



Sustainability Report - 2006

New Mexico Coal



Table of Contents

Our Operations	3
HSEC* Governance	3
Our Performance - HSEC Governance	4
Establishment of New Mexico Coal Foundation	
HSEC Performance	
Consolidation of ISO 14001 Accreditation	
HSEC Audit Results	
First Priority Enterprise	
Event Reporting	
Closure Planning	
Our Performance - Health and Safety	6
Industrial Health and Hygiene Program	
Safety Overview	
Zero Incident Process	
Safety Performance	
Safety Inspections	
Safety Improvement at San Juan Mine	
CBT and FRCP Management	
Our Performance - Environmental Management	8
Regulatory Inspections	
Resource Use	
La Plata Mine Open House	
Bond Release of Black Diamond Mine	
Nesting Alternative for Hawks at Navajo Mine	
Our Performance - Community	10
Supporting the Community through United Way	
Community Contributions	
Matched Giving Program	
Scholarships	
Community Perception Survey	
Partnerships Support Community Projects	
2006 Awards and Achievements	12
Contact Information	12
2006 Quick Facts	12

*HSEC = Health, Safety, Environment and Community

Front Cover: Picture of students at a local school taken by Mickey Ginn (BHP Billiton NMC employee)

Scope of Sustainability Report

The 2006 Sustainability Report presents BHP Billiton New Mexico Coal's (hereafter referred to as BHP Billiton NMC) performance and initiatives related to Health, Safety, Environment and Community (HSEC) for Calendar Year 2006. In some cases, Fiscal Year (July - June) data is reported to maintain consistency with BHP Billiton reporting requirements.

Publicly reporting our performance is fundamental to the way we do business at BHP Billiton NMC. Consultations with our stakeholders are key to ensuring that our operations provide lasting, social, environmental and economic benefits.

BHP Billiton NMC's business approach is supported by principles outlined in the BHP Billiton Charter, Sustainable Development Policy, *Guide to Business Conduct* and the HSEC Management Standards and systems. These documents are found at: <http://bhpbilliton.com/bb/sustainableDevelopment/policiesAndKeyDocuments.jsp>.

From the President

The journey to Zero Harm through further implementation of the Sustainable Development Policy produced some noteworthy successes at BHP Billiton NMC in 2006. None of these were as significant to us as the fact that we continue to improve in our safety performance and fewer of our co-employees are getting hurt than ever before. While we are not to Zero, certain groups within BHP Billiton NMC have shown that they can work full years without anyone getting hurt. This shows what can be done by focusing on the task we are doing and watching out for one another.

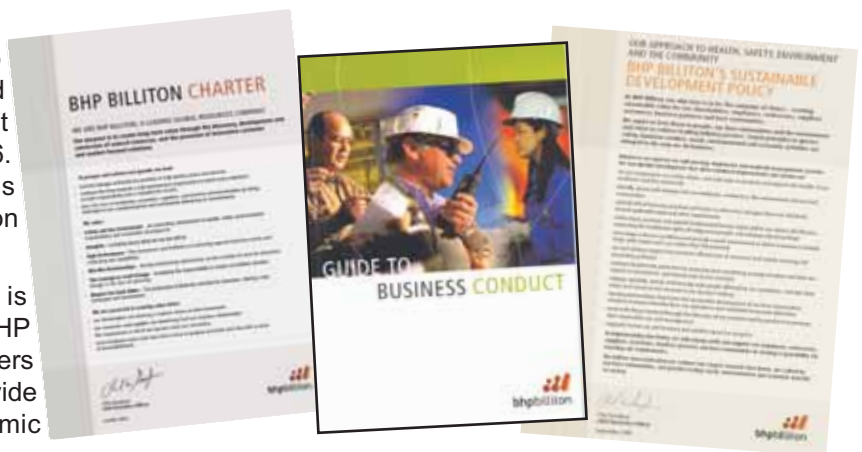
Our overall HSEC performance continues to get better as demonstrated by the improvement in our score in the assessment against the BHP Billiton 15 HSEC Standards. This rating provides us with the benchmark as to how we perform in all aspects of HSEC and identifies areas that we need to work on to become "best in class". Through the combined effort of the employees and the stakeholders within the community, we will be able to continue the successful journey to Zero Harm.

Three very significant events that occurred during the year that illustrates what Sustainable Development is all about and how it influences what we do are:

1. The creation of the BHP Billiton New Mexico Coal Foundation. This Foundation will provide for the community for years after the operations close.
2. The continuation of the leadership role that the BHP Billiton NMC employees perform in the community through their giving to the San Juan United Way and Navajo Way campaigns is inspiring. A community leading-record-donation, of \$548,000 is the "Best in Class".
3. The partnering with the local Chapters to make improvements that affect the quality of life in the Community.

By working together, employees and other stakeholders, we can continue to improve the impact we make on the community and provide us with the opportunity to continue our involvement for many years to come. Thank you for your support and we look forward to many more successes.

Ed Pettigrew
Acting President



Our Operations

The BHP Billiton NMC operations are owned by BHP Billiton, an international resource company. BHP Billiton's global headquarters is located in Melbourne, Australia. BHP Billiton has over 38,000 employees working worldwide in over 100 operations in approximately 25 countries.

Energy Coal is one of seven Customer Sector Groups (CSG) within BHP Billiton. BHP Billiton has interests in four operating assets that produce thermal coal, one of them being BHP Billiton NMC. These assets are located in the USA, Australia, South Africa, and South America.

The BHP Billiton NMC operations are composed of the BHP Navajo Coal Company (BNCC) and San Juan Coal Company (SJCC). BNCC operates the Navajo Mine, which is located on the Navajo reservation. SJCC operates the San Juan Underground Mine as well as the San Juan Mine and La Plata Mine surface operations. Both surface operations are under full-scale reclamation.

BHP Billiton NMC's customers are located adjacent to the operations. The coal produced from Navajo Mine is provided to the Four Corners Power Plant, which is operated by Arizona Public Service (APS). The San Juan Generating Station, which is operated by the Public Service Company of New Mexico (PNM) obtains their coal from the San Juan Underground Mine. A combined total of over 15.4 million tons were mined from both operations in 2006.

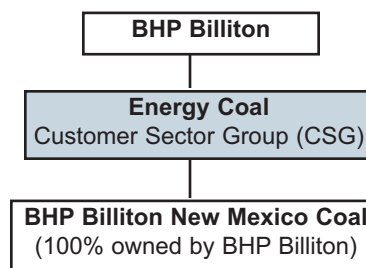
A total of 972 employees worked at BHP Billiton NMC in 2006. Of this, 288 (30%) are salary employees. The remaining 684 (70%) employees are covered by two Collective Bargaining Agreements with the International Union Operating Engineers (IUOE)- Local 953; one for the underground and one for the surface operations. Approximately 65% of BHP Billiton NMC's employees are Native Americans and 12% are female.

HSEC Governance

The foundation of BHP Billiton NMC's commitment to sustainable development is driven by BHP Billiton's hierarchy of systems, documents and policies. Thus, meaning that documents and systems must meet and support requirements of those of higher levels.

Central to our business is the BHP Billiton Charter, which outlines our common purpose and values. The Sustainable Development Policy supports the values of our Charter and outlines our vision and objectives for sustainable development and our commitment to Zero Harm.

BHP Billiton NMC's commitment to Zero Harm is implemented through systems and processes that are driven by BHP Billiton's HSEC Management Standards. The standards define a consistent approach to managing the four components of sustainable development: Health, Safety, Environment and Community. Operational systems for BHP Billiton NMC are developed based on three layers of documentation: Manuals, Plans and Work Instructions.

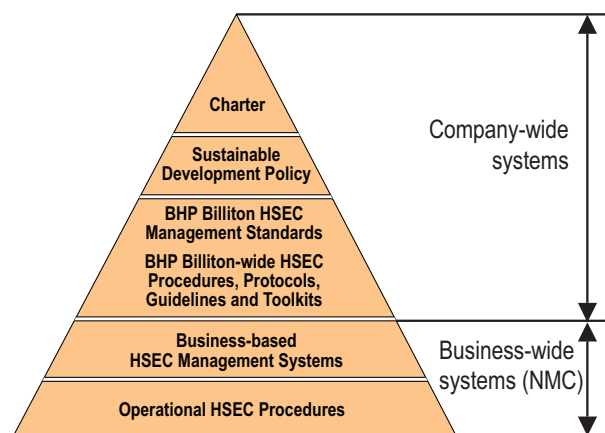


	BHP Navajo Coal Company	San Juan Coal Company
Mine Operation:	Navajo Mine	San Juan Underground San Juan Surface - reclamation La Plata Mine - reclamation
Type of Operation:	Surface Mine - Open cut	Single longwall underground
Location:	Nenahnezad & Burnham, NM (Navajo Reservation)	San Juan - Waterflow, NM La Plata Mine - La Plata, NM
History:	Mining begin in 1963	San Juan Mine started in 1973 La Plata Mine: 1986 San Juan Underground: 2002
Customer:	Four Corners Power Plant: operated by Arizona Public Service (APS)	San Juan Generating Station: operated by Public Service Company of New Mexico (PNM)
Employees:	420 133 - salary 287 - IUOE (Union)	552 155 - salary 397 - IUOE (Union)
Coal Mined: (2006):	8.4 million tons	~7.0 million tons



HSEC targets are set annually and tracked and measured on a monthly basis. These are reported to the Energy Coal Leadership Team every quarter.

An important aspect of the Management Standards is a requirement for an auditing process to determine how our Charter, Sustainable Development Policy, and Standards are being applied and to verify our performance.



Our Performance - HSEC Governance

A commitment to the highest standards of governance is important to achieving sustainable development and Zero Harm. BHP Billiton NMC continues to track and assess their HSEC performances and develop and improve processes and systems to achieve their goals.

Establishment of New Mexico Coal Foundation

BHP Billiton NMC's commitment to Sustainable Development is about ensuring that the business remains viable while contributing lasting benefits to society. To support this, the Community Relations Council (CRC) established the BHP Billiton New Mexico Coal Foundation in June 2006. CRC believes that the establishment of the fund, together with annual budgeted contributions, will help meet the future needs of the local communities after BHP Billiton NMC operations cease to exist.

The Foundation has been set up to operate independent of BHP Billiton ownership.

HSEC Performance

The scorecard below summarizes the performances of BHP Billiton NMC, its two operations (BNCC and SJCC) and the central services group (NMOS). Overall, BHP Billiton NMC has exceeded or has achieved targets in five of seven Key Performance Indicators (KPI). Improvements are required in meeting safety performance targets. BHP Billiton NMC set a target to achieve a score of 4.0 in meeting HSEC Standards compliance; that target has been achieved.

HSEC Scorecard - through 2nd Quarter FY 2006

Key Performance Indicator	NMC	SJCC	BNCC	NMOS
TRIFR Reduction @ NMC = 13.1 (15% reduction)	✗	✗	✗	✓
Duration Rate @ NMC = 66.8 @ 20% reduction	✓	✓	⇒	✓
Significant Near Miss Incident Reporting	✓	✓	□	
%Zero Barrier Events - less than 5% of total	✗	✗	✗	
Fatal Risk Control Protocols @ 95% of target	⇒	⇒	⇒	
HSEC Standards Compliance @ 4.0	⇒	⇒	⇒	
Corporate HSEC Targets	⇒	⇒	✓	

✓ Target exceeded or ahead of schedule □ Target behind schedule
 ⇒ Target achieved (≥95%) or on track ✗ Target not achieved (≤95%)

TRIFR = Total Reportable Injury Frequency Rate

Consolidation of ISO 14001 Accreditation

Nearly four years ago, the BHP Billiton NMC operations gained accreditation to the International Organization for Standardization (ISO - 14001) for its Environmental Management Systems. This systematic approach has been utilized for all HSEC management systems as they are closely aligned.

ISO accreditation is a noteworthy achievement for BHP Billiton NMC in that we were the first U.S.-based coal operations to gain and improve this status. Since this time,

several other mines and companies have used our operations as a benchmark for the industry.

BHP Billiton NMC initially obtained separate accreditation for each operation; however in 2006, these were combined into a single registration and all operations are now functioning under the one system.

Significant achievements and improvements can be seen in the environmental management plans and data provided elsewhere in this report. In addition, BHP Billiton NMC has achieved three years without a significant non-conformance in these external audits. The continued improvements in environmental management can be seen in a number of initiatives such as the ENERGY STAR light bulb program. The operations gave each employee a highly efficient light bulb to raise awareness that we all need to conserve energy and that even simple steps like using highly efficient light bulbs can have a large impact. Further initiatives are planned as we continue to improve both our operations and community performance.

HSEC Audit Results

BHP Billiton NMC is required to audit their compliance with the BHP Billiton 15 Health, Safety, Environment and Community (HSEC) Management Standards on an annual basis. Every three years, external auditors visit to validate the more frequent self assessments and provide a mechanism for sharing best practices.

The development of risk-based HSEC systems is a journey that can take many years. Fully compliant system rank 4 out of 5. The graph below shows how BHP Billiton NMC has progressed over the last several years with its continuous improvement philosophy.

Over the last several months of 2006, an internal self assessment was conducted to evaluate our progress on this journey. BHP Billiton NMC has now achieved a score of 4.1 against the international and internal standards. While this is a significant achievement, there is still room for improvement in all areas as we continue our journey toward Zero Harm in all HSEC areas.



First Priority Enterprise

First Priority Enterprise (FPe) has been used at BHP Billiton NMC since July 1, 2005 and has proven to be a key component of the HSEC system. FPe provides a company-wide database that centralizes and integrates all HSEC data and information.

Aside from the use of FPe's core functions (event reporting, corrective/preventative action tracking, inspection/citation information and safe work observation tracking), the use of First Priority at BHP Billiton NMC has expanded to track all Key Performance Indicator (KPI) data and tracks all actions that have been assigned as the outcome of formalized audits. All employees with computer access have access to First Priority. The table below summarizes First Priority Usage statistics for Calendar Year 2006.

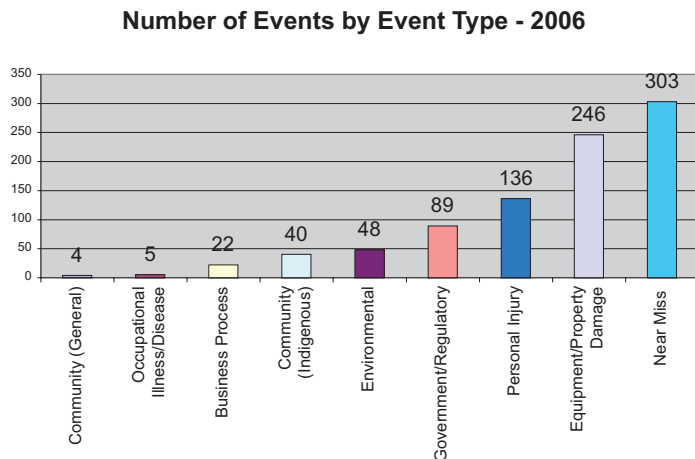
FPe Function	Data
Event Reporting	872 events (~73 per month)
Corrective Actions	957 (~ 80 per month)
Preventative Actions	258 (~ 21 per month)
Safe Work Observations (SWO)	3,753 (~ 313 per month)

Event Reporting

First Priority Enterprise (FPe) is used to report and track all actual and potential events that occur at BHP Billiton NMC. The advantage of a single system to report all HSEC incidents is that it provides a means to share the important learnings and findings as well as a means to view trend information.

Sharing this crucial information increases awareness and provides energy and focus around key HSEC issues. Trend reporting provides a mechanism for people at our sites to review their work areas for similar risks and implement preventative actions. Additionally, individual event reports provide valuable information for use in tool-box talks, safety meetings, HSEC communications, training, risk evaluations and other situations.

The graph below shows the number of events reported in various categories for Calendar Year 2006.



Closure Planning

BHP Billiton established a new standard in 2004 for Closure Planning. This is required to meet a variety of national and international standards and is intended to systematically ensure that all operations globally are conducting their planning in the same manner and that the results are comparable across the business. The primary purpose of this is to identify and manage risks as early as possible to ensure that closure occurs in the best possible way.

Closure planning is an integral part of the business cycle. While the BHP Billiton NMC operations will not close in the near term, it is important that all are assessed against the standard criteria and become risk-based. BHP Billiton NMC began the planning of this in May, 2005 by holding the first closure planning conference within BHP Billiton. Since that time, the team has been gathering data and doing research on the various options that could be assessed in the process.

In June 2006, BHP Billiton NMC retained URS Corporation to assist with the work and to use their experience gained assisting other BHP Billiton operations in this process. The expanded team then conducted a series of risk workshops and evaluated the materials and information gained in the previous work to define the primary options for San Juan Mine and Navajo Mine. The team took the outcomes of this work to input into a financial model where it was tested and key inputs revised to ensure that all outcomes would be current and meet the requirements of the Closure Process.

A key outcome of the closure planning process is the development of a preferred baseline closure plan that incorporates measures to control identified closure risks and account for any risks that may occur following closure. In addition, the team prepared a valuation plan that estimates the cost for closure activities and longer term risks.

The final closure plan for BHP Billiton NMC was substantially completed by December 2006 with final reports being launched in January 2007. BHP Billiton NMC is now compliant with the new standard and looks forward to updating this process on an annual basis.



Closure Plan in action at La Plata Mine.

Our Performance - Health and Safety

The well-being and safety of our employees, contractors and the communities in which we operate are integral parts of BHP Billiton NMC's business. Industrial Health and Hygiene and Safety programs are designed to ensure Zero Harm.

Industrial Health and Hygiene Program

Zero Harm remains the fundamental guiding value of the Industrial Health and Hygiene (IHH) Program. Great strides have been made in developing a world class IHH program.

2006 saw the creation of IHH system documentation based on risk assessments and the HSEC management standards. This documentation is designed to make the IHH program consistent and ordered. Exposure monitoring equipment and procedures received an upgrade in 2006 in order to provide the most up-to-date monitoring capability.

The Exposure Monitoring Program was adjusted based on updated risk assessments to concentrate more on group exposures as opposed to individual exposures. This change allows us to see and take action with the groups of workers who have the most significant exposure risks.

Statistical analysis is being used to quantify the monitoring results for dust, noise, welding and carbon monoxide exposures. This allows monitoring time to be used more efficiently and exposures such as vibration, heat stress, diesel particulate, and other chemical exposures will now be assessed.

The goal of the monitoring program is to provide information to the management team for prioritization in the implementing of controls and changes in work areas to reduce or eliminate exposures.

BHP Billiton NMC has an aging workforce. It is important to remember that as we age, our bodies can become more susceptible to injury. This is why it is especially important to minimize our exposure to potentially hazardous situations.

Noise exposure and hearing loss continues to be an area of concern. Many off-hour activities can contribute to hearing loss such as the use of firearms, lawn mowers, chainsaws, and loud music. Employees are encouraged to take Zero Harm home with them.

Safety Overview

Across BHP Billiton NMC's organization, safety is managed through risk-based HSEC Management Standards and systems. Our employees are accountable for the implementation of these standards. Additionally, they are responsible for the development of supporting systems and processes and ensure they are in place and adhered to.

Zero Incident Process

The Safety Leadership Process was enhanced with the introduction of Zero Incident Process (ZIP) in 2006. About 152 employees have taken the ZIP training in 2006.

Additional training will be held in 2007.

ZIP is a psychology-based tool that is provided by Sentis Corporation of Brisbane, Australia. The ZIP process relates to the key functions of the human brain and how attitude in the form of thinking and feeling drives behaviors which generates results. Three essential components and their interactions are required (person, practices, and environment) to foster a total safety culture.

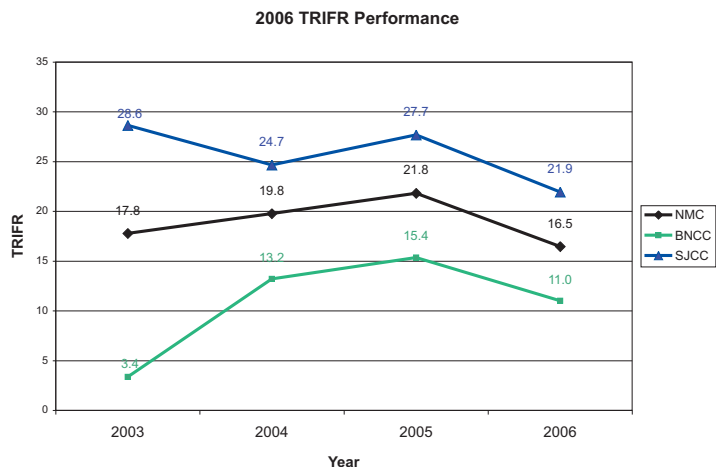
A "family type version" of ZIP was developed and introduced as a pilot program in November 2006 based on interests expressed by employees. A total of 17 family members and two employees attended the four-hour introductory workshop. Feedback from the attendees has been very positive.



ZIP training being facilitated by Sentis personnel.

Safety Performance

BHP Billiton NMC's safety performance has shown variation over the past four years. During Calendar Year 2006, both the Total Recordable Injury Frequency Rate (TRIFR) and Classified Injury Frequency Rate (CIFR) have made great improvements as indicated in the graph below. All BHP Billiton NMC operations met their established targets for the calendar year.



Safety Inspections

The Mine Safety and Health Administration (MSHA) conducts inspections at all BHP Billiton NMC operations throughout the year. During Calendar Year 2006, there were a total of 210 inspection days with an overall citation rate of 0.75 citations per inspection day. The table below presents this information by operation as well as the total for BHP Billiton NMC:

Site	Citations	Inspection Days	Citations per Inspection Day
SJCC	92	170	0.54
BNCC	66	40	1.65
Total	158	210	0.75

Safety Improvements at San Juan Mine

During Calendar Year 2006, San Juan Mine was dramatically impacted by the fallout of the mining disasters throughout the US. As a result of the events, the regulatory environment changed along with many of the associated requirements.

As information about the accidents was released, San Juan Coal Company used the information to determine whether similar risks here had been adequately addressed. For the most part, the existing systems already exceeded even the new requirements. In some cases, methods were identified to improve the systems. This was an opportunity to advance some new technology for the U.S. mining industry.

BHP Billiton NMC was successful in obtaining MSHA approval for implementation of a new self-contained self-rescuer system that will eliminate the problems found with older type units. This new system offers a distinct improvement in safety for miners. The system is expected to be delivered by early in July.

Other improvements in the processes will benefit San Juan Coal Company by its miners being better prepared, provided with improved communications, improved knowledge about locations of miners through tracking their movements and by the addition of escape shelters that are supplied with a fresh air supply. During a recent visit by the District Manager of Mine Safety and Health Administration (MSHA), Coal District 9, the District Manager thanked San Juan Coal Company for their efforts in safety improvement and encouraged them to continue to lead the way for the industry.

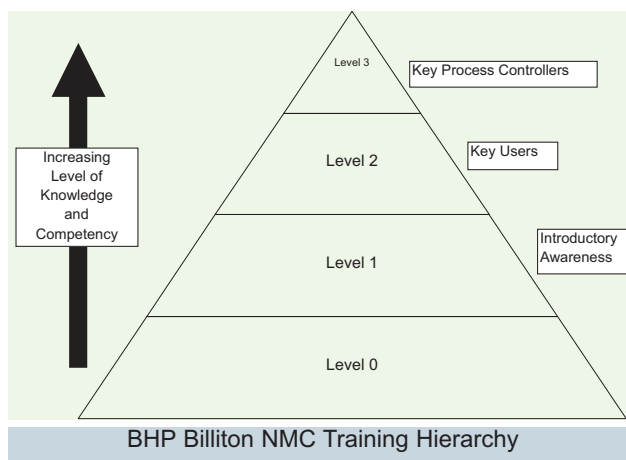
Competency Based Training and Fatal Risk Control Protocols Management

Annual reviews are conducted within all BHP Billiton business groups to assess fatal risk control systems and field compliance. BHP Billiton NMC is part of the Energy Coal business group. The BHP Billiton NMC sites were reviewed in May 2006 and they scored as the top two Energy Coal performers in the 2006 Fatal Risk Peer Review cycle.

Ranking aside, many opportunities for improvement were identified by the four review teams in the course of 500+ hours of systems and on-site compliance assessments. At the end of calendar year 2006, 95% of the 152 identified improvement items had been completed. The FPe database is continuing to track the remaining five items to completion.

Prior BHP Billiton NMC Competency Based Training (CBT) Levels were further refined in 2006. These now include:

- ◆ Level 0 - where training for one or more specific risks is not required given that the person is not exposed to those risks.
- ◆ Level 1 - provides all persons with a general awareness of the fatal risk control system and a summary of each covered risk.
- ◆ Level 2 - provides 'Key Users' with training appropriate for controlling personal risk exposure and secondly to provide assistance to others working alongside them.
- ◆ Level 3 - provides 'Key Process Controllers' with training appropriate for controlling personal risk exposure and additionally to administer higher level process controls (e.g. Confined Space, Working at Height or Hot Work Permits and Group Lock Out) for controlling risks to all personnel under their direct supervision.



Several fatal risk systems documents were newly developed or revised in 2006. The following documents had either progressed into final review processes and/or were approved at 2006 year ending:

- ◆ New Competency Based Training Manual and Flow Chart
- ◆ Revised Confined Space and Underground Fire Plans
- ◆ Three revised and reformatted Confined Space Work Instructions and a new Survey and Classification Work Instruction
- ◆ New Surface Fire Work Instruction
- ◆ Revised and reformatted Isolation Work Instruction.

Our Performance - Environmental Management

BHP Billiton's Sustainable Development Policy outlines our objectives for environmental management. These include:

- ♦ strive to achieve leading industry practice,
- ♦ meet, or where less stringent than our standards, exceed applicable legal and other requirements,
- ♦ set and achieve targets that promote efficient use of resources and include reducing and preventing pollution, and
- ♦ enhance biodiversity protection by assessing and considering ecological values and land use aspects in our decisions.

To meet these objectives, BHP Billiton NMC has incorporated C.A.R.E. (Compliance, Awareness, Responsibility and Environmental Expectation) as a key component of its environmental management programs.

Regulatory Inspections

Regulatory inspections are conducted at all BHP Billiton NMC operations. The Office of Surface Mining (OSM), which is a federal regulatory agency conducts inspections at Navajo Mine and the transportation corridor of the former La Plata Mine haulroad. Both are located on Indian Reservation lands. The Mining and Minerals Department (MMD) with the State of New Mexico inspects the San Juan and La Plata operations. Inspections are also completed by the Environmental Protection Agency (EPA) at all operations.

The table below summarizes the number of inspections for each of our operations. There was a total of 90 inspection days for 2006. There was one violation issued at Navajo Mine for an exceedance of blasting vibration levels.

Regulatory Agency	San Juan Mine	San Juan Mine - Transportation	La Plata Mine	Navajo Mine
OSM	NA	12	NA	50
MMD	16	NA	12	NA
EPA	0	0	0	0

NA = not applicable

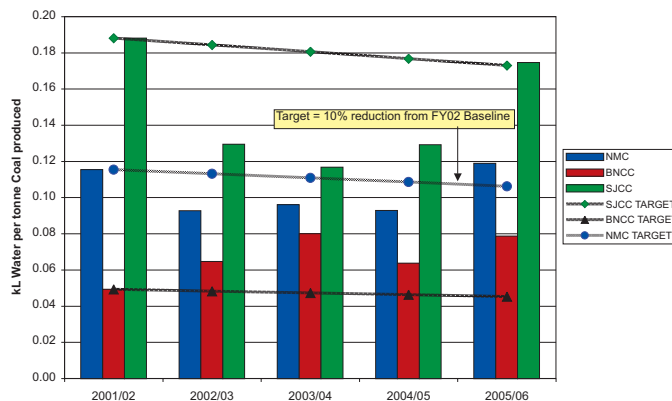
Resource Use

BHP Billiton NMC has set objectives and targets in four key areas to track our environmental performance. These are used to improve operations and lower the potential HSEC risks.

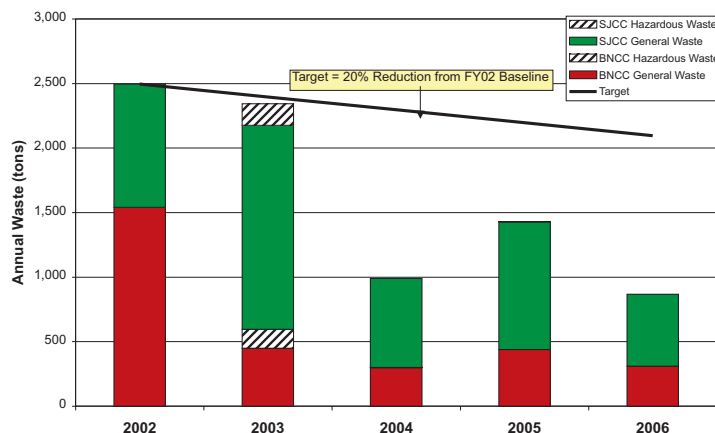
Overall, BHP Billiton NMC improved its performance and measuring tools during the year. Of note, our greenhouse gas intensity at San Juan Coal Company continues to rise as the operations get deeper. New controls and ways of limiting this are currently being evaluated.

The following tables summarize BHP Billiton NMC's water, waste, land and energy targets that drive our initiatives to promote efficient use of resources.

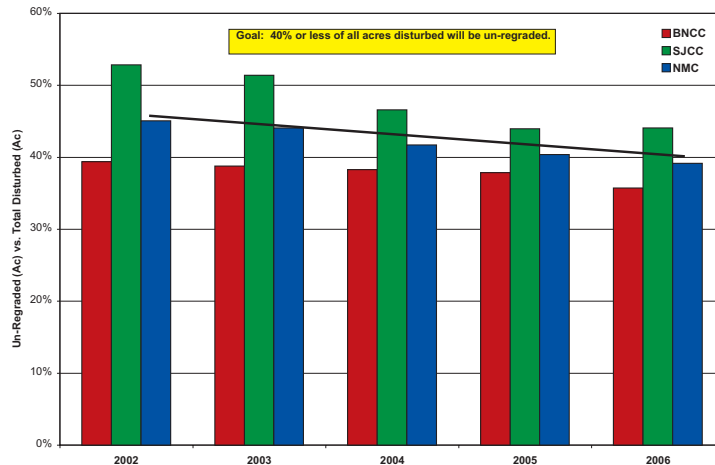
NMC Water Intensity (kL per tonne Coal)



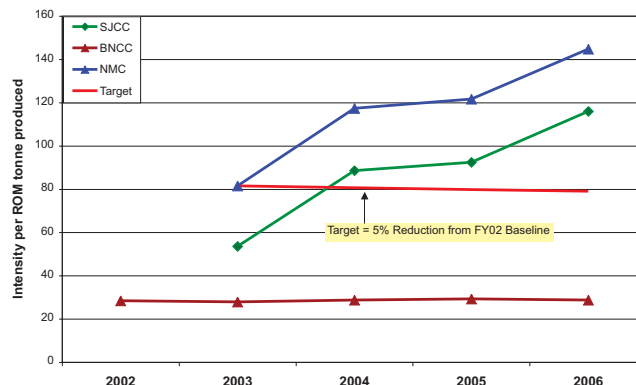
NMC Total Waste per Calendar Year



NMC - Land Management



Greenhouse Gas Intensity



La Plata Mine Open House

On May 6, 2006, San Juan Coal Company (SJCC) hosted an Open House. Neighbors most impacted by La Plata Mine's operation over the past 20 years were invited as well as several county officials and state regulators.

Although the attendance was low, those that attended had the opportunity to view various exhibits that were prepared for the event. Personnel from the Environmental Department were on hand to explain the exhibits and answer questions. A tour of the National award-winning reclamation was also provided by the Environmental staff.

Bond Release of Black Diamond Mine

The Black Diamond Mine was an operation that was started by Bariod (now Baroid Industrial Drilling Products) in 1992 to mine humate, which is a low quality coal called lignite. As such, a mine permit was issued by the Mining and Minerals Department (MMD). By 1993, Bariod closed its operation and reclaimed the 23 acres that were

disturbed. A Phase 1 bond release was approved in January 1994.

In 1998, SJCC applied for a transfer of Baroid's permit, which was approved by MMD. SJCC pursued this transfer as part of their strategic options for coal reserves. In 2000, SJCC selected the underground mine option instead, which it eventually developed. This eliminated the need for the Black Diamond Mine.

A permit modification to change the Land Use from livestock to industrial use was approved by MMD in 2006. This change resulted in the invalidation of the mine permit. The next step to release the land back to the land owners was to pursue the release the Phase II and Phase III bonds to SJCC. An application to release the bonds was made in October 2006. After a comment period, which was announced locally as a public notice and completing the required MMD inspection, the application was approved by MMD and SJCC received its bonds back by letter in January 2007.



Lunch at the La Plata Mine Open House



"Brownie" watches sheep graze at Black Diamond Mine.

Nesting Alternative for Hawks at Navajo Mine



BHP Navajo Coal Company's (BNCC) 35,000 acre mine lease encompasses habitat for a mixture of native wildlife species. One species, the Ferruginous Hawk (*Buteo regalis*), is a recurrent visitor and habitant on the lease. The Ferruginous Hawk is on the Navajo Endangered Species list. These hawks regularly nest in badlands, which make up a large portion of the lease area. Their nests are typically built on rock pinnacles or short cliffs.

Recently, a Ferruginous Hawk nest was discovered and reported by BNCC employees. The Environmental Department determined the nest to be at risk due to its close proximity to active mining activities (heavy traffic and blasting). If left in place, the potential of nesting failure would be high.

Through the efforts of BNCC's Environmental Department, Navajo Nation

Sustainable Development in Action

Fish and Wildlife, U.S. Fish and Wildlife, and Hawk's Aloft, a plan was devised to safely remove the nest from the active mining area.

The reclamation crew constructed a nest platform, which is a wooden platform attached to a sturdy, wooden pole. The displaced nest was repaired and placed on the platform. The platform was erected in a reclaimed area where there is minimal disturbance from mining. It stands approximately 12 feet tall and has a "bird's eye" view of the surrounding neighborhood. It provides a future nesting alternative for the hawks. The use of the nest platform is one demonstration of BNCC's responsibility for the environment, Zero Harm and ensuring sustainable development.

The success of the platform is too early to determine; however, BNCC will monitor its use.

Our Performance - Community

BHP Billiton NMC's community relations efforts is driven by its policy statement, "BHP Billiton New Mexico Coal will develop relationships founded on trust and mutual respect with individuals and groups in the communities that we operate. These relationships will contribute significantly to our continued success and business opportunities that mutually benefit both the community and BHP Billiton NMC."

The Community Relations Council continues to play a central role in the implementation and administration of community relations processes, systems, programs and projects.

Supporting the Community through United Way and Navajo United Way

Every year, our employees and retirees rally around the community through their generous giving. This year was no exception. Because of the \$290,065 pledges by the employees and retirees, the San Juan United Way and Navajo United Way agencies will be able to continue to reach out and help those in need that live in the community in which we work. Thanks to all the employees and retirees of BHP Billiton NMC who made it possible.

For the 2006 campaign, BHP Billiton NMC's United Way Committee decided to focus on increasing total participation with the belief that if participation increased, the amount of monies raised would also increase. In the end, the average contribution per employee increased to \$299 this year from \$254 last year. This resulted in the amount of donations far exceeding the Committee's expectation.

Also, an overwhelming increase was seen in the number of Leadership Givers (individuals donating \$1,000 or more). The Committee targeted an increase of 7% and was hoping to end the year with 65 Leadership Givers. When the results were tallied, there were 99 Leadership Givers, which is an increase of 65%! Additionally, this represents close to one-third of all Leadership Givers in San Juan County!

Another area that had a big increase was the Fair Share Plus Givers (people giving two hours per month or more). Last year, there were 116 kind individuals in that category and the Committee targeted to increase this to 130. At the end of the campaign, there was a total of 179 Fair Share Plus Givers, which represents a 54% increase.

Overall, San Juan County United Way raised \$2,232,181. The employees and retirees of BHP Billiton NMC, along with the company match contributed over \$548,000 to the United Way/Navajo United Way campaign. Overall, BHP Billiton was the top donor in San Juan County!

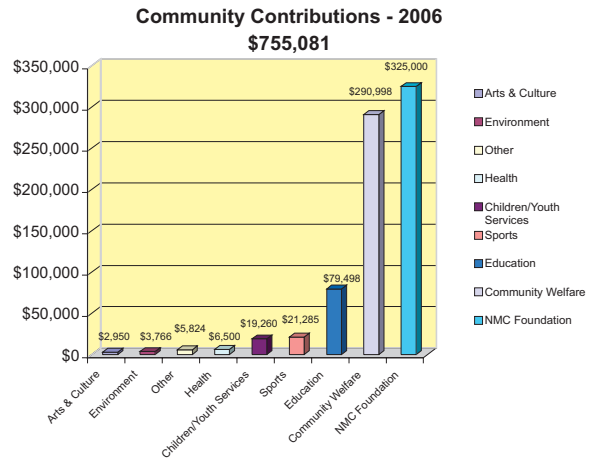
In a weekly report, Ed Pettigrew (Acting President) stated, "I am very proud to say that the employees of BHP Billiton NMC played a very significant role in the county wide achievement. We are the largest contributor in the County - we lead by example and our pocketbooks. Over \$548,000 from the BHP Billiton NMC team!!!! Unbelievable!!! I truly am proud to be a member of this team (as the ZIP training

points out - it is good to be on the court - not in the stands). The Community is very appreciative - thank you again."

Community Contributions

During Calendar Year 2006, BHP Billiton NMC contributed over \$755,000 to community programs and projects that support arts and culture, environment, health, education, children and youth services, sports, scholarships and community welfare. In addition, the first two investment payments were made to support the BHP Billiton New Mexico Coal Foundation.

Approximately 38% of the contributions was spent on community welfare projects. Included in this category are contributions to the San Juan/Navajo United Way and four District 13 community projects.



Matched Giving Program

BHP Billiton's Matched Giving Program was rolled out to the BHP Billiton NMC employees in October 2006. Employees' contributions to non-profit organizations through volunteer time, fundraising and/or cash donations are matched by BHP Billiton. The long standing BHP Billiton NMC Match Program was incorporated into the BHP Billiton Matched Giving Program.

Scholarships

A total of 129 scholarships for a total of \$64,175 was awarded in calendar year 2006.

Each of the District 13 chapters (Burnham), Nenahnezad, San Juan and Upper Fruitland receive \$5000 per fiscal year (July - June). The amount reported is based on what was paid during the calendar year; therefore, it does not reflect all scholarship payments allocated to the District 13 chapters.

Scholarship Type	# of Scholarships	Total Amount
District 13	9	\$4,300
Ute Mountain	6	\$4,500
Community	109	\$48,125
Human Resources Recruitment	5	\$7,250

Community Perception Survey

BHP Billiton NMC completed a Community Perception Survey in 2006. Below is a synopsis of the survey:

Objectives

1. Evaluate BHP Billiton NMC's relationship with the community by assessing their perceptions and opinions about the company and
2. Establish a benchmark by which BHP Billiton NMC can measure their community relations efforts.

Methodology

Cordova Public Relations facilitated the distribution and collection of the surveys, analyzed the results and provided a report. Three populations were included in the survey: Main Community (San Juan County), Community Leaders and local Navajo chapters. A total of 2,656 surveys were distributed with 191 (7%) surveys that were returned.

Results (in table at right)

Summary

Most of the respondents have a good knowledge of BHP Billiton both through name recognition and knowledge of specific operations.

Although the perceptions of the company are high or favorable, the community is not very clear why they feel that way. When asked to define or specifically discuss what BHP Billiton NMC does or what they support, the community consistently doesn't know.

The survey indicates there is a very strong and positive foundation for community relations efforts. It suggests there are opportunities to build greater support through enhancement of these program.

BHP Billiton NMC's Community Relations Council has developed improvement plans based on the results of the survey as part of its Fiscal Year 2007 goals.

Survey Results

Knowledge of BHP Billiton New Mexico Coal	Overall, 80% have heard of BHP Billiton NMC Top three sources of knowledge: Local Media: 50%, an employee: 37%, newsletter: 23%
Type of industry BHP Billiton is involved in	83% stated "Mining", 22% "electricity", 9% "oil and gas", 9% "don't know" or didn't answer
"Does BHP Billiton makes financial contributions to the community?"	56% stated, "don't know", 36% "yes", 12% "no"
"BHP Billiton is respected in the community"	54% strongly/somewhat agree 15% agree 7% disagree/strongly disagree 24% don't know
"BHP Billiton values the input of the community"	43% strongly/somewhat agree 13% agree 8% disagree/strongly disagree 37% don't know
"What is the overall impression of BHP Billiton?"	54% very favorable/favorable 13% neutral 7% unfavorable/very unfavorable 26% don't know
"How can BHP Billiton improve its performance?"	The top ranked answers of the total: - Staying more active in the community through education about the company - Scholarships - Creating more jobs - Cleaner air and addressing environmental issues
Areas that companies in San Juan County should support:	Top six areas of the total: Education, Environment, Health, Youth/Children Services, Job Training, and Treatment and Prevention of Substance Abuse



Partnerships Support Community Projects

The Community Relations Council (CRC) worked with the four District 13 chapters (Burnham, Nenahnezad, San Juan and Upper Fruitland) to identify sustainable projects within their respective communities. As such, four projects were funded based on criteria that were developed in consultation with the four chapters. A summary of each project is provided below:

Burnham Chapter with help from Indian Health Services (IHS) started a potable waterline project to serve 37 homes in the Bisti and Burnham communities. In order to complete the project, Burnham Chapter was required to complete bathroom additions for about 15 homes. With matching funds from BHP Billiton NMC, the chapter was able to

complete the project in August 2006 (pictured above right). Potable water was delivered to residents in the first phase of the project. Additional phases are being planned.

The Veterans Park at Nenahnezad Chapter is used by the public for various functions. An added feature that was completed with funds from BHP Billiton NMC was an exercise path (pictured above left). The exercise path is used by community members of all ages.

The Walter Collins Center is a multi-purpose building located across from the Upper Fruitland Chapter House that was built in 1985. Since its original construction, the center has had no structural or interior

Sustainable Development in Action

renovations. The chapter received matching funds from BHP Billiton NMC to renovate the sanitation facilities, lighting and heating, doors and fixtures, windows, and floor. The project is complete and is awaiting final inspection by the chapter administration.

San Juan Chapter is in the final construction phases of a new multi-purpose facility. The chapter received matching funds from BHP Billiton NMC to install a sound system for its meeting hall, construction of a sign at the entrance and the construction of a fence to protect the property. The project is still in progress.

CRC will continue to work in collaboration with the chapters.

Significant HSEC Awards and Achievements for 2006

Operation	HSEC Component	Achievement
BNCC	Safety	Recipient of BHP Billiton President's Safety Excellence Awards
BNCC	Safety	Eight Production crews out of 10 completed their measurement of success for their team charters.
BNCC	Safety	The Loader and PM crews met their Zero Harm, Zero Injury and Zero LTI goals for FY 06.
BNCC	Safety	Navajo Mine launched its first issue of "BNCC Safety Newsletter"
BNCC	Safety	Completed 54,000 contractor hours on the 8750 (dragline) tub replacement without a reportable injury.
NMC	Safety	Zero Incident Process training initiated for salary staff and a pilot session was held for families
SJCC	Safety	"A" shift completed one year without a reportable injury.
NMC	Environment	Joined the U.S. Environmental Protection Agency's National ENERGY STAR Change a Light, Change the World campaign.
NMC	Environment	Obtained 3-year ISO 14001 re-certification (Single NMC certification)
NMC	Community	Rolled out the BHP Billiton Employee Matched Giving Program
NMC	Community	Completed first Community Perception Survey and developed improvement plans.
NMC	Community	Established the BHP Billiton New Mexico Coal Foundation
NMC	Community	Employees and retirees with NMC match are highest donors in San Juan United Way campaign in San Juan County.
NMC	HSEC	The BHP Billiton New Mexico Coal Foundation, La Plata Mine reclamation, Underground Virtual Training Program and ZIP/SLAM Safety Leadership Program were selected as Best Practices by PNQ - National Quality Foundation.

Contact Information

New Mexico Coal
300 West Arrington St.
Suite 200
Farmington, NM 87401
(505) 598-4200

BHP Navajo Coal Company
Navajo Mine
Box 1717
Fruitland, NM 87416
(505) 598-3309

San Juan Coal Company
San Juan Mine
Box 561
Waterflow, NM 87421
(505) 598-2000

San Juan Coal Company
La Plata Mine
Box 210
La Plata, NM 87418
(505) 598-2802

Quick Facts - 2006

- ◆ 972 employees
- ◆ 15.4 million tons of coal mined
 - 8.4 million tons of coal mined - BHP Navajo Coal Co.
 - ~7.0 million tons of coal mined - San Juan Coal Co.
- ◆ Over \$76 million payroll
- ◆ \$118 million paid in taxes and royalties
- ◆ Over \$156 million spent in purchases/supply expenses

Your feedback is important to us. If you have any comments about the contents of this report, please contact Luci Davis, Editor at (505) 598-4200.



bhpbilliton

New Mexico Coal
300 West Arrington Street
Suite 200
Farmington, NM 87401

PRSR - STD
U.S. POSTAGE
PAID
FARMINGTON, NM
PERMIT NO. 1