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Acting Under Secretary of the Interior Kent Frizzell has approved an amendment to an existing water service contract relating to the use by Utah International, Inc. of water stored in the Navajo Reservoir for a proposed commercial coal gasification project near Farmington, New Mexico.

Utah International, Inc. (UII) will supply both the coal and the water for the coal gasification complex, to be constructed by the Western Gasification Co. (WESCO) on the Navajo Indian Reservation about 35 miles southwest of Farmington. The proposed complex would ultimately include four coal gasification plants capable of producing about 1 billion cubic feet per day of synthetic natural gas from coal mined by UII at its existing Navajo Mine.

The initial plant would be operative by late 1977 or early 1978, and all four plants would be operative by 1983 and under WESCO's proposed construction schedule.

Commissioner of Reclamation Gilbert G. Stamm said use of the water by UII was originally authorized in 1968 by Congress, which approved three contracts allowing the diversion of water from Navajo Reservoir for municipal and industrial uses.

At that time, UII proposed to use the water for cooling additional generating units at the Four Corners Power plant operated by the Arizona Public Service Co. near Farmington. UII provides coal for that generating facility. However, the additional units were not installed. Under its original water contract, UII was authorized to divert up to 44,000 acre-feet of water annually from the San Juan River downstream from Navajo Reservoir for municipal and industrial purposes at the power plant. The amendment to the contract will limit the water depletion to 35,300 acre-feet annually for the coal gasification process.

The original contract provided for renewal at 10-year periods beginning Jan. 1, 1972, and for two subsequent 10-year periods, but not beyond year 2005. It also carried the provision that the Federal Government would terminate the contract with respect to water not put to beneficial use by Jan. 1, 1977.

The proposed amendment would extend the date for beneficial use of water from Jan. 1, 1977, to Jan. 1, 1982, to allow for construction of the coal gasification complex. If the gasification project does not materialize, the water supply under the contract will revert to the U.S. Government.

Delivery of water under the amended contract will not be made until the completion of the final environmental impact statement which is now being prepared and a finding by the Secretary that the proposed use is environmentally acceptable.