Navajo Nation Moves to Buy Reservation Coal Mine

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FLAGSTAFF, Ariz. (AP) — The Navajo Nation is moving toward taking over a coal mine that supplies one of two power plants on the reservation, in an effort to preserve jobs and protect one of its top revenue sources.

The tribe and BHP Billiton announced Wednesday they've outlined terms that would put the Navajo Mine in the hands of the tribe in June. BHP would run the mine in northwestern New Mexico until 2016, when its agreement to supply coal to the Four Corners Power Plant is set to expire.

The Navajo Nation has an abundance of coal, but this would be the first time it has ventured into the coal mining business. The tribe previously has had outside companies mine its coal to fuel power plants and provide the resource to tribal members, who get limited quantities for free.

The revenue generated by lease payments and royalties makes up a huge chunk of the tribe's annual revenue.

Arizona Public Service Company runs the Four Corners plant. Rather than risking the possibility that the utility and BHP would not reach a new fuel supply agreement, the Navajo Nation has decided to run the mine itself. Navajo Nation Council Speaker Johnny Naize said the move would ensure a constant revenue stream to the tribe and preserve hundreds of jobs held mostly by Navajos.

BHP spokesman Norman Benally said a sale price has not been finalized. The Navajo Nation would create a company to run the mine and would cover the purchase with money from coal sales, tribal spokesman Erny Zah said.

The power plant provides electricity to about 300,000 households in New Mexico, Arizona and Texas and gets its coal solely from the Navajo Mine. The mine produces between 6.5 million and 8.5 million tons of coal each year, but that amount will decrease when APS shuts down three of the units at the Four Corners Power Plant and acquires majority ownership of the other two units.

APS spokesman Damon Gross said that is set to happen in mid-2013, but the utility first must reach a 15-year coal supply agreement with the Navajo Nation if the tribe takes over the mine.

"It's fair to say we've made significant progress, and a lot of the major hurdles in those negotiations have been passed," he said.

The Navajo Nation already owns and operates about a dozen businesses on the

reservation, including a utility company, a transit system, a housing authority, radio stations, an oil and gas company, and shopping centers.

Tribal officials declined to release the memorandum of understanding reached with BHP but said the Navajo Nation would acquire mining equipment, improvements at the mine, intellectual property rights and permits. Zah said the Navajo Nation would not be responsible for environmental liabilities or remediating the tribal land mined by BHP.

Naize acknowledged the agreement could draw criticism as environmental groups push the Navajo Nation to decrease its reliance on coal. He said he was hopeful the tribe eventually would move toward sustainable energy sources.

That's a future that Mike Eisenfeld, of the San Juan Citizens Alliance in New Mexico, said he would rather see sooner than later and urged officials to make details of the sale as public as possible. Some Navajos have argued that the mine negatively affects the land, air and water they depend on.

"It's about a long-term vision," Eisenfeld said. "What's the vision?"

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