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Opinion

If Developer of Sandow Lakes Ranch is serious, they need to be serious about environmental hazards on Alcoa land

by Travis Brown

A red flag warning rose up for some of us in Lee County when plans to build a large natural gas-powered generating plant were announced earlier this year.

“A 1,200-megawatt natural gas plant is coming to the 31,000-acre site of a former aluminum plant in Milam County,” said a headline in the Austin Business Journal.

Other stories in local, state and even national media made it sound like the plant would be located at the old Alcoa smelter site near Rockdale.

“New power company to build natural gas power plant near Rockdale,” announced Fox 7 TV news in Austin.

The Houston Chronicle’s story was headlined, “Natural gas power plant planned in former Texas coal town now home to bitcoin miners.”

But a deeper read into these stories yielded information that conflicted with their headlines. The stories also stated the new plant would be in Lee County.

Hence, a red flag. Also, a puzzlement.

The old Alcoa smelter, the coal plants that powered it, along with most of the strip mine that provided the coal, are in Milam County, not Lee.

Seeking clarification, I contacted Xebec Holdings, the Dallas-based real estate development company that bought the Alcoa property in 2021.

A few days later, I got a call from a representative from Sandow Lakes Energy, an affiliate of Xebec that plans to build and operate the plant.

“Why Lee County?” I asked, “and not where the old smelter and coal plants were located?”

I pointed out that transmission lines and other infrastructure needed to get power onto the state’s electric grid were at the old Alcoa site. So, why wasn’t the gas plant going to be built there?

The company man’s answer came in two parts.

First, he said Sandow Lakes Energy wants the plant to be close to a source for the natural gas. That would be the Matterhorn pipeline, which will transport natural gas from West Texas to the Gulf Coast. A section of that pipeline has been under construction across Lee County for many months.

The company rep said it would be “easier” to build new transmission lines for the gas plant than to lay new pipe.

He said an exact site for the plant has yet to be determined. However, he said it probably would be on the western portion of Sandow Lakes Ranch property. It would be located “within two miles” of the Matterhorn pipeline, which crosses FM 696 near CR 306.

So, it appears the plant likely would be built near the intersection of CR 306 and CR 309. That’s near Blue, just west of the Adina Christian Church.

But the company man also offered a second reason for not building the new gas plant at the old Alcoa site.

“The area around Alcoa Lake is so scenic,” he said, referring to the 914-acre lake near the smelter that provided cooling water for the power plants.

He implied that building a large natural gas plant near Alcoa Lake is a bad fit with other plans Xebec has for Sandow Lakes Ranch.

When the Alcoa land was put up for sale as “Sandow Lakes Ranch,” the marketing campaign described it this way: “The natural beauty is protected and thrives with natural flora and fauna, offering ample opportunities for the outdoor and recreational enthusiasts.”

Xebec initially planned to build on the land what it called an Advanced Manufacturing and Logistics Campus. It later said more land could be used for housing, solar farms, retail, commercial and recreational facilities.

But more grandiose plans are in the works for Sandow Lakes Ranch. Lee County officials have said the company now envisions the old Alcoa land – some 50 square miles – becoming “another Woodlands.” That’s a somewhat tony Houston suburb comprised of many high-end residences and upscale shopping centers.

County officials have said the site will include shopping malls, supermarkets and hospitals, and will eventually be home to a population of 200,000 people.

In April, those grandiose plans were recounted in “D” magazine, a glossy publication that extolls the glories of Dallas businesses. A writer for the magazine was flown by helicopter from Dallas to Sandow Lakes Ranch by Xebec, along with CEO Randy Kendrick.

“How Xebec Realty Is Resurrecting An Industrial Ghost Town,” said the story’s headline.

By now, you may be thinking, “Are these people serious? Or is this just developer bluster, intended to lure investors?”

If the Sandow Lakes Ranch is serious, then it better also be serious about addressing environmental hazards on the Alcoa land.

For more than 50 years, the site was home to one of the largest aluminum smelters in the world. It was powered by two coal-fired power plants that operated with virtually zero air pollution controls. The adjacent Sandow strip mine fueled the power plants with lignite, a cheap grade of coal that contains high levels of mercury, cadmium and other heavy metals.

Smokestacks for the two coal plants spewed out clouds of sulfur dioxide and other pollutants over a wide area.

This history alone suggests the land and water bodies on the Alcoa site likely are contaminated. But there's also documented evidence of that.

In 2019, a series of reports by the Texas Tribune on coal plants in Texas investigated the condition of the Sandow Lakes Ranch property.

The Tribune reported that “a review of Railroad Commission records, as well as interviews with former agency employees, indicate the mine site may not be in the immaculate condition that the marketing materials describe. The description glosses over the fact that about 70% of the 32,000 acres were once part of the strip mine, where each year the company removed enough dirt and coal to fill the Panama Canal, and buried coal ash containing toxic heavy metals under hundreds of acres. The ‘pristine’ lakes on the property are man-made features that once collected acidic mine waste.”

According to experts cited in The Tribune report, heavy metals from coal ash can seep into groundwater from the mine pits, which can be several hundred feet deep.

In fact, heavy metals already have leached into at least 10 water wells on the old Alcoa property, according to a 2019 study by the Environmental Integrity Project (EIP). That study was based on official well monitoring data required by the state.

Those wells had concentrations of arsenic, mercury, cobalt and lithium well over the federal limits for human consumption.

Heavy metal contamination was also found at one coal ash dump at the mine. Six more coal ash dump sites at the mine “are likely to be current and future sources of contamination,” according to the EIP study.

Marketing of the Alcoa property touted 14 “pristine” lakes on the land. But those “lakes” are deep mine pits that were never filled in. High levels of acidity found in these mining “end lakes” can prevent aquatic life in them.

And what about “scenic” Alcoa Lake?

Fishing has been prohibited in the lake for decades. Rumors about two-headed fish in the lake probably should be considered with a very large grain of salt. But the prospect that fish there have high mercury content might not be far-fetched.

A former power plant employee told me that Alcoa Lake had been used as a dump site for transformer oil containing cancer-causing PCBs.

The facts above might be just the tip of the iceberg when it comes to contamination at the old Alcoa site.

There's another issue that might foul up plans for Sandow Lakes Ranch. And that's subsidence.

Strip-mined land is subject to subsidence, the shifting and settling of mined land over long periods of time. Subsidence can render building on strip-mined land problematic, expensive and even impossible.

Want proof? If you've driven FM 696 across from Three Oaks Mine headquarters, then you've likely found yourself almost airborne as your car cruises over deep dips and sways. That segment of 696 was built over strip-mined land.

A Railroad Commission engineer told me TxDOT regrets the day it allowed Alcoa to relocate an old stretch of FM 696 to accommodate its Three Oaks Mine plans. Years of repairs have failed to keep those dips and sways from coming back.

Sometimes it seems like Lee County has a target on its back.

Two huge pipelines crisscross the county and are exporting groundwater from nearby to San Antonio, Manor and other I-35 corridor cities. As a result, many livestock and domestic well levels are experiencing dramatic declines.

More groundwater export projects are underway. These include the sale of groundwater from wells on Sandow Lakes Ranch to the city of Taylor.

That water will supply the new Samsung semiconductor chip plant.

The looming prospect of a huge natural gas plant coming to north Lee County is alarming, especially to those of us who live in the Blue/Adina area.

The plant's industrial footprint would destroy the rural nature of the community. Traffic problems on FM 696 would worsen. County roads would suffer. Property values likely would be affected. Air pollution from the plant might affect human health.

In the "D" magazine story, the broker who sold the Alcoa land to Xebec described the land as an "incredibly sculptured landscape." He also described the land outside Sandow Lakes Ranch as "harsh and tough, gravelly and scrubby." That certainly does not describe the lovely land around Blue.

Sandow Lakes Energy plans to begin construction on the gas plant next year. But first it has to obtain state permits. It's possible those permits will be opposed by local landowners.

There is a solution that would preserve the rural nature of north Lee County, and provide electricity from a new gas plant, if such a plant is truly needed (an issue that may be debatable).

That solution is for Sandow Lakes Energy to build its gasplant at the site of the old Alcoa smelter and power plants.

A company press release for the gas plant included a quote of support from Gov. Abbot, along with ones from our state senator, Lois Kohlkorst, and our state representative, Stan Gerdes.

Last year, the Texas legislature approved \$10 billion in grants and loans for construction of new natural gas generating plants.

Our state and local elected officials need to make a demand to Sandow Lakes Energy. If it wants to build this plant, and it wants taxpayer dollars to help pay for it, then it must be built at the old Alcoa site, not in Lee County.

Travis Brown lives in Blue. He has long been active in local environmental issues, including protection of the region's groundwater.