and Aquatrain, Inc. (a company representing private industry) executed the original agreement on November 2, 1982. The modification, which Reclamation agreed to January 30, 1984, approves ownership transfer of Aquatrain, Inc., from W. R. Grace & Co. to Western Water Reserves, Inc., of Boulder, Colo. In addition, the modification further defines the roles of the private and public sectors in this unique cooperative effort.

In November 1983, Reclamation was asked to release W. R. Grace from the Cooperative Agreement established to jointly study the Aquatrain concept and to consider approval of Western Water Reserves as the new private sector partner. Western Water Reserves -- a Colorado corporation backed by T. P. Clark of Boulder and David Williams, Jr., of Tulsa, Okla. -- then submitted a letter of intent describing anticipated actions to bring the project to the "proof-of-concept" stage.

The Colorado River Basin Salinity Control Forum is interested in the project for its salinity control objective, the forum has reviewed the
Aquatrain, cont.

proposed change and endorsed Reclamation's continuing participation in Aquatrain as a potential salinity control measure based on the credentials of the corporation and the resources it intends to commit to Aquatrain.

In addition to providing funding for the project, Western Water Reserves is now seeking to broaden industry participation in Aquatrain through venture capital partnerships with other private interests. The private sector would fund pipeline system construction through partnerships and bonding, and would receive returns on investments on an equity basis.

The Aquatrain Project proposes an underground, multiple pipeline system carrying saline water, coal, and possibly other commodities from as far north as Wyoming, Colorado, and Utah to domestic and export markets in the Southwest and on the Pacific Coast.

Aquatrain could provide an alternative, less costly means of reducing Colorado River salinity and improving water quality, a goal of Federal and western State governments. As currently envisioned, the pipeline system would divert salty water away from the river and carry it to points for beneficial use, such as powerplants for cooling in place of fresh water.

The goal of the private sector in Aquatrain is to develop an economically competitive method of transporting the coal and other commodities. As now conceived, the system would use liquid carbon dioxide as a transport medium for the coal, and saline water would be carried in parallel pipelines.