

NEW MEXICO COAL OPERATIONS

Calendar Year 2008



OVERVIEW

In calendar year 2008, BHP Billiton's two coal mines, San Juan Underground Mine and Navajo Mine, mined and sold 14,367,114 tons of sub-bituminous coal. Coal from these mines supplied to the San Juan Generating Station and Four Corners Power Plant, respectively.

BHP Billiton New Mexico Coal operations employed 1,043 people with a total payroll of \$88,422,177. The work force is 63% Native American and BHP Billiton employees total almost 3% of San Juan County's employment. In 2008, over \$164 million was spent on equipment, services, materials, and supplies for the two mines.

State and local taxes and royalties paid in 2008 include:

▪ Property Tax	\$4,358,593
▪ Severance Tax	\$11,254,519
▪ Conservation Tax	\$879,577
▪ Resource Excise Tax	\$3,458,389
▪ Gross Receipts Tax	\$27,751,523
▪ Royalty - State and 50% of Federal Royalty	\$15,607,479
▪ Total 2008 Direct and Local Revenues to State (Not including State Corporate Income Tax)	\$63,310,085 or \$4.40 Per Ton

In 2008, BHP Billiton's New Mexico Coal operations paid State, local, Tribal and Federal taxes and royalties totaling \$135,465,672 or \$9.43 per ton, plus State and Federal Income taxes.

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**BHP Billiton New Mexico Coal
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QUANTITIES	NAVAJO COAL	SAN JUAN COAL	TOTAL
TONS SOLD	8,262,792	6,104,322	14,367,114
TONS MINED	8,897,563	6,300,468	15,198,031
HEADCOUNT @ 12/31/08			
TOTAL SALARIED	159	167	326
TOTAL HOURLY	356	360	716
(1) TOTAL HEADCOUNT	515	527	1,042
PAYROLL			
(1) TOTAL PAYROLL	\$ 41,373,742	\$ 47,048,435	\$ 88,422,177
ROYALTIES			
TRIBAL	\$ 32,219,881	\$ 438,689	\$ 32,658,570
STATE (INCL 1/2 FED)	—	15,607,479	15,607,479
FEDERAL (FED SHARE ONLY)	—	7,524,693	7,524,693
TOTAL ROYALTIES	\$ 32,219,881	\$ 23,570,862	\$ 55,790,743
NEW MEXICO STATE TAX			
PROPERTY	\$ 2,103,764	\$ 2,254,829	\$ 4,358,593
SEVERANCE	7,860,170	3,394,349	11,254,519
CONSERVATION	406,196	470,381	876,577
RESOURCE EXCISE	1,601,621	1,865,768	3,458,389
GROSS RECEIPTS	10,036,430	17,715,093	27,751,523
TOTAL STATE TAXES	\$ 22,008,181	\$ 25,691,420	\$ 47,699,602
FEDERAL TAXES			
BLACK LUNG TAX	\$ 4,519,639	\$ 6,788,697	\$ 11,308,336
RECLAMATION ACT LEVY	2,588,620	833,158	3,421,778
TOTAL FEDERAL TAXES	\$ 7,108,259	\$ 7,621,856	\$ 14,730,115
TRIBAL & OTHER TAXES			
NAVAJO BUSINESS ACTIVITY	\$ 4,775,853	\$ —	\$ 4,775,853
NAVAJO POSSESSORY INTEREST	4,799,922	—	4,799,922
NAVAJO FUEL EXCISE	977,387	—	977,387
PAYROLL TAXES ^{(1) (2)}	3,124,692	3,567,360	6,692,051
TOTAL TRIBAL & OTHER TAXES	\$13,677,853	\$3,567,360	\$17,245,213
TOTAL TAXES ⁽³⁾	\$ 42,794,294	\$ 36,880,636	\$ 79,674,929
TOTAL TAXES & ROYALTIES	\$ 75,014,175	\$ 60,451,497	\$ 135,465,672
TL TAX & ROY / TON SOLD ⁽³⁾	\$9.08	\$ 9.90	\$9.43

⁽¹⁾ NAVAJO MINE'S HEADCOUNT AND PAYROLL FIGURES INCLUDES CENTRAL SERVICE PAYROLL

⁽²⁾ PAYROLL TAXES ARE PRO-RATED TO MINES BASED UPON GROSS PAYROLL AMOUNTS

⁽³⁾ TOTALS AND TOTAL PER TON EXCLUDE TAX ON PROFIT