Navajo Nation signs MOU as a first step to acquiring BNCC, secures revenue and Navajo jobs

WINDOW ROCK – On Dec. 18, the Navajo Nation and BHP Navajo Coal Company entered into a Memorandum of Understanding that outlines the transfer of ownership of BNCC to the Nation. The transfer of ownership is scheduled to be completed by June 2013.

Although the Navajo Nation will become the owner of BNCC, BHP Billiton will continue to manage the mine until 2016. After June 2013, the Nation will be full owners of BNCC.

The Nation began exploring the possibility of acquiring BNCC in October after it became apparent that the Navajo Mine would no longer meet BHP Billiton’s investment criteria beyond 2016, which could have resulted in the closure of the Navajo Mine and jeopardized the operation of the Four Corners Power Plant.

During the Fall Council Session, Council approved supplemental funding in the amount of $750,000 from the Unreserved, Undesignated Fund Balance to begin assessing whether the nation could proceed with an acquisition of BNCC.

The approved funding was used to hire the following firms to assist the Nation in the process: Manatt, Phelps & Phillips; Pacific Economics Group and Rothstein/Kass; Navigant Consulting; The Brattle Group; Fredericks, Peebles & Morgan; and Behre Dolbear.

The MOU is the first step in ensuring the continued operation of the Navajo Mine, where 433 individuals are employed full-time – of which, eighty-five percent are Native American.

As part of the understanding, the Navajo Nation will continue to provide coal to the Four Corners Power Plant for fifteen years beginning in 2016.

“When it comes to the Navajo Nation’s economy, it became necessary for us to make this move toward complete ownership in order to prevent a drastic loss in revenue,” Speaker Naize said in a letter to Navajo personnel employed at the mine.

Approximately thirty-two percent of the Nation’s general fund revenue derives from current revenue from BNCC royalties and taxes. The understanding and eventual acquisition of the mine ensures that revenue and jobs are secure beyond 2016.

“It is our responsibility as leaders to ensure that we do everything we can to shield our people from the detrimental effects that a potential loss in revenue would have on the direct services and assistance our Nation provides to our people,” Speaker Naize said.
Although there may be critics of the Nation’s decision to acquire BNCC, this is the first step of many for the Nation in securing and diversifying our future in energy development, Speaker Naize said, and it is the leadership’s hope that we eventually move into sustainable sources of energy.

Speaker Naize also added that he has absolute confidence and trust in BHP’s ability to oversee operations until 2016, and he was certain that the leadership made the best decision for the Nation.

Speaker Naize, President Ben Shelly, and the Office of the Attorney General signed the MOU on behalf of the Nation.

The Naa’bik’iyati’ Committee received a report on the MOU on Dec. 18 from attorneys and staff who worked on the MOU on behalf of the Nation.

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