

Secretary UDALL. That is correct.

Mr. JOHNSON. Waters that are necessary there to perfect their operation is also Federal water from one State or another.

Now, we considered legislation last week or 2 weeks ago wherein the contracts were being asked for a water commitment to provide projects with coal. Now, are you using a portion of New Mexico's water in this case for the three contracts under consideration, and the coal deposits, the last one still under consideration, is that which is held by the Utah Construction & Mining Corp.

That answers, too, I presume, the coal is from public land and the water is from public land.

Secretary UDALL. Most of the coal in the Four Corners area is on Indian land. As to the water, the reason we have to have congressional approval of the contracts is that Congress wrote that requirement into legislation. The water in question is available only for a 35- or 40-year period, as I understand it. The water we are proposing to use at Page is within Arizona's upper basin entitlement and amounts to almost 40,000 acre-feet.

It can be contracted for directly under existing law. We need no additional authority.

Mr. JOHNSON. How about water to supply the venture in Nevada, your slurry coal delivery?

Secretary UDALL. They will use Nevada water for that venture and Arizona Indian coal. That is a unique project.

Mr. JOHNSON. You have purchased, or will if the bill is perfected, this power requirement of the company needs of the Arizona project?

Secretary UDALL. That is correct.

Mr. JOHNSON. Now, I presume that if there were surplus power in this operation, it would be considered as available under reclamation law to preference customers?

Secretary UDALL. Under the way we propose to handle this matter, we do not expect to get into the question of the function of the preference clause, because the power would be taken by the Salt River project if there is surplus. Being a preference agency, no problem would arise.

Mr. JOHNSON. Well, if there was such a thing as surplus power, as I understand it in your testimony in the Senate and also in communications with people like the American Public Power Association in an exchange of letters, you did say that this would be separate reclamation law and it would be available to preference customers.

Now, at the present time in the legislation, some of the bills that have been introduced do not make any mention of these or anything in the legislation.

I would say that in your letter to the American Public Power Associations you did go on record as saying it would be subject to reclamation law and available to preference customers. Maybe they will never come, but this might happen in other instances.

Secretary UDALL. We have not changed our position at all. The Senate wrote language in S. 1004 to clarify this point. If the House wishes to do so, it may do so. However, under the way that we propose to handle the matter, there would be no issue.

Mr. JOHNSON. Well, there is a difference of opinion of some people.