

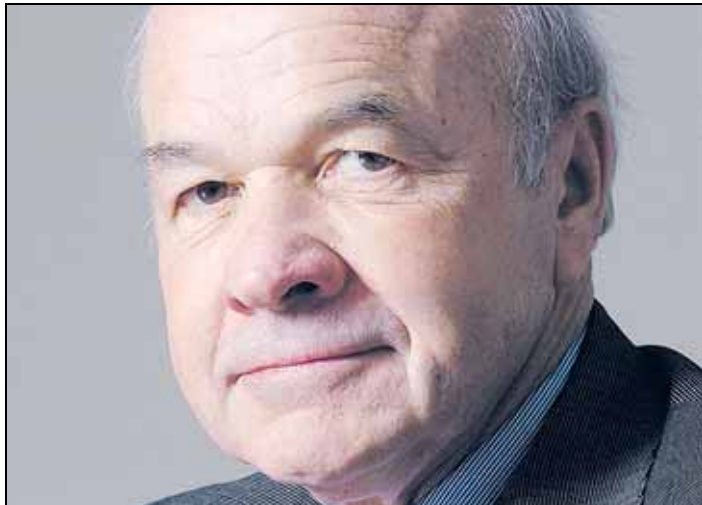
HOUSTON CHRONICLE

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★ ★ ★ VOL. 105 • NO. 104 • 50 CENTS

THE ENRON TRIAL



STEVE CAMPBELL: CHRONICLE

GETTING PREPARED: Ken Lay, the former chairman of Enron, faces seven counts of fraud and conspiracy. His trial starts Monday.

Ken Lay eager to reclaim his reputation

■ That may be too great a task even for a man with the former chairman's determination

By JOHN C. ROPER
HOUSTON CHRONICLE

When Ken Lay is not in the courtroom or a downtown office toiling on his defense, he mostly keeps to a quiet lifestyle, spending much of his free time with his five children and 12 grandchildren.

Lay's trial on federal criminal charges stemming from Enron's collapse starts Monday and his defense, in large part, is that he wasn't aware of any wrongdoing at Enron and that the bankruptcy was caused by a "run on the bank."

He has maintained that Enron was an innovative, honest company that changed industries and energy markets for the better. That sentiment captures how Lay hopes people will one day regard the com-

COMING UP

The Chronicle's coverage of the Enron trial:

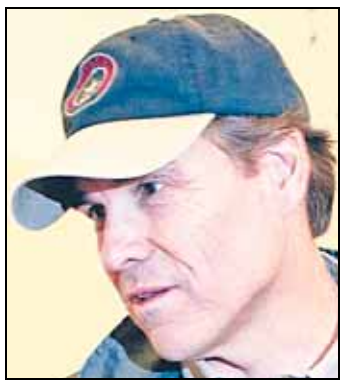
- **INSIDE TODAY:** What you want to know about Enron's main event
- **THURSDAY:** The media circus
- **FRIDAY:** Unindicted co-conspirators
- **SATURDAY:** Spotlight on Houston

pany he built and no doubt him as well.

Today, though, he is largely absent from his once familiar place on the charity and social circuit, where adulation has been replaced by hushed whispers.

Despite that, he continues to venture out in public. He remains a member of River Oaks Country Club, where he can occasionally be found eating lunch or dinner with his wife. People who see him there describe such moments as "awkward" or even "sad."

Please see LAY, Page A12



ASSOCIATED PRESS

ON IRAQ: "I think this is going along very well," Perry said.

Perry visits troops in Iraq

During a surprise visit to U.S. troops Tuesday, Gov. Rick Perry urged Americans to be patient about the war.

STORY ON PAGE B3

Alito win seems all but certain

The judicial panel's approval and an expected vote along party lines make confirmation of Bush's pick for the Supreme Court likely.

STORY ON PAGE A4

BIZARRE SCENE FUELS UNEASE ON BORDER

■ Smugglers in Mexican uniforms retreat when seen by Texas officers

By JAMES PINKERTON
HOUSTON CHRONICLE

U.S. and Mexican officials on Tuesday were investigating a bizarre encounter between Texas lawmen and heavily

DEADLY CROSSINGS

Activists hoping to reduce fatalities will arm migrants with maps of the Arizona desert. PAGE A15

armed intruders who were wearing Mexican military uniforms while evidently escorting a caravan of sport utility vehicles that was smuggling marijuana into the United States.

The smugglers, spotted on the U.S. side of the border in re-

mote western Texas on Monday afternoon, hastily fled back into Mexico, leaving behind nearly a half ton of marijuana and setting one of their vehicles ablaze.

Although no shots were fired and no one was hurt, the episode — along with an incident in November — heightened fears that Mexican traffickers and U.S. border agents are headed for a potentially

Please see BORDER, Page A7

EXXON MOBIL EMISSION



KEVIN FUJII PHOTOS: CHRONICLE

CLEANING UP: Jesus Rodriguez of Jacobs Engineering Group Inc. cleans a home near the Exxon Mobil refinery Tuesday. An accidental release of process gas oil covered the neighborhood with an oily residue.

Concerns roll in after oil-laden fog



TRACES REMAIN: Prudencia Silva holds a paper towel soiled with oil after wiping down her car windshield near the refinery Tuesday.

■ Residents in Baytown wake up to cleanup crews after residue coats homes and cars

By DINA CAPPIELLO
HOUSTON CHRONICLE

The trucks, emblazoned with the names of environmental cleanup companies, arrived first, clogging the entrance of the Archia Courts public housing complex Tuesday morning.

By the time Judy Mixon's

husband roused her from bed, 30 men, some carrying buckets and brooms, others wearing backpacks full of cleaning liquid, were spraying down the playground equipment, scrubbing aluminum siding and washing the caramel-colored oil splatter that coated residents' cars.

"You come out of your house, and they are cleaning, and you say 'Something ain't right,'" said Mixon, 38, who has lived in this 58-unit housing project across the street from Exxon Mobil's Baytown refinery for 14 years. "We are con-

Please see REFINERY, Page A6

What's in a number? A team name

■ Paying homage to the city's birth, pro soccer club will be called . . . Houston 1836

By BERNARDO FALLAS
HOUSTON CHRONICLE

The latest addition to Houston's professional sports landscape finally has a name, and the team will make it official today.

How does Houston 1836 grab you?

No, it's not a spinoff of Beverly Hills 90210. For better or

worse, it really is the name chosen for the city's Major League Soccer team.

In case you're scratching your head, wondering where on Earth such a name came from, you're not alone.

Eighteen-year-old Luis Gonzalez, a student at the University of Houston-Downtown campus and a fan of Mexican First Division team Chivas de Guadalajara, was skeptical when first confronted with the name Tuesday evening while at Kicks, an indoor soccer facility near downtown Houston.

After a long pause, Gonzalez was a bit puzzled.

"Where does it come from?" he asked.

Think the Alamo, Sam Houston and the birth of a city — and a name sprinkled with a touch of European flavor.

The name's main reference is the year Houston was founded by John and Augustus Allen on the banks of Buffalo Bayou. It also marks the year Texas declared its independence from Mexico, the Battle of the Alamo and the defeat of General Antonio Lopez de Santa Anna's Mexican army at the hands of General Sam Houston in the Battle of San Jacinto during the Texas Revolution.

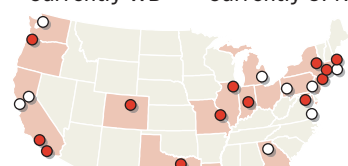
After a briefing, Gonzalez seemed sold on it.

Please see 1836, Page A6

WHAT CHANNEL?

Stations to carry The CW:

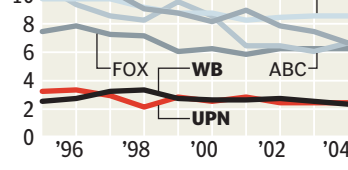
● Currently WB ○ Currently UPN



Note: The remainder of The CW network coverage will be a combination of selected UPN and WB stations.

Primetime household ratings

TV seasons from Sept. to May:



Sources: CBS Corp.; Tribune Co.; Nielsen Media Research

Merger of The WB, UPN promises the best of both

■ Catering to young viewers, the new network hopes to close in on the 'Big Four'

By MIKE McDANIEL
HOUSTON CHRONICLE

Two small networks that have struggled for more than 10 years to court younger TV audiences are merging in hopes of finally competing with ABC, CBS, Fox and NBC.

Tuesday's announcement

ANOTHER DEAL
Disney is buying longtime partner Pixar Animation for \$7.4 billion. PAGE D3

that The WB and UPN are consolidating hints at a fall lineup that could include *Smallville*, *Gilmore Girls*, *Veronica Mars*, *Everybody*

Hates Chris and *America's Next Top Model* — all on one channel called The CW.

The new network will have the 50-50 backing of CBS Corp. and Warner Bros. ("C" for CBS, "W" for Warner), two major players with deep pockets and

Please see MERGER, Page A6

BUSINESS

'The focus of downtown'

A \$200 million entertainment, office and residential project is planned near the convention center. PAGE D1



SPORTS

Kissimmee bound?

Despite Astros' contention he's too hurt to play, Jeff Bagwell plans on going to spring training. PAGE C1

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37953 11111 0 WE RECYCLE

1836: Soccer team's name inadvertently leaked on Web site

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"It sounds good," he said. "Once you know what it means, there's a meaning to it. It's got the number thing going. I'd go for that."

The name first surfaced as one of 13 choices in a "Name the Team Sweepstakes" held through Jan. 6 after franchise owner Anschutz Entertainment Group relocated the team formerly known as the Earthquakes from San Jose, Calif., in early December.

European tradition, sort of

Most popular in Europe, particularly Germany, the style of naming a team after a year is considered a soccer staple. German teams such as Hannover 96 (1896), Bayer 04 Leverkusen, FC Schalke 04 (both 1904) and FSV Mainz 05 (1905) are among the most popular in Europe. The style migrated to other parts of the world, including Latin America, in the early 1900s.

Houston's name would have a different connotation. It would not make reference to the year the team was founded, as do most European names.

Mike Hensley, who manages KICKS, said the name was not the most popular choice among patrons.

"A lot of people weren't familiar with the historical aspect of the year," said Hensley, who nonetheless added that 1836 was among his top choices. "I think it's a perfect fit. I think once the why and the root of the name is explained, people will

be excited about it."

Candidates included the Apollos, Generals, Lonestars and Toros.

Neither franchise nor league officials would comment on the name or a version of the team logo — a black star outlined in orange with the word Houston and the year 1836 emblazoned on it — both of which were leaked after a breach of the league's Web site and circulated on Web blog site bigsoccer.com, according to a league official who requested anonymity.

"I can neither confirm nor deny the report," franchise president Oliver Luck said late Tuesday. "An official announcement will be made (today)."

'Passionate fans'

Similarly, MLS spokesman Dan Courtmanche declined to comment on the matter and directed all inquiries to officials at today's event, which is scheduled for 2 p.m. at Lanier Middle School's main auditorium (2600 Woodhead).

Courtmanche, however, seemed encouraged by the interest in the team shown by fans, even if the element of surprise for today's event is gone. "It's great that we have such passionate fans who want to find what the name of the team is going to be," he said.

Houston 1836 will begin the MLS season on April 1 and will use the University of Houston's Robertson Stadium as its home.

bernardo.fallas@chron.com

REFINERY: Workers tested water, air

CONTINUED FROM PAGE A1

cerned about our health."

Living next door to an oil refinery comes with its share of noises, odors, and the glow of flares burning off gases. Numerous times, residents of Archia Courts have called to complain. But Tuesday, no one could recall anything like this.

"This is the worst one I have seen," resident Patricia Johnson said.

The Texas Commission on Environmental Quality, the agency in charge of protecting the public from pollution, said Exxon Mobil did not tell it that the incident had affected the community or of the cleanup, until Tuesday evening, well after residents had begun complaining to the company Monday morning.

"It doesn't appear that they have notified us," said Terry Clawson, an agency spokesman.

An Exxon spokeswoman said the company was busy gathering information, notifying neighbors and addressing local concerns.

"Being out there speaking to neighbors... is as important as talking to the TCEQ," Jeanne Miller said. "We updated the TCEQ according to the regulations."

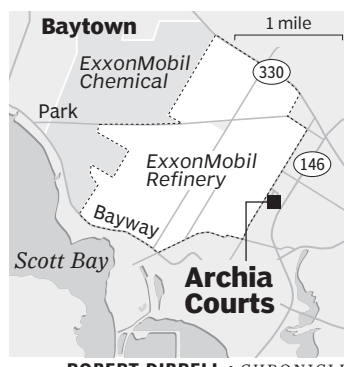
Earlier Tuesday, Archia Courts residents stood in the middle of Clyde Drive, clutching cordless phones and telephone books. Others held stacks of business cards from the parade of representatives they had met from Exxon Mobil in recent days. They had called so many numbers and talked to so many people about the oil-laden white fog that seeped into their neighborhood early Monday, they had lost track.

"They are trying to cover it up quick," said Bryan Dieu-donne, standing in a huddle with his neighbors. "We've been breathing this stuff since Sunday."

Monday afternoon, hours after one of the residents called the company with a complaint, workers wearing jumpsuits and plastic gloves showed up. Some took samples from cars and collected water for testing from curbs, residents said. An industrial hygienist arrived before sunrise, tested the air for benzene and found no pollution, ac-



CONCERN: Donna Laurence, from left, Patricia Robinson and Judy Mixon watch workers clean their homes near the refinery Tuesday afternoon. Mixon described it as a "white, thick fog with grease and a chemical smell."



ROBERT DIBRELL: CHRONICLE

ording to a company official.

Letter to residents

The letter from Exxon Mobil arrived Tuesday, the same day the Baytown Housing Authority, which owns the property, was notified. Addressed "Dear Neighbor," it said that process gas oil — a heavy, waxy lubricant closely related to crude oil — spilled from one of its heated storage tanks just across the road. When the spill occurred, "steam containing some oil was released from a vent and carried by wind over our fence."

"This event is disappointing and does not reflect the way in which ExxonMobil strives to operate," refinery manager

Chris Erickson wrote.

The letter also stated that the company reported the spill "to the appropriate agencies and local authorities."

Donna Laurence, 46, whose back door faces the refinery, one of the country's largest, said the spill caused her house to tremble about midnight. Outside, she said, the mist was so thick she couldn't see through it.

The next morning, Johnson tried to drive to work, but the film on her windshield blurred her view. Mixon described it as a "white, thick fog with grease and a chemical smell."

Exxon Mobil said a review of the health effects of process gas oil shows that inhaling the droplets should not cause harm. However, the droplets may cause irritation if they get into a person's eyes.

The rumors swirling around Archia Courts on Tuesday sounded more dire: The workers, someone said, were removing contaminated gravel from underneath the swing set. Children shouldn't play outside. The oil released had benzene in it, which causes cancer.

Residents said Tuesday that

they had had enough and wanted the company to purchase the land, much like it has bought out many of the other residences on the east side of the plant. "I would like to get out of here today if I could," Mixon said.

Cleaning it up

Exxon Mobil officials and the executive director of the Baytown Housing Authority said they were making progress toward a sale of the property. The question, they said, is where to move the residents.

In the meantime, the company is being responsible, said Bill Eiland, the housing authority's executive director.

"They contacted us letting us know it was taking place," Eiland said. "They are out trying to clean it up."

The cleanup, being performed by three contractors, was expected to be finished by sundown Tuesday.

"If they are not made whole, we will go out and take care of the problem," Miller said. "We are worried about inconveniencing these folks."

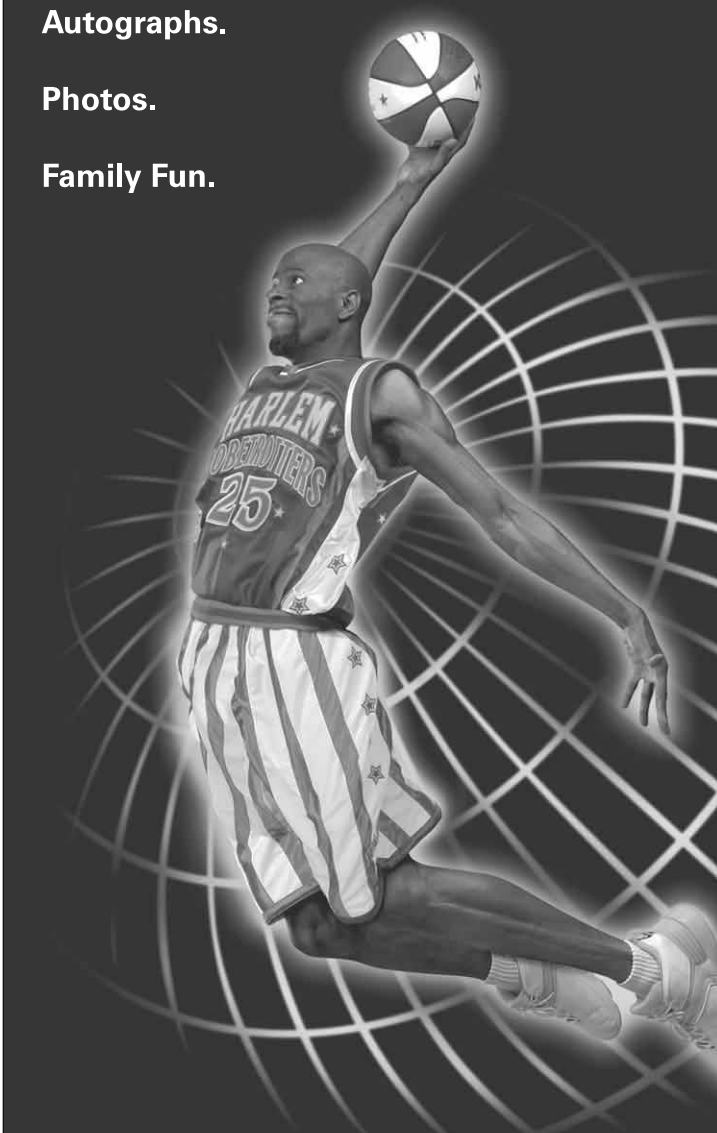
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MERGER: Executives kept negotiations quiet

CONTINUED FROM PAGE A1

enormous clout in the entertainment world.

The CW, like The WB and UPN, will target the 18-34 audience, "with a teen overlap," said Brad Turell, speaking on behalf of Warner Bros.

Since launching in 1995, both The WB and UPN have made inroads with younger viewers.

The WB takes credit for launching the careers of fresh-faced stars such as Tom Welling and Kristin Kreuk (*Smallville*), Chad Michael Murray (*One Tree Hill*) and Alexis Bledel (*Gilmore Girls*).

This season UPN added the family friendly hit comedy *Everybody Hates Chris* to its lineup.

Although officials say the prime-time programs will be the "best" of both networks, that does not necessarily mean they will be the shows with the highest ratings.

Turell expressed enthusiasm for UPN shows that reach urban audiences, like *Girlfriends* and *Half and Half*.

"Urban comedies will stay on the air," said Turell. "I don't know how many of them but certainly at least one night."

Some in the industry think the new network could successfully consolidate the best programming from each of its components.

'A powerful network'

"It makes sense," said Larry Kelley, executive vice president of ad buyer Fogarty-Klein-Monroe. "Both UPN and The WB were occupying the same niche from a programming perspective. If you take on the best shows from each, they could have a powerful network."

The goal of the merger is to turn two also-rans into a network that could compete with the so-called "Big Four."

"I really think they could have something where they get into that 'Big Five' type of thing," Kelley said.

Whether the newly combined network ultimately will alter the television landscape remains to be seen.

But three immediate effects are obvious.

One, a plus, is that two financially struggling, smaller networks become one financially healthier, bigger network.

Two, a minus, is that studios that provide shows to television have one fewer outlet to sell to.

Three, a draw, is that Tribune is giving up its 22.5 percent equity stake in The WB. Warner Bros. owned 77.5 percent. Though The WB never made money, the deal leaves Tribune out should The CW become a success.

The CW should launch with significant audience reach, because Tuesday's deal also signals license renewal agreements with affiliate stations. Tribune gave up its equity stake in return for 10-year licensing deals for its stations.

Those agreements, which were to expire in August, mean The CW will be available to 16 major-market Tribune stations, including Houston, Dallas, New York, Los Angeles, Chicago, Boston, Miami, Denver, St. Louis, San Diego, Indianapolis, New Orleans and Washington, D.C.

In addition to the Tribune affiliates, CBS Station Group owns 12 stations in such top markets as Philadelphia, San Francisco, Atlanta, Detroit, Seattle, Pittsburgh and Tampa, Fla.

Those two station groups, combined, represent a reach of 48 percent of the country and 20 of the nation's 25 largest TV markets (Houston is No. 10).

The CW plans to make deals with UPN and WB stations in other markets for an overall 95 percent audience reach.

Dawn Ostroff, president of UPN, will become president of entertainment of The CW. John Matta, chief operating officer of The WB, will become COO of the new network.

Eight weeks of talks

The topic of a UPN-WB merger first came up during the Thanksgiving holiday at a dinner conversation between Leslie Moonves, president of CBS Corp., owner of CBS and UPN,

A NEW LINEUP

The WB and UPN will be shut down this fall to form a new network: The CW. No immediate changes will occur to local stations or program lineups, and the stations will operate separately until the September launch.

The shows

The CW's programming assets include:

■ **UPN:** *America's Next Top Model*, *Veronica Mars*, *Everybody Hates Chris*, *Girlfriends* and *Smackdown*

■ **The WB:** *Beauty and the Geek*, *Smallville*, *Gilmore Girls*, *Supernatural* and *Reba*

■ **The CW lineup:** Between now and May, when all networks announce their fall programming plans, executives of The CW will come up with a lineup consisting of the best programs now running on the WB and UPN. Shows they don't pick likely will be canceled.

Local impact

The new network launch will affect Houston viewers in these ways:

■ **Channel 39:** KHWB-TV, owned by Tribune Company, will become an affiliate of The CW.

■ **Channel 20:** KTXH-TV, owned by Fox Television Stations, will have to come up with a new programming plan before September or abandon the market.

and Barry Meyer, chairman and CEO of Warner Bros. Entertainment.

Both were aware of their similar circumstances: unprofitable networks, unsigned affiliation agreements. They thought they could do better.

For the next eight weeks, top people with both companies, along with Tribune Company president and CEO Dennis

FitzSimons and Time Warner president and COO Jeff Bewkes, quietly hammered out a deal.

Roger Bare, general manager of KHWB, said he had no inkling of the deal until Tuesday's announcement.

"For something of this size to be happening, to keep it under wraps is a major accomplishment," he said.

Familiar format

The CW will adapt a programming format identical to The WB's. It will program six nights of prime time (Saturdays will be excluded), two hours of Sunday afternoon, a weekday afternoon children's block and a five-hour Saturday morning animation block.

Bare was cautiously optimistic about the network change. "A stronger prime lineup should mean stronger lead-ins to our 9 o'clock newscast," he said.

The new arrangement could give him better programming and an advantage over Channel 20 in attracting advertisers.

"But that depends on what (Media Corp. chief) Rupert Murdoch and senior management at Fox decide to do with their UPN stations," he said. "It depends on the competitive landscape and how it changes. I think it got better for us, but we'll have to wait and see."

Fox could reprogram its UPN stations with off-network and syndicated fare, or it could decide to go in a completely different direction, offering a mix of local sports and news. It's also not impossible that the station could close down.

"To be competitive, it won't go dark," said Kelley. "UPN and The WB were very similar with who they were going after. (Fox) may reformulate and take another tack."

Efforts to reach Jack Abernathy and Dennis Swanson, executives in charge of Fox Television Stations, were unsuccessful Tuesday. Calls placed to Channel 26/Channel 20 general manager D'Artagnan Bebel were not returned.

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