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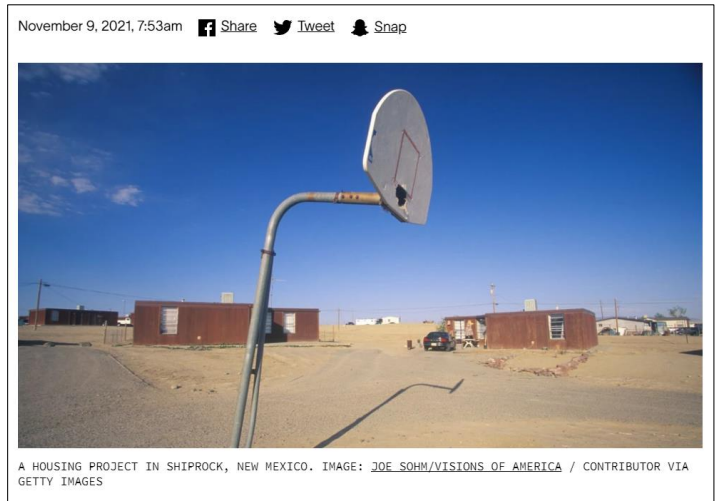
'Financial Colonialism': A Bitcoin Mine in Navajo Nation Flares Tensions

A Bitcoin mine run by a Canadian company is the newest power customer in Navajo Nation, where many residents live without basic utilities.

By [Luke Ottenhof](#)

Just outside of Shiprock, New Mexico, on land belonging to the Navajo Nation, a Bitcoin mine owned and operated by a Canadian investment company consumes seven megawatts of power each month—enough to power 19,600 homes.

The operation is run by a firm called WestBlock Capital and mines between 23 and 25 bitcoins per month, equivalent to roughly \$1.4 to \$1.6 million USD, with a majority of its power coming from renewable solar energy. According to [a press release](#) from the mine's parent company, Luxxfolio, the mine accesses these resources “at significantly reduced cost in the bottom decile of global power costs.”



But all around the mine, Diné—citizens of the Navajo Nation—live without electricity or running water in their homes. The Navajo Tribal Utility Authority (NTUA), the nation's non-profit utility enterprise that initially partnered with Calgary, Alberta blockchain company WestBlock on the mine project, is working to connect more homes on the nation to basic utilities.

A [short documentary](#) detailing the project by Bitcoin mining hosting company Compass was released last week, framing the mine as a means to achieve sovereignty and economic prosperity for the nation. But some Diné are bristling at the idea of a foreign Bitcoin mining company getting access to dirt cheap electricity while residents in Navajo Nation live without basic utilities like power and running water.

Tyler Puenté, who commented on a [since-deleted Facebook post](#) from Navajo Nation President Jonathan Nez's Facebook page about the mine's groundbreaking ceremony that Navajo leadership are allowing outsiders to take advantage of Diné, told Motherboard that he sees the Bitcoin mine as a form of “financial colonialism.”

“I think Bitcoin companies prey on communities like my own,” said Puenté. “My perspective is that we’re being used.”

Nez’s office did not respond to requests for comment.

To some Diné, WestBlock project resembles a form of crypto-colonialism, a term that describes the exploitation of lands and resources by cryptocurrency and blockchain interests, often under the guise of progressive or egalitarian rhetorics for the host communities.

The project began in 2018 when WestBlock CEO Ken MacLean was introduced to the NTUA via a power broker. With NTUA, WestBlock found a source of "stranded" energy, which many cryptocurrency mining firms seek out: power with no customer to buy it, and thus an opportunity for arbitrage.

NTUA had a 15 megawatt load that was sitting unused at a substation near Shiprock, which MacLean said they bought nearly at cost “with some margin built in.” WestBlock signed on to a five-year lease of 1.3 acres of land near the substation and built out the site to house equipment and miners.

MacLean estimated that the build cost between three and five million dollars, and that the mine now holds equipment valued at \$20 million USD. WestBlock plans to double their ongoing power purchase to 15 megawatts by January 2022.

“For us, picking up the offload, we solved a problem for them,” said MacLean, adding that they pay just six percent tax on all power and services. The mine employs between six and ten full-time workers. “It’s not massive amounts of numbers, but it’s something,” said Maclean. “That’s the nature of the business we’re in.”

Much of the criticism around Bitcoin mining moving into communities tends to revolve around the notion that any power sucked up by a Bitcoin mine could have gone to residents. MacLean said that criticism of the project on the basis of lack of service access on the Navajo Nation is “unfounded,” however.

He said WestBlock is simply filling a gap left by a major customer. “They have 15 megawatts of load that they had nowhere to send it to because a coal plant came offline,” said MacLean.

NTUA senior counsel Arash Moalemi, who is Diné and has been involved with the WestBlock deal since its origin, told Motherboard that the utility generates more than enough power to supply the Navajo Nation, but that logistics make it costly to hook up homes in rural areas.

“That’s power that would otherwise go unused,” said Moalemi, referring to the mining operation’s energy source. “Our biggest challenge is having the funds available and the land rights secured to connect families with electricity.”

NTUA initially had a 51 percent ownership stake in the mine, but recently sold that interest back to WestBlock, who now have complete ownership over the mine and its production. NTUA declined to how much it earned from the sale.

Moalemi said the NTUA felt they had capitalized on their investment and that it was “appropriate” to sell their ownership interest “for the benefit of all our customers.”

NTUA continues to provide basic utility services to the mine. Moalemi said that tax revenue to the Navajo Nation for these utilities over three years is approximately \$48,000 USD, not including worker pay. He added that the land lease revenue for the nation over five years is approximately \$60,000 USD.

Some Diné feel these benefits are meagre compared to the potential costs, since the mine is still partially powered by non-renewable sources. Carol Davis, executive director of Navajo environmentalist sovereignty organization Diné Citizens Against Ruining our Environment [Diné C.A.R.E.], organizes grassroots Diné resistance to unsustainable and damaging energy projects on the Navajo Nation. Davis said that the project is in step with a history of resource extraction on Navajo lands that has devastated the environment and local water supplies while increasing risk of chronic illness for Navajo people.

“Even in this Bitcoin project, what happens is these projects are energy-intensive,” said Davis, who has to haul water to refill her home’s cistern and septic system. If she has it delivered, it costs \$40 a load. “I don’t even have a water line to my home. So why are we giving these big developers a break in what they have to pay to the Navajo Nation when our own people don’t even have access to electricity or water lines?”

While the WestBlock mine generates millions in Bitcoin each month, Dutch economist Alex de Vries, who operates the Bitcoin Energy Consumption Index on his website Digiconomist, described this particular operation as “baffling” and a “waste of resources,” given the poor living conditions that Navajo Nation citizens continue to experience and lack of local benefits relative to the mine’s profits. De Vries said that marginalized communities being approached by Bitcoin miners with promises of prosperity should reject them outright.

While WestBlock gears up to double their capacity to 15 megawatts, Davis said she hopes that Diné will have enough resources to sustain themselves for generations.

“[Outsiders] have reaped the benefits for half a century,” said Davis. “In all the developments that are happening, our water has been depleted, and our water has been contaminated, and we don’t even have access to our own resources. That’s all we’re trying to fight for.”

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