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Secretary of the Interior Fred A. Seaton today announced approval of two agreements between the Navajo Indian Tribe and the Arizona Public S8rvice Company which provide for large-scale development and sale of electric power on the Navajo Reservation in Arizona, New Mexico and Utah.

One of the agreements is a lease of tribal land on the San Juan River across from Fruitland, New Mexico, to the company as a site for the construction of steam generating facilities, a reservoir for cooling purposes, and other facilities. Two units of 175,000 kilowatts each are planned immediately and later expansion is contemplated.

The first two units, together with transmission lines and other related facilities, are expected to cost approximately $100,000,000. Ultimate cost of the total development may run as high as $180,000,000.

The lease is for 25 years with an option to renew for as long as authorized by law.

The second agreement covers the delivery of power by the Company to the Tribe at wholesale rates. The Tribe has plans for distributing this power to its individual members and other persons residing on the reservation.

Both the agreements approved today are closely tied in with a 1957 contract between the Navajo Tribe and the Utah Construction Company which covers the mining of coal in an area of approximately 24,000 acres of tribal land. Under a recent supplement to this lease the company is obligated to mine a minimum tonnage of coal each year or pay the Tribe a royalty for this tonnage. The minimum is 800,000 tons annually for each of the years from 1963 through 1967; 1,500,000 tons for each year from 1968 through 1974; and 2,500,000 tons per year thereafter. The royalty is 15 cents per ton.

Utah Construction Company and Arizona Public Service Company have already altered into an agreement under which Utah will sell the coal mined from the Navajo lands to Arizona as fuel for the steam generating plants.

“The Navajo Tribe," Secretary Seaton said, "will receive large and far-reaching benefits from these agreements. First, the agreements provide the Tribe with a market for immense deposits of subbituminous coal which might not otherwise be marketable. Secondly, these contracts open the door for electrification of Navajo homes, development of new industries and other economic enterprises and vast future improvements in the living standards of the Navajo people."

Under the lease contract for the generating plant site and cooling reservoir, the Company will pay the Tribe a rental of $1,115,000 over the 25-year period in annual installments of $44,600.