

**SECTION 2**

**OPERATION AND PERMIT DESCRIPTION**

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**LIST OF EXHIBITS**

<b>EXHIBIT NUMBER</b>	<b>EXHIBIT TITLE</b>
<a href="#">2.1-1</a>	Pinabete Permit Area (Sheet 1 of 2)
<a href="#">2-1-1</a>	Pinabete Permit Area (Sheet 2 of 2)
<a href="#">2.2-1</a>	USGS 7.5 Minute Quadrangle Location Map

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**LIST OF APPENDICES**

**APPENDIX**

**NUMBER      APPENDIX TITLE**

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[2.A](#)              Permit Area Description

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**LIST OF REVISIONS DURING PERMIT TERM**

<b>REV.</b>		<b>DATE</b>
<b>NUMBER</b>	<b>REVISION DESCRIPTION</b>	<b>APPROVED</b>

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## SECTION 2 OPERATION AND PERMIT DESCRIPTION

### 2.1 Operation Identification

~~BHP Navajo Coal Company~~ Navajo Transitional Energy Company (BNCC/NTEC) is submitting an application to the Office of Surface Mining Reclamation and Enforcement (OSM) to develop a new permit area for surface coal mining and reclamation operations for post July 6, 2016 Navajo Mine operations. The new permit area will be used to supply coal to Four Corners Power Plant (FCPP) and fulfill ~~BNCC's~~ NTEC's coal sale obligations through 2041. The new permit area, referred to herein as the Pinabete ~~Mine Plan~~ Permit area (permit area), is composed of portions of the current Navajo Mine permit area (OSM Permit No. NM-0003F) and unpermitted areas of ~~BNCC's-NTEC's~~ mining lease, located immediately south of the Navajo Mine permit area ([Exhibit 2.1-1](#) and [Appendix 2.A](#)). Further discussion on the Pinabete ~~Mine Plan~~ Permit mining and reclamation operations can be found in Part 3 (Operations Plan) and Part 5 (Reclamation Plan) of this permit application package.

~~BNCC's-NTEC's~~ contact information is as follows:

~~BHP Navajo Coal Company~~ Navajo Transitional Energy Company

Pinabete ~~Mine Plan~~ Permit

P.O. Box ~~171749~~

~~Window Rock, AZ~~ Fruitland, NM 87416 86515

Telephone: (~~505XXX505~~) ~~598XXX259-4200XXXX0260~~

~~BNCC's-NTEC's~~ federal identification numbers are as follows:

Employer Identification No.: Federal I.D. No. ~~85XX-XXXXXXX-043667246-4009272~~

Mine Safety and Health Administration (MSHA) No.: MSHA I.D. No. 29-00097

On December 30, 2013, the Navajo Transitional Energy Company (NTEC) acquired ownership of Navajo Mine Coal Company, LLC. (NMCC), successor to Navajo Mine interests previously held by BHP Navajo Coal Company (BNCC), BHP Billiton, BHP Minerals, and Utah International. Any reference in this permit application package to BNCC, BHP Billiton, BHP Minerals, and Utah International as those companies relate to Navajo Mine-, should be understood to reflect NTEC's interests.

### 2.2 Location

The permit area is located in western San Juan County in the northwest corner of the State of New Mexico. The Pinabete ~~Mine Plan~~ Permit mining and reclamation operations will be solely located on the Navajo Nation Indian Reservation. The ~~BNCC-NTEC~~ mine offices are approximately 15 miles north of Navajo Nation Tiis Tsoh Sikaad (Burnham) Chapter House and 13 miles south of Fruitland, New Mexico. The City of Farmington, New Mexico is approximately 19 miles northeast of the mine offices.

As described in Section 2.1, the permit area encompasses portions of the Area 4 North and Area 4 South resource areas of the ~~BNCC-NTEC~~ mining lease. The permit area is located to the south of the existing Navajo Mine mining permit area (OSM Permit No. NM-0003F) ([Exhibit 2.1-1](#)). The Area 4 North resource area can be found in the following U.S. Geologic Survey (USGS) 1:24,000 series quadrangles: The Hogback South, Kirtland Southwest, Newcomb Northeast, and The Pillar Northwest. The Area 4 South resource area can be found on the following USGS 1:24,000 series quadrangles: Newcomb Northeast and The Pillar Northwest. A map identifying the Pinabete ~~permit-Permit~~ area and USGS quadrangles is included as [Exhibit 2.2-1](#).

### **2.3 Permit Area Description**

The permit area is fully contained within ~~BNCC's-NTEC's~~ mining lease with the Navajo Nation as described in Section 6 (Land Ownership and Control). The permit area includes approximately 5,569 acres as shown in [Exhibit 2.1-1](#). The permit area coincides on the east and west sides with the ~~BNCC-NTEC~~ mining lease boundary description, included as Appendix 6.A and shown in Exhibit 6.5-1. On the north, the permit area incorporates the southern extent of pre July 6, 2016 mining within the Navajo Mine permit area. The meets and bounds description of the Pinabete ~~permit-Permit~~ boundary is presented in [Appendix 2.A](#). For operational purposes, the mining lease area and permit area are divided into resource areas. The resource areas affected by the proposed Pinabete mining and reclamation operations include Area 4 North and Area 4 South. The division of the mining lease into multiple areas is advantageous for mining and reclamation operations, and is used in other sections of the permit to identify resource areas. A description of mining operations is included in Section 20 (Mining Operations).

~~BNCC-NTEC~~ will survey the permit area once OSM has issued their permit.

### **2.4 Permitting During the Life of the Operation**

The permit area described in [Appendix 2.A](#) and Appendix 6.A and shown in [Exhibit 2.1-1](#) includes all areas of surface coal mining in Area 4 North and Area 4 South required to fulfill coal sale obligations to the FCPP through 2041. Mining sequence information is included in Section 20 (Mining Operations).

#### *2.4.1 Extended Initial Permit Term Information*

~~BNCC-NTEC~~ does not request an extended initial permit term beyond five years. Therefore, this section is not applicable to the current proposed mining and reclamation operations.

### **2.5 Socioeconomic Description**

Socioeconomics describes the interaction between the community (social) and the economics (population, employment, income, government revenue, and related benefits) of a proposed action. Using information

available at the time of submittal, ~~BNCC-NTEC~~ has prepared the following discussion provides a summary of the socioeconomic conditions and impacts of the proposed mining and reclamation activities.

It is anticipated that the majority of the workforce for the proposed mining and reclamation activities will come from the local area; this includes the communities of Farmington, Flora Vista, Kirtland, and Shiprock in San Juan County, New Mexico and the Navajo Nation Chapters of Beclabito, Burnham, Crystal, Fruitland, Hogback, Huerfano, Naschitti, Nenahnezad, Red Valley, Sanostee, Sheep Springs, Teec Nos Pos, Two Grey Hills, and White Rock. The remainder of the workforce will come from outside of the local area including the remaining portions of Apache County in Arizona, McKinley and San Juan Counties in New Mexico, and La Plata and Montezuma Counties in Colorado.

~~BNCC-NTEC~~ anticipates the mining and reclamation operations will require a workforce of approximately 380, most of whom would be miners. The workforce would be divided between the following classes:

- Management,
- Professional,
- Technical,
- Clerical,
- Warehouse,
- Skilled,
- Semi-skilled, and
- Unskilled

The mining wages would be similar to those at the existing ~~BNCC-NTEC~~ Navajo Mine. The U.S. Department of Labor, Bureau of Labor Statistics estimated an average annual wage \$70,323 for the mining sector workforce in 2009 (University of New Mexico 2011a). The estimated average annual wage for BNCC employees in 2009 was approximately \$76,000 which is slightly higher than national averages.

#### *2.5.1 Estimates on Revenues and Services*

Per capita income (in 2009 dollars) of San Juan County residents in 2009 was \$20,029 for a population of 130,044 (U.S. Census Bureau 2011). Median household income in San Juan County during the same time was \$46,007 (U.S. Census Bureau 2011). In 2010, the total employed civilian labor force in San Juan County was 56,513 with an unemployment rate of 9.6% (Univ. of New Mexico 2011b). Using 2007 employment values, the Navajo Nation Division of Economic Development estimated the unemployment within the Navajo Nation to be nearly 50% (Navajo Nation Division of Economic Development 2009). The payroll associated with mining in the Pinabete mine plan will be approximately \$26,700,000 based upon 2009 U.S. Department of Labor, Bureau of Labor Statistics wages (University of New Mexico 2011a) and an anticipated employment of approximately 380 employees.

The incomes of ~~BNCC's~~ NTEC's employees would have a direct, positive affect on the area's economy. Indirect and induced effects include purchasing of goods and services from local businesses and suppliers and employees spending their wages in the local economy to purchase additional goods and services.

San Juan County, New Mexico is a rapidly-growing area; it is anticipated that the housing market and the availability of services, such as school enrollment, will keep up with demand. A portion of the tax revenue paid by ~~BNCC~~ NTEC to the State of New Mexico would be distributed to the local school districts. Health care is adequate; however, rural areas are termed medically "underserved". Factors which contribute to a medically underserved determination include: nutritional status, access to health care, ambulance and emergency treatment, multiple historical exposures, and stress. These factors may affect a population's susceptibility to adverse health effects. Preventative health care, such as better nutrition and wellness checkups, are closely correlated to income, so households with incomes associated with Navajo Mine operations would have more opportunity for preventative health care.

#### 2.5.2 Employment of Native Americans

Article 11 of the mining lease between ~~BNCC~~ NTEC (formerly Utah Mining and Construction Company and Utah International Inc. (UII)) and the Navajo Nation, dated July 26, 1957, states:

"Lessee [~~BNCC~~ NTEC] agrees to employ Navajo Indians when available in all positions, for which they are qualified in the judgment of the lessee, and to pay prevailing wages to such Navajo employees, and to utilize services of Navajo contractors whenever feasible in the judgment of the lessee. Lessee agrees to make special efforts to work Indians, giving priority to qualified members of the Navajo Tribe, into skilled, technical and other higher jobs in connection with lessee's operations under this lease".

#### Personnel

Persons or organizations responsible for data collection, analysis, and preparation of this permit application package section:

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~~Ron Van Valkenburg~~

~~Matt Owens~~

~~BHP Navajo Coal Company~~ Billiton Mine

~~Management~~ Company Navajo

Transitional Energy Company

BHP Billiton Mine Management

Company (Disclosed Agent)

Farmington, NM

Tetra Tech, Inc.

Salt Lake City, UT

*References*

- Navajo Nation Division of Economic Development. 2009. 2009-2010 Comprehensive Economic Development Strategy. [http://www.navajobusiness.com/pdf/CEDS/CED\\_NN\\_Final\\_09\\_10.pdf](http://www.navajobusiness.com/pdf/CEDS/CED_NN_Final_09_10.pdf) (verified March 29, 2012).
- U.S. Census Bureau. 2011. State and County Quick Facts, San Juan County, New Mexico. <http://quickfacts.census.gov/qfd/states/35/35045.html> (Verified on March 29, 2012).
- University of New Mexico, Bureau of Business & Economic Research. 2011a. New Mexico Counties 2010 Average Annual Wages for Covered workers, by Major Industrial Sector San Juan County data tables. <http://bber.unm.edu/econ/agwgsanjnaics.htm> (verified on March 29, 2016)
- University of New Mexico, Bureau of Business & Economic Research. 2011b. New Mexico Counties 2010 Civilian Labor Force data tables. <http://bber.unm.edu/econ/co-uer10.htm> (verified on March 29, 2012)