



Photo by Anthony S. Casper

Student body president Mike Sims gives the crowd at Sully's Symposium a preview of Wednesday's student government meeting. Sims, who spoke Wednesday afternoon, told the audience student government is addressing such student concerns as hours at the A.P. Beutel Health Center, changes in the Aggie Point Plan, and construction of new bicycle racks.

Texas incumbents all win re-election to Congress seats

DALLAS (AP) — The party makeup of the 27-member Texas congressional delegation remained unchanged after voters rejected efforts by Republicans and Democrats to target certain incumbents and the GOP retained the only wide-open district.

All 26 incumbents clinched re-election in Tuesday's balloting as the Democrats re-elected 10 congressmen in contested races and placed seven unopposed representatives back in Washington for the 100th Congress.

U.S. House Majority Leader Jim Wright, expected to be the next House speaker, was among the winners Tuesday, along with three Democrats tagged by the GOP as too liberal for their constituents.

Wright, D-Fort Worth, handily beat Republican challenger Don McNiel, an Alvarado businessman. Complete returns showed Wright winning with 69 percent of the vote.

The expected successor to Thomas P. "Tip" O'Neill in the House's top post, Wright said the budget deficit, the trade deficit and the war on drugs will top his list of priorities in Congress.

Wright called the trade deficit "one of our most serious problems, undercutting industrial strength and drying up American jobs."

Freshmen GOP Reps. Mac Sweeney of Wharton and Joe Barton of Ennis, tagged as vulnerable by Dem-

ocrats hoping to expand the party's share of the delegation, escaped with second terms, although both were given a scare.

In the 14th district, Sweeney won with 52.4 percent of the vote over Democrat Greg Laughlin, an attorney from West Columbia.

Although Barton and Fort Worth lawyer Pete Geren were neck and neck for much of the evening, Barton won with 55.6 percent of the vote in the 6th district, which until recently traditionally was represented by a rural conservative Democrat.

In the only race not involving an incumbent, Republicans retained the sprawling 21st district, which Tom Loeffler abandoned to make an unsuccessful GOP gubernatorial bid. Former Bexar County Commissioner Lamar Smith easily defeating Democrat Pete Snelson, a former state senator from Midland, with 61 percent of the vote.

"We had broad grass-roots support from Democrats, as well as from Republicans," Smith said.

Snelson blamed his defeat on party affiliations. "I think the bottom line was party labels and not experience," he said.

Republican efforts to label three incumbent Democrats as out of touch with their constituents failed to impress the majority of voters.

Rep. John Bryant won re-election to the 5th district over Tom Carter, garnering 59 percent. Veteran Rep. J.J. "Jake" Pickle of Austin trounced former Austin Mayor Carole Keeton Rylander with 72 percent of the vote in the 10th district, and Ron Coleman of El Paso captured the 16th district with 66 percent of the vote over GOP challenger Roy Gillia.

"We saw two weeks of heavy negative campaigning against me," Bryant said. "We were worried about it. But we made a firm decision to emphasize the positive and to stick with my record. We never mentioned my opponent's name."

In the 2nd district, incumbent Democrat Charles Wilson rolled to an easy win over Republican challenger Julian Gordon, a Liberty salesman, and independent Sam Paradise, with 67 percent of the vote.

New process for cloning cattle announced by Houston company

HOUSTON (AP) — Scientists have devised a way to produce large numbers of identical cattle from an embryo in what is said to be the first successful cloning in large numbers involving animals, officials said.

The basic goal of the process, which was designed by Houston-based Granada Corp., is to obtain more offspring from a superior female from the newest method, which is still highly experimental, company officials said.

At the present stage, scientists think they can produce four or five

calves per embryo. Three actually have been born as a result of the research. In the future, it may be possible to produce hundreds or perhaps an unlimited number of offspring per embryo, the officials said.

The breakthrough came to light on Tuesday during a briefing for a conference at Texas A&M University for science writers from across the United States.

The research was credited to Dr. Steen Willadsen, a Danish veterinary surgeon who spent a year in Gra-

nada's laboratories at Marquez.

He recently left the company to continue his experiments in Canada. His work is not yet published, and Granada Genetics President Dr. Joe Massey declined to fully describe the process because of its proprietary nature. Granada Genetics is part of Granada Corp., an agribusiness conglomerate involved in a wide range of activities from cattle feeding to shrimp farming.

Company officials say cloning is not the precise definition of the technology and is not the firm's goal.

Low prices spur new lending criteria

Texas banks cautious on oil loans

MIDLAND (AP) — The new era of energy lending which began with the oil price collapse of 1986, has taken banks "back to the future" in terms of the criteria they use in lending money for oil and gas operations.

Not since before the Arab oil embargo of 1973 have financial institutions been so cautious in their application and approval processes, according to Marvin Schiebout, executive vice president of energy lending for RepublicBank First National Midland.

The days of revolving "borrowing base" loans and loans for lease acquisition costs seen during the period from 1973 to 1981 have been relegated to the history books, with today's loans being made only using proved producing (or shut-in produceable) reserves and secured collateral for backing.

An increasing number of banks are lending on the basis of the applicant's balance sheet position, rather than on the basis of in-the-ground reserves.

Banks have learned the lesson of the unpredictability of oil prices and the adverse effects rapid movements can have on their loan portfolios. So, each base case economic evaluation is run with two price sensitivity analyses: one based on flat \$14 per barrel prices through mid-1989 with 4 percent annual escalation from there; and,

an acid test "worst case" scenario of \$10 a barrel prices remaining flat for the remainder of the decade.

These economic criteria are used to evaluate the effect on the applicants' future cash flow and their ability to repay the loans.

Gas project economics are founded on a base case of current prices remaining in effect for one year and then adjusted up to \$2 per thousand cubic feet (Mcf) through July, 1989.

Price analyses are run for gas price scenarios of current prices remaining in place for the next year and moving to \$1.62 per Mcf through mid-1989 and another scenario based on prices flat at \$1.25 per Mcf for the remainder of the decade.

Local bankers say that loan demand for financing of new drilling projects is virtually nonexistent and that the bulk of current loan business is refinancing of existing debt.

Bankers note that most borrowing is for maintenance of operations, as experienced operators adjust to current economics.

Because of low prices, production costs of proved reserves are being factored in as a degree of the risk analysis on new loans. With price levels falling to near the break-even point, a high-cost producer becomes a higher risk borrower.

"Cash flow is the key," says Schiebout. The importance of bank financing as a source

of drilling funds is growing because competing sources of outside capital are drying up at an alarming rate.

Proceeds from public and private placement drilling fund sales peaked in 1981 at \$1.976 billion out of total energy fund sales of \$2.884 billion. In 1985, those funds shrank to \$371 million in drilling funds from total placements of \$698 million.

Reclassification and less favorable treatment of passive investments under the reformed tax code may further contract the funding pool in 1987 and future years.

What effect the advent of interstate banking may have on the availability of energy credit remains open to debate.

Backers of interstate banking, including the state's largest banking associations, note that 38 other states already permit interstate banking.

They argue that the Texas economy needs the immediate influx of money that interstate banking may allow, and note that deregulation in the national banking industry has broken down old, geographic barriers.

Opponents, including consumer groups, say out-of-state banks won't have the best interests of Texans at heart and would allow large New York-based banks to drain Texas institutions of their deposits.

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