

of their capital and credit are often obscure. Aside from family corporations they include large conglomerates, such as Gates Farms, a subsidiary of Gates Rubber Co. of Denver; corporations owned by professional men; agribusiness corporations primarily engaged in the manufacture or sale of farm equipment; feed processors; contractors and building material suppliers; and capital derived from petroleum production. The farm management service corporation is a collateral element attracting nonfarm capital into agriculture. The farm management service makes feasible the investment of nonfarm capital in agricultural land. Its advertisements encouraging investment in agricultural land are not an uncommon thing.

Corporations engaged in nonfarm enterprises operate properties served by more than 100 irrigation wells in Yuma County alone, most of them using the self-propelled sprinkler method of water application. About half of this number have been developed by Gates Farms in the last year.

Many wells have been developed on sagebrush covered dune sand, generally considered to be unsuited to crop production. By the heavy application of fertilizer, high yields of feed grains are being obtained. However, these soils under row-crop production will sift during the winter months without fall cover crops. If the water resource is exhausted, these fields will have to be abandoned and they will become barren, blowing deserts. In one of these areas a check of 63 livestock and domestic water wells by the local water management board indicates that the static water level in 63 wells has already fallen from 1 to 15 feet. This lowering of the water table is a potential threat to rural households and livestock production.

The expansion of underground water development by individual farmers and small corporations between 1960 and 1966, as a result of the introduction of new cash crops and mechanical irrigation methods, was very rapid.

Then in 1967, a real estate broker began optioning land for an undisclosed principal. The option required the seller to establish the availability of ground water in a minimum amount of 1,000 gallons per minute under pumpage and to obtain a well permit from the State ground water commission as required by the 1965 law.

When the options were exercised, the undisclosed principal was identified as Gates Farms, a subsidiary of the Gates Rubber Co., a substantial conglomerate corporation. The already disordered development at this point began showing signs of panic. Some farmers obtained permits, drilled wells and capped them in order to protect their potential development rights.

At the same time the Ground Water Commission, influenced to a considerable degree by local pressure, tightened its policies for granting permits. As a result a good many small farmers cannot now obtain permits, including some who had sold part of their land to the Gates Farms. The permits are now granted on the basis of a formula. This is not the only consideration, but a formula that says in effect, if more than 40 percent of the resource in a 3-mile radius will be exhausted within a 40-year period—

Senator NELSON. Within what period?

Mr. LEHMAN. Forty—the permit will not be granted. There is a great deal of research still needed on this because the resource is in-