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Resources and Development Committee approves supplemental funding request for due diligence investigation to analyze possible BHP mine acquisition

Legislation for \$2.3 million request moves forward to Budget and Finance Committee

CHURCK ROCK, N.M. – Legislation requesting for the approval of \$2.3 million in supplemental funding to complete a due diligence investigation for the possible acquisition of Navajo Mine was considered and passed by the Resources and Development Committee yesterday with a vote of 3-0.

Legislation No. 0078-13, sponsored by Council Delegate LoRenzo Bates (Nenahnezad, Newcomb, San Juan, T'iis Tsoh Sikaad, Tsé Daa' Kaan, Upper Fruitland), is assigned to four Navajo Nation Council standing committees and the Navajo Nation Council for consideration.

The legislation requests for the \$2.3 million to be drawn from the Undesignated Unreserved Fund Balance account, which will be used to further the Navajo Nation's due diligence measures in the possible acquisition of the BHP Navajo Coal Company to mine reserves located there, said Delegate Bates.

The proposed due diligence measures would be Phase II of the acquisition assessment the Nation has undertaken.

Phase I was a preliminary assessment to determine whether the acquisition was a transaction that the Nation should proceed with, and was made possible through a Council resolution approving the allocation of \$750,000 from the UUFB during last year's Fall Session.

The allocation for Phase I activities received concurrent signatory approval by President Ben Shelly.

"Through Phase I, it was determined that this acquisition was something that the Nation should seriously consider," said Delegate Bates, explaining to RDC members that the requested amount will be used to examine the Phase I assessment findings in greater detail.

Some of the questions to be examined under the proposed due diligence investigation will include how the Nation will pay for the acquisition, what areas of liability the Nation will be responsible for, where dispute resolutions will take place, and where water from post-processing activities will go.

"Until those details are determined by an independent firm, the Nation will not be able to make an accurate decision on whether we want to buy the mine," Delegate Bates said "We, as a Nation, at this time would not have all the needed facts and information to make a sound decision."

"In order for us as a Navajo Nation Council to make a sound decision, and to look under all these stones yet to be turned over," the requested \$2.3 million is needed to uncover and assess key information in greater detail, Delegate Bates said.

The due diligence investigation will need to yield information by June 30.

During the questions and comments segment of the legislation's presentation, RDC member Council Delegate Leonard Pete (Chinle) alluded to questions he had about the quantity and quality of coal at the mine, whether some layoffs would be imminent during the acquisition process, and environmental impacts the mine has posed over the years.

These concerns need to be addressed in piecemeal fashion, said Delegate Pete.

According to Delegate Bates, the amount of reserves at the mine is enough for 100 years, and the current available supply will be enough to get the Nation past 2016 and onward.

The RDC was the second committee to consider the bill.

On Monday, the Law and Order Committee moved the bill forward to the RDC with a "Do Pass" recommendation along with one amendment requesting that "all current information and data gathered related to the possible acquisition shall be made immediately available to the members of the 22nd Navajo Nation Council and members of the Energy Task Force Team."

Legislation No. 0078-13 now moves forward for consideration by the Budget and Finance Committee. Thereafter, the bill will move before the Naabik'íyáti' Committee, and then on to the Navajo Nation Council agenda.

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