WASHINGTON, D.C. -- The Senate today adopted an amendment by U.S. Sen. Bill Armstrong (R-Colo.) to clear up a financing problem affecting the Dallas Creek Project near Montrose.

The amendment was attached to a funding measure for federal employees' pay. The amendment was co-sponsored by U.S. Sen. Gary Hart (D-Colo.) and is similar to a provision approved by the House of Representatives in May.

Armstrong hailed the Senate action as "a strong statement of support for Dallas Creek and a clear endorsement of the bargain made by local water users" in the Delta and Montrose area. "This was the longest step forward, so far, toward putting this problem to rest once and for all," he added.

The bill reaffirms a 1977 "repayment contract" for local water users to pay no more than $38 million of the project construction costs, Armstrong noted, and protects them from recent cost overruns that have threatened to double their share.

"Local water users were wise and prudent to demand a cost ceiling," Armstrong said. "A contract is a contract and I feel they are entitled to the benefit of that good faith bargain."

Armstrong said the Reagan Administration has assured him it intends to honor the original contract, and he called the bill "belt-and-suspenders protection against a future administration that may not understand the
importance of water in the west."

Dallas Creek, now in its second phase of construction, is scheduled for completion in July of 1986 and will begin storing 55,000 acre-feet of water for a variety of uses, including agricultural, recreational, municipal and industrial.