

BHP Navajo Coal Company



May 10, 2013

13-05-13-01

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Mr. Mychal Yellowman  
Navajo Mine Team Leader  
Indian Programs Branch  
Office of Surface Mining/Western Regional Coordinating Center  
1999 Broadway, Suite 3320  
Denver, Colorado 80202-3050

**Re: Navajo Mine SMCRA Permit No. NM-0003F : (a) Notification of Name Change, (b) Application for Permit Transfer Approval in Conjunction with Entity Conversion; (c) Updated Ownership and Control Information, and (d) Application for Permit Transfer Approval in Conjunction with Merger**

Dear Mr. Yellowman,

BHP Navajo Coal Company ("BNCC"), the current Surface Mining Control and Reclamation Act ("SMCRA") permittee and applicant, and Navajo Transitional Energy Company, LLC ("NTEC"), a wholly owned subsidiary of the Navajo Nation organized under the Navajo Nation's Limited Liability Company Act, hereby provide notification of a restructuring of BNCC and ultimate transfer of BNCC's SMCRA permit to NTEC. NTEC and the Navajo Nation desire to control the mineral rights and operations of Navajo Mine. NTEC intends to acquire 100% of the equity of the permittee on or about July 1, 2013. Immediately following (within several days), NTEC plans to merge with the permittee, and NTEC will be the surviving entity in the merger. NTEC will continue engaging in surface mining and reclamation activities at Navajo Mine in accordance with the existing SMCRA permit and the approved mine plan. As part of this process, NTEC will comply with SMCRA's regulatory requirements regarding bond and insurance.

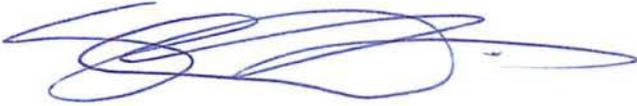
The restructuring will have no on-the-ground impacts. Although the SMCRA permit and application will be held by NTEC after the NMCC-NTEC merger, another BHP Billiton New Mexico Coal, Inc. ("BBNMC") owned company, BHP Billiton Mine Management Company ("MMCo."), will continue to operate the mine, consistent with the OSM approved mine plan and permit terms and conditions, on behalf of NTEC under a mine management agreement.

The following is a summary of the steps of the restructuring:

- **BNCC plans to change its name to Navajo Mine Coal Company ("NMCC"). This name change is purely administrative and requires no approval by OSM. SMCRA's regulations require timely submittal of appropriate information advising of these changes and updating specified SMCRA permit information, which we are providing with this letter. See Attachment A.**
- **Following, NMCC will convert from a Delaware corporation to a Delaware limited liability company. The post-conversion entity is referred to herein as NMCC, LLC. This conversion is a transitory step intended to facilitate financial efficiencies occasioned by the sale of BNCC to NTEC, requires only administrative filings in the State of Delaware, and most importantly, only involves a change of entity-type. It will not result in any changes to the officers, ownership or operations of the company. However, this change in entity-type may technically trigger the Transfer, Assignment and Sale provisions of the regulations implementing SMCRA. See 30 C.F.R. § 774.17. In the event this conversion does trigger these regulations, we submit for your review and approval an application transferring Permit No. NM-0003F to NMCC, LLC. As part of this application, we provide ownership and control information for both BNCC and NMCC, LLC, however the ownership and control information for these two entities is the same. See Attachment B.**
- **Immediately following the conversion, BBNMC, NMCC, LLC's parent company, plans to sell 100% of NMCC, LLC's membership interest to NTEC. This sale is intended to close on July 1, 2013. The change in ownership and control does not require OSM approval. See 30 C.F.R. § 774.17; 72 Fed. Reg. 68000, 68008-09 (December 3, 2007). The regulations require timely submittal of appropriate information advising of these changes and updating specified SMCRA permit information. See Attachment C.**
- **Following NTEC's purchase of NMCC, LLC's membership interests, NTEC will merge with NMCC, LLC, and NTEC will be the surviving entity. The merger will result in a permit transfer, triggering the Transfer, Assignment and Sale provisions of the regulations implementing SMCRA. See 30 C.F.R. § 774.17. Therefore, BNCC and NTEC submit for your review and approval an application for a permit transfer in which BNCC and NTEC seek OSM's approval of the transfer of Permit No. NM-0003F. See Attachment D.**

Please let us know if you have any questions or if we can provide additional information to assist your review and approval of this four part submittal.

Sincerely,



**Steven Perkins**

Superintendent Environmental Permitting and Technical Services

cc. John Grubb, NTEC Management Committee Executive  
Harrison Tsosie, Attorney General, Navajo Nation; Project Lead  
Dana Bobroff, Deputy Attorney General, Navajo Nation  
Pat Risner, President, BHP Navajo Coal Company  
Charles Roybal, Senior Counsel, BHP Navajo Coal Company  
Craig Moyer, Manatt, Counsel to Navajo Nation and NTEC  
Bryan LeRoy, Manatt, Counsel to Navajo Nation and NTEC

Enc: Attachment A (Update 1302 – Notification of Name Change)  
Attachment B (Update 1303 – Application for Permit Transfer Approval in Conjunction with Entity Conversion)  
Attachment C (Update 1304 – Ownership and Control Information)  
Attachment D (Update 1305 – Transfer Application in Conjunction with Merger)