



## 23RD NAVAJO NATION COUNCIL OFFICE OF THE SPEAKER

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### **FOR IMMEDIATE RELEASE**

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### **Budget and Finance Committee receives update report from Navajo Nation Oil and Gas Company**

**WINDOW ROCK** – On Tuesday, the Budget and Finance Committee received an update report from the Navajo Nation Oil and Gas Company regarding a recent financial audit, monetary contributions to the Navajo Nation, and a potential opportunity to extract helium resources for additional revenue income for the Nation.

According to the consolidated financial statement audit report, the Navajo Nation Oil and Gas Company was found to be in compliance with auditing standards and produced an unqualified clean audit for FY2017 and FY2018, which included the shareholder's equity and cash flows. Assets have remained flat for the last two years, the company has paid down on an existing loan, and the equity has increased by approximately \$5 million.

In terms of contributions, the company has provided direct payments to the Nation through royalties, lease rentals, right of ways, taxes, underground storage tank fees, Navajo contractors (operated properties), and management and transport fees, totaling nearly \$16 million.

Additional contributions provided for an increase in jobs at NNOGC, donations to chapters, elderly and youth, funding for scholarships, Navajo contractors (percentage share), and are anticipated to provide sponsorship contributions to upcoming Navajo fairs, all totaling approximately \$49 million. In total, the NNOGC has contributed nearly \$65 million to the Navajo Nation, according to their report.

BFC member Council Delegate Tuchoney Slim, Jr. (Bodaway/Gap, Coppermine, K'ai'Bii'Tó, LeChee, Tonalea/Red Lake) questioned how royalties are paid to the communities and chapters that provide the land area for oil and gas extraction.

“How are hosting communities receiving royalties from your company? For instance, hosting chapters that have casinos in their areas receive a larger part of the revenues, and I think it should be like that for natural resource extraction money to go to surrounding communities. How are chapters being properly compensated?” asked Delegate Slim.

NNOGC chief executive officer Louis Denetsosie, said the royalties from oil and gas are given to communities in the extraction areas through donations to community events and activities supporting veterans, public safety, Navajo youth, and elders.

Delegate Slim said that it had been reported that the NNOGC provided a donation to a science museum in New Mexico, and inquired how the science museum is giving back to Navajo chapters and how the donation aided in coordinating science fairs for Navajo youth. Denetsosie said he would need to look into any science fair activities that may be provided by the science museum and report back at a later date.

The report goes on to state that the company has found deposits with vast amounts of helium resources, however NNOGC is proposing to conduct a five well based case study. According to an estimated analysis, the wells could potentially garner millions in revenue for the Navajo Nation.

BFC chair Council Delegate Seth Damon (Bááháá'í, Chichiltah, Manuelito, Tsé Lichíí', Rock Springs, Tsayatoh) said there is a scheduled comprehensive annual report that the NNOGC would be providing to the committee in the near future, and requested that the report deliver a breakdown of the contributions, and if any entities are providing services back to chapters, such as the science museum.

Budget and Finance Committee members voted 4-0 to accept the report.

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