

Congress kills the U.S. Synfuels Corp.

President Reagan's recent signing of a bill abolishing the U.S. Synthetic Fuels Corp. (SFC) gives the agency 120 days to pack up its files, to lay off its 130 employees and to transfer the administration of its five financial awards to the Department of the Treasury. By May the Synfuels Corp. will be history.

Launched by President Carter with fanfare in 1980, SFC's mission was to shepherd in a new industry — one that would tap unconventional resources like coal, tar sands, oil shale and heavy crude to meet future U.S. oil and natural gas needs.

As a sign of its commitment to this mission, Congress had empowered the new investment bank to spend up to \$88 billion. While the price tag was high, public sentiment in the wake of Arab-oil embargoes suggested that the independence from foreign oil supplies that it promised was worth every penny.

But dissatisfaction with SFC developed quickly. The Reagan administration complained that the new agency's charter — providing subsidies to private industry for commercial-scale projects — ran counter to free-market principles. Congressional supporters of the agency in turn challenged the good faith of officers President Reagan nominated to run the bank. (For example, prior to chairing the agency, Edward Noble is widely reported to have advised President Reagan to abolish the agency.)

Before long, complaints developed over SFC's sluggish activity. The agency had initially been expected to approve up to \$20 billion in financial backing of loans and product prices to reach its first milestone: the production of 500,000 barrels of crude-oil equivalent daily by 1987. As of July 1985, however, SFC had committed only \$1.2 billion toward three projects — and they would yield less than 2 percent of that 1987 production target Congress had set. Then there were scandals, charges of lavish spending and mismanagement by SFC officials (SN: 8/4/84, p. 74).

In retrospect, it's no surprise SFC died, says Michael Koleda, president of the Washington, D.C.-based trade association, Council on Synthetic Fuels. The Synfuels Corp. was envisioned as a program on the scale of the Manhattan Project. But to succeed, he says, a program this massive and coordinated would have needed the active support of the President, the energy industry and the Congress. In fact, President Reagan's support for the program "was always weak at best," he says, and the unlikely prospect that industry would reap any immediate financial benefits garnered it only lukewarm support there. It was in the Congress that SFC's

SFC AWARD RECIPIENTS				
PROJECT	TYPE	AWARD	AMOUNT (in millions)	CONTRACT DATE
Cool Water Gasification Project Dagget, Calif.	Coal Gasification	Price Guarantee	\$120	July 1983
Dow Syngas Project Plaquemine, La.	Coal Gasification	Price Guarantee	\$620	April 1984
Forest Hill Heavy Oil Project Wood Co., Tex.	Heavy Oil	Loan & Price Guarantees	\$60	Sept. 1985
Union Oil Parachute Creek Shale Oil Project Parachute Creek, Colo.	Oil Shale	a) Price Guarantee	\$400	July 1981
		b) Loan Guarantee Price Guarantee	\$500 undecided	Oct. 1985 Oct. 1985

support was initially strongest. And there dissatisfaction has been growing steadily, Koleda observes — "fueled originally by mismanagement issues, and increasingly by falling oil prices."

Despite SFC's checkered record, Koleda believes its demise "will have a negative impact on [synfuels development] activities within the private sector." How much it will slow investments in these technologies remains to be seen, he says, but the measure has certainly sent a chill through the energy production community.

Several members of that community were frozen by the move, which took place Dec. 19. Gilbert Shale Oil Co., based in Omaha, Neb., and Geokinetics, based

in Salt Lake City, were to have been partners in the commercial-scale Seep Ridge Oil Shale Project. While small-scale tests of the technology it would employ indicated promise, says Kenneth Stinson, president of Gilbert Shale Oil, SFC support was essential for its commercial-scale development. And after three years of reviewing the request, SFC had agreed to provide that support.

Signing of the contracts, postponed in Sept., was rescheduled for SFC's Dec. 17 board meeting. "But the meeting was called off in light of what was going on in Capitol Hill," explains SFC spokesperson Karen Hutchison. Before it could be rescheduled, the agency was dead.

— J. Raloff

Radwaste crisis narrowly averted

A threatened Jan. 1 closure of the United States' three low-level radioactive waste landfills was headed off by eleventh-hour passage of a compromise bill in the House and Senate. The new law, expected to be signed by the President imminently, will for the first time provide a series of economic sanctions for states that do not move to develop their own radioactive waste dump or that do not band with other states into a compact that will share a waste dump.

"It's a triumph for the country," says Wright Andrews, an attorney representing the states of South Carolina, Nevada and Washington on the issue of low-level waste. His clients, tired of being the repository of everyone else's wastes, had vowed that if something wasn't done to put teeth into the existing federal law mandating creation of additional low-level waste sites, they would simply shut down their facilities to out-of-state generators. But as a result of a complex congressional compromise reached on Dec. 19, Andrews says, "now all generators have real assurance there will be somewhere to send their wastes."

The proposed shutdown could have proved devastating, not only to research

but also to medicine, points out Michael Welch, past president of the New York City-based Society of Nuclear Medicine and a researcher at Washington University Medical School in St. Louis. A July 12 letter from the Nuclear Regulatory Commission to all generators of low-level radwastes advised them to make contingency plans for dealing with those wastes in the event the existing repositories closed.

"We believe that by compacting our wastes we can in fact store them [at the university] for 10 years," he said at an American Chemical Society meeting in Chicago last September. But that's because the university does not generate large quantities of waste. Among those who do, he noted, are the makers of radiopharmaceuticals and radioisotopes for use in medicine and industry. And if they lost their ability to store wastes, he said, they might be forced to shut down production of those materials.

"At least 322 people with academic positions in our medical center are approved users of radioisotopes," Welch noted, "and about 60 percent of the [center's] grant money is for research that uses radioisotopes." In other words, he

said, closure of the low-level waste dumps could potentially shut down more than half of the grant-funded research at institutions like his. And, he added, a halt in the production of radiopharmaceuticals could jeopardize the availability of nuclear medicine procedures; currently 10 million to 12 million such procedures are undertaken in the United

States annually.

It was a political standoff between the states that had taken action to form compacts and those that hadn't, Andrews explains. Congressional ratification of the compacts would have given any of them the right to exclude wastes generated by noncompact states, beginning Jan. 1, 1986.

Last year, the governors of North Carolina, Nevada and Washington decided to break the congressional logjam over ratification of regional pacts by offering an ultimatum: Ratify the pacts and pass legislation that will economically punish states that don't move to develop their own waste sites, or we will shut our doors on Jan. 1 to everybody but our in-state generators. At the same time, the three states offered to extend by seven years the deadline for excluding out-of-state wastes.

The new law would not only ratify seven previously agreed-upon state compacts, but also provide that:

- For wastes generated by out-of-compact states, states with a waste site could assess a surcharge that escalates from \$10 per cubic foot in 1986 to \$20 per cubic foot in 1988 and to \$40 per cubic foot in 1990.

- 25 percent of all surcharge fees would be held in escrow.

- Escrowed money would be returned to the waste generator's state if it met milestones set for the period in which the surcharge was collected. These include membership in a ratified compact by July 1, 1986, or certification by a state's governor that the state will develop its own waste site; site selection for a new landfill in its compact or borders by Jan. 1, 1988; and completion of a waste site by Jan. 1, 1992.

— J. Raloff

LOW-LEVEL RADIOACTIVE WASTE COMPACTS

COMPACT	STATES	OPERATING DISPOSAL FACILITY
Southeast	Ga., Fla., Tenn., Ala., N.C., S.C., Miss., Va.	Barnwell, S.C.
Rocky Mt.	Colo., N.M., Nev., Wyo.	Beattie, Nev.
Northwest	Idaho, Wash., Ore., Utah, Alaska, Hawaii, Mont.	Hanford, Wash.
Midwest	Wis., Ind., Iowa, Ohio, Mich., Minn., Mo.	None
Central Midwest	Ill., Ky.	None
Central States	Kan., Okla., Neb., Ark., La.	None
Northeast	Conn., N.J., Md., Del.	None

States annually.

In 1980 Congress enacted the Low-Level Radioactive Waste Policy Act. The law was designed to prompt states — either individually or collectively — to establish their own repositories by Jan. 1, 1986. But as of March 1985, "there were no new sites even close to being on the hori-

"Imagine yourself a senator or member of congress from New York," Andrews says. "If you had voted to allow some compact and then they cut off access to your state's generators, you'd be in a political pickle." So the unaffiliated states voted against ratification of the compacts.

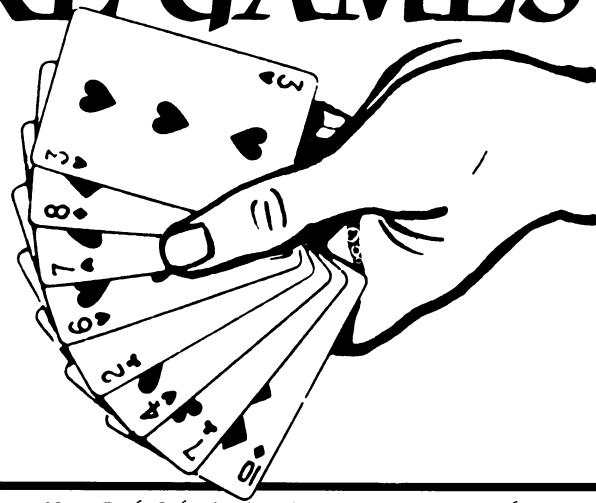
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