

Amazon.com founder purchases 57,000 acres of West Texas land

by Dan Huff

El Paso Inc. staff writer

Multibillionaire Jeff Bezos, founder of Amazon.com, the Internet merchandising giant, has quietly been buying up thousands of acres of West Texas ranch land, including acreage in Hudspeth and Culberson counties east of El Paso, according to official records.

Several people familiar with the area, who know what that land is worth in most transactions, say Bezos apparently has been paying premium prices for the land even though much of its value is questionable because of a water-rights dispute. They say they have no idea what he plans to do with it.

Other people in a position to know Bezos' plans would not discuss them with El Paso Inc.

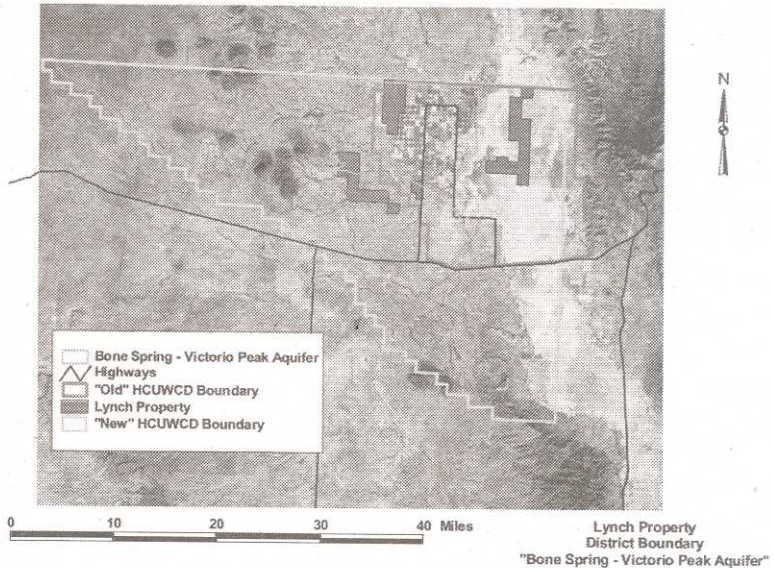
The records indicate Bezos, acting through several holding companies, has acquired nearly 57,000 acres formerly owned by WGW Properties, otherwise known as the Wilson Ranch.

Telephone calls by El Paso Inc. to former WGW Properties owner George Wilson were not returned. Chris Stall, Wilson's former ranch manager, who is now reportedly managing the property for Bezos, also did not return calls.

Roy Thomas, CEO of the Texas Pacific Land Trust, the largest private landowner in Texas with more than 1 million acres, said the evidence he's seen indicates Bezos has purchased "at least 200,000 acres in fee" — encompassing a number of West Texas ranches.

"He also has leases from Texas Pacific upward of 70,000 acres," Thomas said.

(Texas Pacific Land Trust, listed



The Hudspeth County Underground Water Conservation District No. 1 (HCUWCD#1) is the water-regulating authority for the Bone Springs-Victorio Peak aquifer around Dell City.

graphic courtesy Bill Lynch

on the New York Stock Exchange as TPL, was created to dispose of the 3.5 million acres owned by the bankrupt Texas Pacific Railroad. It's a task that's been under way since 1888. The trust also profits from West Texas gas and oil leases.)

"We've heard he's paid some pretty good prices lately," said Thomas, who agreed with others that it is doubtful Bezos is buying the land for water or irrigation rights. "In my opinion, Mr. Bezos is just a super-wealthy man, and he's parking his money out there."

In 2003 Forbes magazine listed Bezos as the 23rd wealthiest American, then worth about \$5 billion, based on the value of his holdings in Amazon.com. Bezos, who will turn 41 in January, is a Princeton University graduate who worked as a financial analyst before founding Amazon.com in 1994. He was Time magazine's Person of the Year in 1999.

"In the past it's been common

to park money in land rather than stock," Thomas said. "Of course, when people parked their money out there in the past, it cost them \$10 to \$20 an acre."

While public records do not indicate what Bezos paid for the properties, ranchers and local officials in Hudspeth and Culberson counties say the figure may be well above the current median price of roughly \$50 an acre.

Some say they've heard the Internet mogul is paying as much as \$130 an acre for land that Bezos' next-door neighbor in Hudspeth County, rancher Phil Guitar, calls "Pure Chihuahuan desert, and some of the sorriest land in the world. It's really bad."

The water issue could further reduce the land's appeal, especially in Hudspeth County where ranchers involved in that dispute say their attempts to contact Bezos, or

continued on page 5a

Bezos

his representatives, have been met with indifference. No one from Bezos' organization would comment for this article.

Guitar, whose family began ranching in the area in the 1920s, said the land is "essentially worthless" without water rights.

"This year they had rain out there for first time in 10 or 15 years, so you might find some grass," Guitar said. "But normally you could drive all day out there and find no cattle or grass. There's no economics to it at all, and acres don't mean a thing out there.

"I talked to the man who works for Bezos out there," Guitar said. "He's a very nice guy, but he won't even acknowledge who owns that land. We told them to have Mr. Bezos' lawyers in Seattle call our lawyer. Nothing happened."

Guitar said he estimates Bezos has bought nearly 500,000 acres of West Texas desert under various partnership names.

"Either that, or somebody's feeding me a lot of B.S.," he said. "But I'm getting that from the locals out there. They tell me that highway heading north from Van Horn (Highway 54/180) runs right through the middle of his property."

continued from 4a

Whatever Bezos' actual holdings, Guitar said nobody would buy such huge tracts without a plan, which, for him, only deepens the mystery.

"There's no mining, no oil or gas out there," Guitar said. "There's bound to be some other reason why he's doing this, but I have no idea what it is. He bought all this land real quickly, almost overnight, so he must have been working on all these deals simultaneously. To me there's something else going, but we'll probably only know after the fact."

The water problem

In the 1940s a vast underground aquifer was discovered in Hudspeth County when wildcaters hit a gusher of water instead of oil.

Today, the Hudspeth County Underground Water Conservation District No. 1 (HCUWCD#1) is the water-regulating authority for the Bone Springs-Victorio Peak aquifer around Dell City.

Mick Lynch, a Hudspeth County rancher whose family owns about 25,000 acres, said perhaps half of Bezos' newly acquired acreage in the area falls inside the county's newly expanded water

district.

"And it was expanded without the knowledge of landowners that were affected, expanded without knowledge of the water district itself. If Mr. Bezos' acreage winds up falling within the district, then he effectively gave up his rights to commercial water usage," Lynch said.

The Texas Legislature expanded the water district last year, under a bill backed by a company owned by Denver billionaire Philip Anschutz, co-founder of telecommunications giant Qwest Communications International Inc. Anschutz has owned property in Hudspeth County since 1977, when he paid \$17 million for a majority interest in a 33,000-acre Lynch family farm, according to the Wall Street Journal.

Lynch's father and uncles were among the founders of the water district (HCUWCD#1) more than 45 years ago.

In May 2002, the district adopted a water allocation concept called "historic use," based on the premise that if a landowner irrigated his property from 1992 to 2002, he is entitled to similar water use in the future.

The new rule, and the sudden expansion of the water district, effectively cut off the remaining Lynch family land from irrigation

rights - rights they were in the process of selling to the City of El Paso, much to the chagrin of some of their Hudspeth County neighbors. The Wall Street Journal recently estimated the Lynch family had stood to make nearly \$10 million from the deal.

The matter is now in litigation, which the Lynches and others in the area said probably will take years to resolve.

"The chances are he didn't buy the land for any water or irrigation rights," Mick Lynch said,

"The historic period in this situation was narrowly and arbitrarily set," said Lynch's brother, Bill. "Anyone who did not irrigate during that period gets effectively no water right."

He noted that under the new rule, about 5 percent of the land in HCUWCD#1 has been allocated nearly 100 percent of transferable water rights.

"That kind of monopoly power has the potential to create premium prices for water," Bill Lynch said. "And that means El Paso will likely pay a lot more for water."

(El Paso real estate developer Woody Hunt has been drawn into the water dispute tangentially. According to the Wall Street Journal, Hunt had employed the Lynches' longtime El Paso law firm, Kemp Smith LLP, in his efforts to bring more water to El Paso. As a result, the Lynches are currently suing Kemp Smith, claiming conflict of interest, a charge the firm has denied.)

Various sources say Bezos' maternal ancestors were Texas pioneers who, over the years, put together a 25,000-acre ranch near the town of Cotulla, 87 miles southwest of San Antonio. Bezos reportedly spent his summers as a youth working on the ranch.

According to an Associated Press report, Bezos was checking out property in the Cathedral Mountains 190 miles southeast of El Paso when he was slightly injured in a March 2003 helicopter crash.

A spokeswoman for the pilot, Charles "Cheater" Bella of El Paso, said Bella signed an agreement not to disclose what Bezos was looking at.