

# British Churchill Mining threatens Indonesian government with arbitration

Cecilia Jamasmie | December 2, 2011

London-listed Churchill Mining Plc is threatening Indonesia to seek international arbitration, saying that the company was unlawfully deprived of a multibillion-dollar coal discovery in the jungles of Borneo Island.

In a 72-page [document distributed to the press by e-mail](#), Churchill Mining is asking Indonesian government officials to achieve “an amicable and commercial resolution” to the dispute over the East Kutai coal project.

“While the dispute goes to the core of Churchill’s business, the struggle also offers a cautionary tale for any company interested in diving into Indonesia’s booming commodities sector,” says [Wall Street Journal writer, Eric Bellman](#).

Indonesia contains some of the world’s richest mineral deposits, located conveniently close to the Chinese and Indian markets, but a court battle over a US\$1.8 billion coal mine highlights the risks foreign miners face in the country, [reports Reuters](#).

The East Kutai project is a huge resource with a JORC compliant estimate of 2.7 billion tonnes of coal, acquired by Churchill in 2007 through an acquisition of a 75% stake in Indonesian group Ridlatama after the previous owner Nusantra failed to extend the licences in 2006 and 2007.

Churchill later discovered the coal reserves in 2008 and the East Kutai Regency granted then an extension to Nusantra’s previous licences.

[Wall Street Journal explains further:](#)

“...within months of announcing its discovery [in the coal-rich province of East Kalimantan on the island of Borneo] Churchill started running into trouble. The local government started sending mixed messages on whether Churchill’s licenses were valid, and a rival company said it had the mining rights to the same region. An official in East Kalimantan revoked Churchill’s licenses, saying the company had cut protected forest illegally, which Churchill denies.

After taking the matter to Indonesian courts and regulators, with no satisfaction, the company says it sent a letter to Indonesian President Susilo Bambang Yudhoyono, the country’s foreign minister and four other government offices last week.”

The British miner said that if no answer is received, it will seek international arbitration at the International Centre for the Settlement of Investment Disputes (“ICSID”) in Washington D.C.

Source: <http://www.mining.com/2011/12/02/british-churchill-mining-threats-indonesia-government-with-arbitration/#>