FORMER OIL EMPLOYEES SAY: STEALING OIL FROM INDIAN WELLS IS COMMON

WASHINGTON (AP) - Former employees of an oil company with ties in Oklahoma say they were pressured to steal oil from wells on Indian land, and their company was not alone in the practice.

Gene Poteet, a former gauger for Koch Industries of Wichita, Kan., told a Senate Committee May 9th that his nephew worked for an oil firm that told him, "if he couldn't steal his wages, they didn't need him," Poteet did not name the firm.

Koch has offices in the Oklahoma cities of Duncan and Shawnee and purchased an Oklahoma firm, Big Heart Crude Oil Co., in 1986, according to testimony.

Poteet and James Spaulding, another former gauger for Koch, testified before a special committee of the Senate Select Committee on Indian Affairs, which is investigating theft of oil from and underpayment of oil royalties to Indians.

As gaugers, both men were employed to measure oil from tanks at well sites into either a pipeline or onto trucks for sale by Koch, which does a large amount of business on Indian oil fields.

They said the company expected them to "mismeasure" so that more oil would be received than paid for.

Spaulding said that when he resisted, he was informed that Koch "would send one of their gaugers to reteach me."

Spaulding said he worked for Koch from 1984 until 1988, when he was fired for refusing to work Sundays. Poteet, who worked for the company from 1979 to 1984, said he quit because "I didn't agree with their practices."

Spaulding said when he went to work for another oil company, Union Texas, he caught the employees who replaced him at Koch stealing oil from Union Texas, then canceled its contracts with Koch, he said.

Donald L. Cordes, Koch Industries vice president for legal and corporate affairs, issued a statement May 9 saying testimony and information during the hearing was incomplete and created a false impression.

Cordes said the Senate panel didn't reveal that the so-called averages being attributed to Koch represented a minute percentage of the total oil the company buys and resells. He said Koch crude oil purchases were measured short the first two months of 1989, and the average for 1988 was .0023 of the total volume of crude oil handled and measured by the company.

"This percentage is well within the range of average percentages reflected in the reports. Texas and Louisiana, for example, show many other companies with higher percentages, Cordes said.

A spokesman for the Senate panel said that depositions were taken with Koch officials, though they were not called to testify.

Investigators told the committee that Koch consistently took hundreds of thousands more barrels of crude oil than it paid for during the last three years. A certain amount of mismeasuring is normal in the industry, but not to the degree shown in documents subpoenaed from Koch, witnesses said.

The documents indicated that Koch ended 1986 with 803,874 more barrels of oil than it paid for, 1987 with 671,144 more barrels and 1988 with 474,281 extra barrels. The value of the excess oil was estimated at $12.2 million in 1986, $11.9 million in 1987 and $7.1 million in 1988.

Chris Tucker, an independent oil expert who investigated Koch, said most companies mismeasure accidentally but "try to be as accurate as possible."

"At year's end, they try to get to zero (difference)," he said.

Tucker was hired to investigate the company by a brother of the owner, Charles Koch, according to a Senate panel spokesman, who indicated the brothers had quarreled.

Sen. Dennis DeConcini, D-Ariz., who chairs the special committee, said findings from the investigation would be referred to the Justice Department.

All the witnesses who testified May 9th said it is easy to steal oil from Indian land because no one supervises the purchasers when they take oil from tanks at the wells.

Two Caudo Indians from Gracemont, Okla., said they received royalties from three wells in Okla., but have noticed their individual checks have decreased from $3,000 per month to $1,000 despite the rising of oil.

Thurman Parton and Arnita Gonzales said they learned from investigators for the committee that a gauger from Koch Industries had been caught stealing from their wells.

Neither Parton nor Gonzales is employed, and both say they depend on their royalty checks to pay their bills.

KOCH SAYS IT DID NOT STEAL OIL FROM INDIAN LANDS IN OKLAHOMA

ST. PAUL, (AP)- Officials of Koch Industries of Wichita, Kan., expect of talk to Justice Department investigators soon about allegations that the company stole about $30 million of oil from Indian lands in Oklahoma, says company spokesman George Peterson.

Koch Industries is the parent company of Koch Refining Co., which owns a refinery in Rosemount.

Sam Hirsch, spokesman for the special U.S. Senate Committee on Investigations that heard testimony on alleged Koch violations, said the committee's documents have been turned over to the Justice Department.

"There is a systematic practice throughout Koch of mismeasuring or misrecording," he said. "We interviewed dozens of employees that said it was systematic."

Three weeks ago, the committee heard testimony from staff investigators and Koch employees indicating Koch was not paying for all the oil it was taking from Indian lands. The discrepancies totaled $7 million to $12 million annually from 1986 to 1988, according to Hirsch.

Koch has vigorously denied the charges. Donald Cordes, Koch's executive vice president for legal and corporate affairs, contended senators are using Koch as a convenient tool to gain publicity.

"As you can imagine, we are very concerned and upset at the charges leveled against our company," Cordes said. "We do not steal oil. We are honest in our measurement."

The committee began its probe last year, said Hirsch, after it obtained records from a number of oil companies. "While most of the companies were a few thousand barrels of oil under or over what they paid for, Koch was significantly over," he said.

The oil is taken from large tanks in the oil fields and then transported by truck or pipeline to Koch's customers or refineries. According to Hirsch, the trucker is supposed to measure the amount of oil in the tank before and after pumping.

Hirsh said Koch employees testified they went to a training school put on by the American Petroleum Institute to learn how to measure oil correctly. But once employed by Koch, "they were told to chuck that and do it the Koch way," he said.

Cordes said employees interviewed by the Senate investigators had been dismissed by the company for dishonesty, drinking on the job or violating Koch's drug policy. The company actually has paid the Indians in Osage County for more oil than it took, he said.

GOVERNOR OF KANSAS SIGNS INDIAN GRAVE PROTECTION AND REBURIAL BILLS INTO LAW

Boulder, Colorado: Tribal grave protection and reburial efforts in Kansas met with success in April as three important new laws were enacted by the state legislature and approved by the Governor. The laws are the result of extensive efforts led by the Native American Rights Fund (NARF) on behalf of three Indian Tribes indigenous to Kansas. They are the Pawnee Tribe, the Witchita Tribe, and the Three Affiliated Tribes of Fort Berthold Reservation. These three related Caddoan Tribes are also the closest living next of kin to 146 deceased Indians who have been put on public display at a roadside tourist attraction near Salina, Kansas called the "Indian Burial Pit." Under the new laws, these deceased Indians will be properly reburied by the three Tribes at state expense, and, in the future, unmarked Indian graves will be legally protected from unnecessary disturbance.

In February, the three Tribes negotiated a reburial agreement called the "Treaty of Smoky Hill" with te owners of the Indian burial ground, the Salina County Commissioners, the Kansas State Historical Society, and the State Archeologist. The agreement stipulates that (1) the State of Kansas will purchase the Indian burial ground or $90,000 and will properly maintain it in the future a an historic cemetery; and, (2) that the 146 decedents, and any associated burial goods from the cemetery still in the possession of the landowners and Historical Society, will be reburied at the existing site by the State Archeologist. The reburial will be under the direction of the three Tribes in accordance with their traditional tribal religious belief and practice. The two bills that are the enabling legislation for the "Treaty of Smoky Hill" passed the Legislature and were approved byt the Governor in April.

The three Tribes are planning for the tribal reburial ceremony, which tentatively will take place soon after the State purchases the site.

In addition, the Kansas Unmarked Burial Sites Preservation Act. H.B. 2144, was signed into law on April 24, in a formal signing ceremony by Governor Mike Hayden. This new law will protect unmarked burials in Kansas on a state-wide basis from unnecessary disturbance and prohibit unregulated displays of human remains. The law passed the Legislature with overwhelming support on a 123 to 1 vote in the House and a unanimous vote in the Senate. The law will be carried out by a nine-member board (four members are Indian appointees by the four Kansas Tribes) which will be attached to the Kansas State Historical Society.