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The Department of the Interior today announced approval of a coal mining and electric power development lease by Utah Construction Company, San Francisco, Calif., embracing some 24,000 acres on the Navajo Indian Reservation just south of Fruitland, New Mexico.

The lease, which runs for 10 years and as long thereafter as the coal is produced "in paying quantities", was signed on September 2) by Allen D. Christensen; president of Utah Construction, and on October 1 by Paul Jones, chairman of the Navajo Tribal Council. It was approved October 21 by Commissioner of Indian Affairs Glenn L. Emmons in his capacity as trustee for the Navajo tribal lands.

The area covered by the lease is a long, narrow strip of land about 25 miles in length and only approximately two miles across at the widest point. Within this area the company has the exclusive right to mine for coal and to develop thermal power facilities. The tribe, however, reserves the right to use or lease the surface of the area for other purposes wherever there will be no interference with the mining operations.

Rentals to be paid the tribe by the Company will be at the rate of 25 cents per acre for the first year, 50 cents per acre for the second and third years, and $1 per acre for each year thereafter. Royalty payments will be 15 cents a ton for coal and 10 percent of the f.o.b. sales price on all related products or byproducts recovered except for uranium which will be covered by the tribe's existing Percentage Royalty Schedule.

Rental payments, which are to be made in advance in each year, will be credited against the royalty payments accruing in that particular year.

In addition to reserving the surface rights in the leased area, the tribe also retains the right to lease the lands for oil and gas development. Drilling and other related activities, however, will not be permitted, except with the approval of the Company, in a "corridor" 3,300 feet wide running the full length of the strip which the Company will designate for its exclusive mining use. Oil and gas pipelines may be built across the leased area, including the corridor, at three designated points provided that certain construction requirements are met.

The Company has agreed to sell the Tribe power at wholesale bus bar rates for use within the Reservation, to employ Navajo Indians when available and qualified and pay them prevailing wages, and to use the services of Navajo contractors whenever feasible in its judgment. It has also agreed to submit a full plan of development for the area to the Secretary of the Interior for approval within five years. If this requirement is not met, the lease is subject to cancellation.