

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
23rd Navajo Nation Council --- Fourth Year, 2018

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; PURSUANT TO 25
C.F.R. SECTION 169.210 GRANTING CONSENT AND APPROVAL TO CERTAIN
PAST MORTGAGED EASEMENTS AND RIGHTS-OF WAY OF THE NAVAJO NATION
OIL AND GAS COMPANY

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. Pursuant to 2 N.N.C. § 500, the Resources and Development Committee is established as a standing committee of the Navajo Nation Council.
- B. Pursuant to 2 N.N.C. § 500 (C), the Resources and Development Committee shall exercise oversight authority over water, land, and economic and community development.
- C. The Resources and Development Committee's enumerated powers include granting approval for rights-of-way and easements including encumbrances, assignments and transfers. 2 N.N.C. § 501(B) (2) (a).

SECTION TWO. FINDINGS

- A. The Navajo Nation Oil and Gas Company (NNOGC) is a federal corporation wholly owned by the Navajo Nation. NNOGC was formed by the Nation as federal corporation under Section 17 of the Indian Reorganization Act (IRA), 25 U.S.C. § 5124 (formerly 25 U.S.C. § 477), as amended, pursuant to a Restated Federal Charter of Incorporation (Charter) approved by the Navajo Nation and the U.S. Department of the Interior. See Exhibit A.

- B. As authorized and directed by the Navajo Nation Council through the approval and ratification of NNOGC's Charter, the NNOGC has acquired substantial leasehold interest in oil and gas properties on the Navajo Nation that it holds in the Navajo public trust, primarily in the Greater Aneth Field, which it grew from an original investment by the Navajo Nation in the NNOGC in the amount of Fifteen Million dollars (\$15,000,000.00) from the NNOGC Revenue Fund derived from fuel excise taxes.
- C. NNOGC owns and operates the Running Horse Pipeline (RHP), a crude oil pipeline located almost entirely on the Navajo Nation. The RHP carries production from the Greater Aneth Field on the Navajo Nation in Utah to the RHP terminus at Bisti, south of Farmington, New Mexico, Navajo Nation, where NNOGC also has a NNOGC owned crude oil truck loading facility.
- D. NNOGC holds numerous Navajo Nation rights-of-way (ROWS) and easements for the Greater Aneth Field gathering system and RHP. See **Exhibit B**.
- E. Pursuant to NNOGC's Charter, the Navajo Nation Council has expressly authorized NNOGC to mortgage its corporate property and assets, including the ROWs and easements listed in Exhibit B. See **Exhibit A, Article VIII (N)**.
- F. In the ordinary course of business, NNOGC has mortgaged such ROWs and easements as collateral for a credit facility from its lenders. For NNOGC's most recent credit facility, which closed on June 14, 2018, the current lenders took an assignment of the mortgages from the prior lenders for the ROWs and easements listed in Exhibit B. Those mortgages were last assigned in 2012.
- G. Pursuant to 80 Fed Reg. 72492-01 (Nov. 19, 2015), effective April 21, 2016, see 81 Fed. Reg. 14976 (March 21, 2016)-extending implementation of the new regulations, the Bureau of Indian Affairs (BIA), United States Department of the Interior, adopted new ROW regulations for Indian lands that now require consent of the Indian landowner and BIA approval of mortgages for ROWS on Indian lands. See **Exhibit C, 25 CFR § 169.210**.

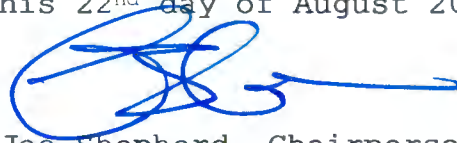
- H. Pursuant to the commentary in the Federal Register, notice for 25 C.F.R. § 169.210, the new regulation is not intended to affect pre-existing property rights in ROWs, and is effective procedurally only for mortgages obtained after the effective date of the new regulation and only if the procedural requirement will not change the terms of the pre-existing ROW grant or statutory authority for such grant.
- I. The current mortgages on the ROWs and easements listed in Exhibit B were obtained before the effective date of 25 C.F.R. § 169.210. Nonetheless, to the extent the Navajo Nation's consent may be required pursuant to 25 C.F.R. §169.210 or other applicable law for existing mortgages, and for any new mortgages to be placed on the ROWs and easements listed in **Exhibit B**, the Navajo Nation wishes to hereby grant its consent for all such mortgages as found at **Exhibit B**.
- J. The Resources and Development Committee of the Navajo Nation Council finds it to be in the best interest of the Navajo Nation to grant consent and approval to those certain past mortgaged easements and rights-of-way of the Navajo Nation Oil and Gas Company as found at **Exhibit B**.

SECTION THREE. APPROVAL

- A. The Resources and Development Committee of the Navajo Nation Council hereby grants consent and reaffirms the Navajo Nation's approval for all existing mortgages on the rights-of-way and easements as listed in **Exhibit B**.
- B. The Resources and Development Committee of the Navajo Nation Council hereby authorizes the Chief Executive Officer of the Navajo Nation Oil and Gas Company to convey the Navajo Nation's consent as provided herein to the Navajo Regional Director, Bureau of Indian Affairs, by enclosure of this Resolution.
- C. The Resources and Development Committee of the Navajo Nation hereby requests the Navajo Regional Director to promptly approve all mortgages on the rights-of-way and easements listed in **Exhibit B** upon their submittal to the Bureau of Indian Affairs, in the best interest of the Navajo Nation and its wholly owned entity, the Navajo Nation Oil and Gas Company.

CERTIFICATION

I, hereby, certify that the following resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at the Budget and Finance Conference Room, Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 4 in favor, and 0 opposed, on this 22nd day of August 2018.



Alton Joe Shepherd, Chairperson
Resources and Development Committee
of the 23rd Navajo Nation Council

Motion: Honorable Davis Filfred
Second: Honorable Leonard Pete

Chairperson Alton Joe Shepherd not voting.

Restated Ch.



**RESTATED
FEDERAL CHARTER OF INCORPORATION**

**ISSUED BY THE UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS**

**TO
THE NAVAJO NATION**

**FOR THE
NAVAJO NATION OIL AND GAS COMPANY
A Federally Chartered Corporation**

ARTICLE I. – Name.

The name of the Corporation is Navajo Nation Oil and Gas Company.

ARTICLE II. – Principal Office and Registered Office.

A. Principal Office. The principal office of the Corporation shall be located within the Navajo Nation. The Corporation may have such other offices, either within or without the Navajo Nation, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

B. Registered Office. The registered office of the Corporation required to be maintained by any state in which the Corporation shall transact business outside of Navajo Indian Country may be, but need not be, identical with the principal place of business of the Corporation within that state, and the registered office may be changed from time to time by the Board of Directors.

ARTICLE III. – Authority for Charter.

The Corporation is organized, incorporated and chartered under the laws of the United States as a Federally Chartered Corporation under 25 U.S.C. § 477, as amended, and shall have the powers, privileges and immunities granted by that statute embodied in this Charter.

ARTICLE IV. – Status of Corporation.

A. The Corporation is a legal entity wholly-owned by the Navajo Nation, a federally recognized Indian Tribe. As an instrumentality of the Navajo Nation, the Corporation and its wholly owned subsidiaries, including without limitation limited liability companies, are entitled to the privileges and immunities of the Navajo Nation, however, the activities, transactions, obligations, liabilities and property of the Corporation are not those of the Navajo Nation.

B. The Corporation and its wholly owned subsidiaries, including without limitation limited liability companies, shall have the same tax status and immunities under federal law as the Navajo Nation.

ARTICLE V. – Ownership of the Corporation.

A. The aggregate number of shares which the Corporation shall have authority to issue is 1,000,000 shares of common stock and 1,000,000 shares of preferred stock.

B. All shares in the Corporation shall be owned by the Navajo Nation for the benefit of the Nation and its enrolled members. No individual or legal entity other than the Navajo Nation shall acquire any shares in the Corporation.

C. The Navajo Nation's shares in the Corporation shall not be sold, transferred, pledged or hypothecated, voluntarily or involuntarily, and any purported sale, transfer, pledge or hypothecation shall be void and of no effect.

D. All rights of shareholder of the Corporation shall be exercised by the appointed shareholder representatives, composed of one member of each of the standing committees of the Navajo Nation Council or their successor committees, in accordance with this Charter and the applicable tribal law; provided that the Directors of the Corporation shall be elected as provided in Article XI of the Charter. Each standing committee shall select its own shareholder representative. At the meetings of the shareholder representatives, the shareholder representatives shall, in all instances subordinate their personal interest and political interest as members of the Navajo Nation Council to those of the company in acting in their capacity as the shareholder representatives of the sole shareholder and interest holder and owner, the Navajo Nation.

ARTICLE VI. – Period of Duration.

The period of the Corporation's duration is perpetual, or until this Charter is revoked or surrendered by Act of Congress, pursuant to 25 U.S.C. § 477, as amended.

ARTICLE VII. – Corporate Purposes.

The purposes for which the Corporation is organized are:

A. To own and operate, directly or through subsidiary corporations and limited liability companies, joint ventures, associations, partnerships or otherwise, any oil and/or gas exploration and production, operating, refining, drilling, transporting, or marketing business; and any motor or fossil fuel, distributing, trucking, jobber, wholesale, or retailing and related business.

B. To form subsidiary corporations and to enter into and form partnerships, joint ventures, associations, and other business arrangements.

C. To conduct activities in all phases of the oil and gas industry either within or outside of Navajo Indian Country.

D. To engage in any lawful business with the powers permitted to a corporation organized pursuant to 25 U.S.C. § 477.

E. To pursue the above purposes for the benefit of the Navajo Nation government, and to return all dividends and distributions of profit to the Navajo Nation government to be devoted to essential governmental functions.

ARTICLE VIII. – Corporate Powers.

The Corporation is authorized:

A. To engage in any lawful business permitted to a corporation organized under 25 U.S.C. § 477, as amended.

B. To have a corporate seal which may be altered at the discretion of the Board of Directors.

C. To buy, sell, lease and otherwise acquire and maintain buildings, offices, shops and other appurtenances proper and necessary for the carrying on of said business.

D. To carry on its business either within or without Navajo Indian Country.

E. To guarantee, purchase, hold, assign, mortgage, pledge or otherwise dispose of capital stock of, or any bonds, securities or other evidences of indebtedness created by any other corporation or organization that is in existence under the laws of the United States, any state, Indian tribe, nation, government or country, and to exercise all the rights, privileges and powers of ownership.

F. To enter into and make contracts of every kind and nature with any person, firm, association, corporation, municipality, nation, Indian tribe, state or body politic, without the approval of the Navajo Nation or the Secretary of the Interior, except when the use of trust or federally-restricted Indian property requires such approval.

G. To purchase, take by gift or bequest, acquire, own, lease, manage, operate, deal in and dispose of real and personal property of all kinds and descriptions, wherever situated.

H. Subject to the limitations imposed by Article V of this Charter, to incur debts and raise, borrow and secure the payment of any money in any lawful manner, including the issue and sale or other disposal of bonds, indentures, obligations, negotiable and transferrable instruments and evidence of indebtedness of all kinds, whether secured by mortgage, pledge, deed of trust or otherwise, without the approval of the Navajo Nation or the Secretary of the Interior, except when the use of trust or federally-restricted Indian property requires such approval.

I. To apply for, obtain, register, purchase, lease or otherwise acquire, own, hold, use, operate and introduce, and to sell, assign or otherwise dispose of any trademark, trade name, patent, invention, improvements and processes used in connection with or secured under letters patent, and to use, exercise, develop, grant and give licenses in respect thereto.

J. To apply for, purchase or acquire by assignment, transfer or otherwise, and to exercise, carry out and enjoy any license, power, authority, franchise, concession, right or privilege which any government or authority or any corporation or other public body may be empowered to enact, make, or grant, and, subject to the limitations imposed by Article V of this Charter, to pay for and to appropriate any of the company's assets to defray the necessary costs, charges and expenses thereof.

K. To sue and be sued in its Corporate name to the extent provided in Article XVI of this Charter, and to that extent only.

L. To employ or appoint employees, attorneys and agents of the Corporation and define their

duties and fix their compensation.

M. To lend money for its corporate purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds so loaned and invested.

N. To sell, convey, mortgage, pledge, lease, exchange, transfer or otherwise dispose of all or any part of its corporate property or assets to the extent permitted by Article IX(F) of this Charter.

O. To adopt bylaws for the regulation of the internal affairs of the Corporation consistent with this Charter, without the approval of the Navajo Nation Council or the Secretary of the Interior.

P. To pay pensions and establish pension plans, pension trusts, profit-sharing plans, and other incentive plans for any or all of its directors, officers and employees.

Q. To obtain a certificate of authority to transact business outside of Navajo Indian Country in any state as a foreign corporation, and to comply with applicable state law governing foreign corporations.

R. To have and exercise all lawful powers incidental, necessary or convenient to effect any or all of the purposes for which the Corporation is organized.

ARTICLE IX. – Limitations on Corporate Powers.

The Corporation shall have no power:

A. To expressly or by implication enter into any agreement of any kind on behalf of the Navajo Nation.

B. To pledge the credit of the Navajo Nation.

C. To dispose of, pledge, or otherwise encumber real or personal property of the Navajo Nation.

D. To waive any right, privilege or immunity of, or release any obligation owed to, the Navajo Nation.

E. To sell, lease, assign, exchange or otherwise dispose of all or substantially all of the Corporation's assets to third parties, other than in the usual and regular course of its business,

without the prior written consent of the Navajo Nation Council. Prior to any such proposed sale or disposition, the Corporation shall give reasonable notice to the Navajo Nation Council. The shareholder's consent to any such proposed sale or disposition shall be in the form of a resolution of the Navajo Nation Council, duly adopted in accordance with applicable tribal law.

ARTICLE X. – Shareholder Action.

A. Annual Meeting. The annual meeting of the shareholder shall be held on the date and hour specified in the bylaws of the Corporation, after the end of the Corporation's fiscal year and after the annual audit is completed, for the purpose of presenting such audit and the transaction of any business that may come before said meeting. The Chairperson of the Board or, in his or her absence, the Vice Chairperson of the Board, shall preside over the shareholder's meetings. If the day fixed for the annual meeting shall be a legal holiday within the Navajo Nation, such meeting shall be held on the next succeeding business day. To the extent authorized by applicable law, the Corporation may, under such rules and procedures as the Navajo Nation Council may lawfully prescribe, make an annual report to the Navajo Nation Council or its authorized standing committee in lieu of holding an annual meeting.

B. Special Meetings. Special meetings of the shareholder, for any purpose or purposes, unless otherwise prescribed by applicable law, may be called by the Chairperson of the Board of Directors or by the Board of Directors, and shall be called by the Chief Executive Officer ("CEO") of the Corporation at the request of the Speaker of the Navajo Nation Council on behalf of the shareholder representatives.

C. Notice. All meetings shall require written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. Such notice shall be delivered not less than seven (7) or more than thirty (30) days before the date of the meeting, either personally or by mail, to each of the directors of the Corporation and shareholder representatives, to the Speaker of the Navajo Nation Council and to the President of the Navajo Nation. Any business in addition to that specified in the notice of the meeting may be transacted at any meeting of the shareholder with the consent of the shareholder representatives.

D. Voting. At all meetings of the shareholder, whether an annual meeting or a special meeting, the shareholder representatives shall sit in their capacity as representatives of the sole shareholder and not as members of the Navajo Nation Council. Matters within the scope and legal authority of the shareholder under this Charter shall only be discussed and decided by the shareholder representatives present at a shareholder meeting duly called as provided in this Charter. On any issue or question presented to the shareholder, a vote shall be taken of those shareholder representatives present, if a quorum is present. All of the stock owned by the Navajo

Nation shall be voted in the manner decided by a majority of those shareholder representatives present.

E. Quorum. A majority of the shareholder representatives shall constitute a quorum for any meeting of the shareholders.

ARTICLE XI – Board of Directors.

A. Authority. The Board of Directors shall provide governance and oversight of the Corporation, subject to the restrictions of this Charter and applicable law. The Navajo Nation shall have no authority to direct the business affairs of the Corporation, except through its status as the sole shareholder of the Corporation and as provided in this Charter.

B. Number. The Board shall consist of seven (7) Directors. The number of directors may be increased or decreased at any time by a duly adopted resolution of the shareholder representatives at an annual or specially called meeting. The Board shall elect a Chairperson, Vice Chairperson and Secretary from its membership. The Chairperson shall preside at Board meetings. The Vice Chairperson shall assume the duties of the Chairperson in the absence of the Chairperson.

C. How Elected; Vacancies. Candidates for the Board of Directors shall possess the qualifications set forth in Paragraph E of this Article. The Nominations Committee of the Board of Directors (“Committee”), or its successor or designee, shall recruit, interview, and screen all candidates and shall nominate up to three successful candidates per board position for confirmation by the shareholder representatives at a duly called meeting. The shareholder representatives shall consider and vote on each nominee individually, and a majority vote in favor of a nominee shall constitute confirmation of the nominee as a Director. If any nominee is not accepted, the shareholder representatives shall notify the Committee, which shall make a new nomination for consideration in conformity with this paragraph. Whenever any vacancy shall occur in the Board of Directors by death, resignation, removal or otherwise, a replacement shall be nominated and confirmed in conformity with the procedures established by this paragraph.

D. Term of Office. The Directors shall serve staggered terms of three (3) years each as provided for in the bylaws.

E. Qualifications of Directors.

1. Each Director shall have substantial knowledge, understanding, and competency in the oil and gas industry, and the Board of Directors as a whole shall possess substantial

knowledge, understanding and competency in the oil and gas industry; commercial management and operation experience in the oil and gas industry; substantial knowledge, understanding, and competency in corporate finance, accounting, economics, law, business management, engineering, geophysics, geology, or similar disciplines; substantial knowledge, understanding, and competency in oil and gas production, and mechanics of production operations; and substantial knowledge, understanding, and competency of commercial and oil and gas production operations within Navajo Indian Country. It is preferred that at least one Board member have substantial oil field and production experience and knowledge of the general regulatory framework for oil and gas operations within Navajo Indian Country, and that each Director have knowledge of corporate financial statements and capital investment planning. Each Director shall possess at least a Bachelor's degree from a recognized and accredited four-year institution of higher learning, and advanced degrees are preferred. Subject to these qualifications, a majority of the Directors shall be enrolled members of the Navajo Nation.

2. No Director shall be: (a) a public official of the Navajo Nation as defined in 2 N.N.C. § 3743, as amended (including but not limited to Council delegates, Chapter officials, grazing committee members, commissioners, and members of land, farm, and school boards); (b) an employee of any federal, state, county, municipal, or other government; or (c) a director or commissioner of any other Navajo Nation owned enterprise, industry, authority, corporation, or instrumentality.

3. No Director shall: (a) have been convicted or entered a plea of *nolo contendere* to any felony or gross misdemeanor in any court, including without limitation those involving dishonesty or moral turpitude, extortion, embezzlement, theft, violation of fiduciary duty, bribery, perjury, or fraud; provided, that any misdemeanor shall be limited to the last ten (10) years of such person's history and provided that the Board of Directors shall have discretion to waive any misdemeanor upon presentation of reasonable evidence or justification; or (b) be any person who violates or has violated the requirements of the Navajo Nation Ethics in Government Law, 2 N.N.C. § 3741 *et seq.*, as amended, provided that any such violation shall be limited to the last ten (10) years of such person's history; or (c) be any person who has been dismissed for cause from employment with the Corporation; or (d) be any person who, within the last two years, has worked as a full time employee for the Corporation; or (e) be any person who has declared bankruptcy or been adjudicated bankrupt or insolvent, has sought appointment of a receiver, trustee, or similar official for all of any substantial part of his or her assets; has made a general assignment for the benefit of creditors; or has been the subject of a proceeding commenced by others in the nature of bankruptcy or insolvency that either has resulted in an order of relief against such person or, if pending, has remained undischarged, undismissed, or unbonded for a period of sixty (60) days (provided, however, that any of the above in subsection (e) shall be limited to the last seven (7) years of such persons' history, and provided further, that the Board of

Directors shall have discretion to waive these issues upon presentation of reasonable evidence or justification).

4. No one who fails to meet the requirements of this Article XI(E) shall serve as a board member.

5. The Board of Directors shall have the right not to seat any person nominated and confirmed in violation of the above requirements or who refuses to cooperate reasonably in any due diligence. The shareholder representatives shall have the right to remove any director who is found to have violated the above requirements after having been seated. Any person who the Board of Directors determines not to seat or who is removed pursuant to this provision shall be deemed to have been properly removed for cause.

F. Duties of Directors. The Board of Directors shall have overall responsibility for the business affairs of the Corporation. The Directors shall in all cases act as a Board, regularly convened, by a majority vote, and they may adopt such rules and regulations for the conduct of their meetings and the management of the Corporation as they may deem proper, not inconsistent with this Charter, the bylaws of the Corporation and applicable tribal or federal law. A director shall perform his or her duties as a director in good faith, in a manner the director believes to be in or not opposed to the best interests of the Corporation, and with such care as an ordinarily prudent person would use under similar circumstances in a like position. Unless the director has knowledge concerning the matter in question that would cause such reliance to be unwarranted, in performing such duties a director shall be entitled to rely on factual information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

1. One or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent in the matters presented;

2. Legal counsel, public accountants or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or

3. A committee of the Board upon which the director does not serve, duly designated in accordance with a provision of the bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

G. Directors' Meetings. The annual meeting of the Board of Directors shall be held following the annual meeting of the shareholder and regular meetings shall be held on at least a quarterly basis. Special meetings of the Board of Directors may be called by the CEO of the

Corporation after consultation with the Chairperson of the Board or in his absence the Vice-Chairperson, and shall be called by the CEO upon the request of three (3) or more Directors.

H. Notice of Meetings. Notice of meetings shall be given to each Director in person or by mailing at least seven (7) days before the date therein designated for such meeting, including the day of mailing, of a written or printed notice thereof specifying the time and place of such meeting, and the business to be brought before the meeting. No business other than that specified in such notice shall be transacted at any special meeting. At any meeting at which every elected member of the Board of Directors shall be present, although held without notice, any business may be transacted which might have been transacted if the meeting had been duly called.

I. Quorum. At a meeting of the Board of Directors, a majority of the Board shall constitute a quorum for the transaction of business; but in the event of a quorum not being present, a lesser number may adjourn the meeting from time to time without further notice.

J. Voting. At a meeting of the Board of Directors, each Director has one vote. A majority of a quorum of the Board of Directors carries any issue.

K. Meeting Options. Except as otherwise restricted by the Bylaws of the Corporation, members of the Board of Directors or any committee designated thereby may participate in a meeting of the Board or committee by means of a conference telephone call or similar communications equipment by which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting. Except as otherwise restricted in the Bylaws of the corporation, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting by orally polling the Directors or by a consent in writing, setting forth the action so taken, signed by all of the Directors, and the polling or consent shall have the same effect as a regular vote.

L. Resignation and Removal of Directors. Any Director may resign at any time by giving written notice to the Chairperson of the Board, except that the Chairperson shall provide written notice to the CEO, and such resignation shall be effective on the date specified in the notice. Any one or more of the Directors may be removed with cause at any time by a vote of the shareholder representatives at any special meeting called for that purpose, or at the annual meeting.

M. Presumption of Assent. A Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless such dissent shall be entered in the minutes of the meeting or unless the Director

shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary/Treasurer of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

N. Compensation. The Board of Directors shall receive such reasonable compensation as set forth in the Bylaws and not inconsistent with Navajo law.

O. Liability of Directors. A Director shall not be personally liable to the Corporation or its shareholder for monetary damages for breach of fiduciary duty as a director unless:

1. The Director has breached or failed to perform the duties of the director's office as provided in Paragraph F of this Article XI, and
2. The breach or failure to perform constitutes willful misconduct or recklessness.

ARTICLE XII. – Officers of the Corporation.

A. Number and Positions. The Officers of the Corporation are defined herein as those who are elected by the Board at the annual meeting to the following positions: CEO, President, Vice-President, and Secretary/Treasurer. Any two or more offices may be held by the same person, except the offices of the CEO and/or President and Secretary/Treasurer may not be held by the same person at the same time. The Board of Directors may by resolution add additional Officers of the Corporation at any time.

B. Election. The Officers of the Corporation may be elected annually by the Board of Directors at its meeting held immediately after the annual meeting of the shareholder, and shall hold office for the term of one year or until their successors are duly elected.

C. Duties of Officers. The duties and powers of the Officers of the Corporation shall be provided in the Bylaws.

D. Compensation. The CEO shall receive such salary and/or incentive pay as may be determined by the Board of Directors. Any other Officer of the Corporation shall receive such salary and/or incentive pay as determined by the CEO, unless expressly provided otherwise in a written employment contract.

E. Resignation and Removal. Any Officer of the Corporation may resign at any time by giving written notice to the CEO of the Corporation, except that the CEO shall provide written

notice to the Chairperson of the Board, and such resignation shall be effective on the date specified in the notice. The CEO may be removed with cause, at any time by a vote of the Board of Directors, unless expressly provided otherwise in a written employment contract, at a special meeting called for that purpose, or at the annual meeting. Any other Officer of the Corporation may be removed with cause at any time by the Board of Directors, in consultation with the CEO, unless expressly provided otherwise in a written employment contract, at a special meeting called for that purpose, or at the annual meeting.

F. Vacancies. A vacancy in the office of the CEO shall be filled by the Board of Directors without undue delay, at its regular meeting or at a meeting specially called for that purpose. A vacancy in any other Officer of the Corporation shall be filled by the CEO without undue delay.

ARTICLE XIII. – Indemnification.

A. The Corporation shall indemnify any person against reasonable expenses actually and necessarily incurred by such person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation if:

1. Such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Corporation; and

2. Such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent; and

3. Any legal fees paid or any settlements made are reasonable, provided that with respect to any criminal action or proceeding the Corporation shall not be liable to indemnify for any criminal fine for which such person is personally liable; and

4. The person seeking indemnification did not act beyond the scope of his or her employment or office.

B. By action of the Board of Directors, notwithstanding any interest of the Directors in the decision to purchase and maintain insurance, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such a

person and incurred by such a person in any such capacity, or arising out of that person's status as such, whether or not the Corporation would have the power or would be required to indemnify that person against such liability under the provisions of this Article or the Navajo Nation Corporation Code.

ARTICLE XIV. – Dividends.

A. The Board of Directors may declare dividends from the surplus profits of the Corporation whenever, in its opinion, the condition of the Corporation's affairs will render it expedient for such dividends to be declared; provided that no distribution may be made if either:

1. The Corporation would not be able to pay its debts as they become due in the usual course of its business, or
2. The Corporation's total assets would be less than the sum of its total liabilities.

B. All dividends declared by the Board of Directors shall be paid to the Navajo Nation as the sole shareholder.

ARTICLE XV. – Reports to Shareholder.

A. The Corporation shall maintain its financial records in conformity with generally accepted accounting principles.

B. The Board of Directors of the Corporation shall, no less frequently than on an annual basis, report in writing to the shareholder representatives on the financial and operating condition of the Corporation, including the assets and liabilities of the Corporation and the official actions of the Corporation's officers.

C. The financial and operating records of the Corporation shall at all reasonable times be open to inspection by the shareholder representatives.

D. The Corporation shall, within 120 days following the close of the Corporation's fiscal year, submit to the shareholder representatives an audited financial statement showing the status of the Corporation as of the last day of the Corporation's fiscal year.

ARTICLE XVI. – Claims against the Corporation.

A. "Corporation" in this Article shall mean Navajo Nation Oil and Gas Company and its

wholly owned subsidiaries, including without limitation limited liability companies. The Corporation is an instrumentality of the Navajo Nation and is entitled to all of the privileges and immunities of the Navajo Nation, except as provided in this Article XVI. The Corporation and its directors, officers, employees and agents while acting in their official capacities are immune from suit, and the assets and other property of the Corporation are exempt from any levy or execution, provided that, notwithstanding any other provision of law, including but not limited to the Navajo Sovereign Immunity Act, 1 N.N.C. § 551, *et seq.*, the Board of Directors may waive the defenses identified in this Article, in conformity with the procedures established in this Article, in order to further the purposes of the Corporation. Any waiver of the defenses identified in this Article must be express and must be agreed to by the Board of Directors prior to the time any alleged cause of action accrues.

B. The Corporation is hereby authorized to waive, as provided in this Article XVI, any defense of sovereign immunity from suit the Corporation, its directors, officers, employees, attorneys or agents may otherwise enjoy under applicable federal, state or tribal law, arising from any particular agreement, matter or transaction as may be entered into to further the purposes of the Corporation, and to consent to alternative dispute resolution mechanisms such as arbitration or mediation or to suit in tribal, state and/or federal court. The Corporation is authorized, in conformity with 13 C.F.R. § 124.112(c)(1) (1992), to designate United States federal courts to be among the courts of competent jurisdiction for all matters related to the Small Business Administration's programs including but not limited to 8(a) Program participation, loans, advance payments and contract performance.

C. The Corporation is hereby authorized to waive, as provided in this Article XVI, any defense the Corporation, its directors, officers, employees, attorneys or agents may otherwise assert that federal, state or tribal law requires exhaustion of tribal court remedies prior to suit against the Corporation in a state or federal court otherwise having jurisdiction over the subject matter and the parties.

D. Any waiver by the Corporation authorized by Paragraph A, B or C of this Article XVI shall be in the form of a resolution duly adopted by the Board of Directors, upon thirty (30) days written notice to the Navajo Nation Council of the Board's intention to adopt the resolution. The resolution shall identify the party or parties for whose benefit the waiver is granted, the agreement or transaction and the claims or classes of claims for which the waiver is granted, the property of the Corporation which may be subject to execution to satisfy any judgment which may be entered in the claim, and shall identify the court or courts in which suit against the Corporation may be brought. Any waiver shall be limited to claims arising from the acts or omissions of the Corporation, its directors, officers, employees or agents, and shall be construed only to effect the property and income of the Corporation.

E. Nothing in this Charter, and no waiver of the Corporation's sovereign immunity pursuant to this Article shall be construed as a waiver of the sovereign immunity of the Navajo Nation or any other instrumentality of the Navajo Nation, and no such waiver by the Corporation shall create any liability on the part of the Navajo Nation or any other instrumentality of the Navajo Nation for the debts and obligations of the Corporation, or shall be construed as a consent to the encumbrance or attachment of any property of the Navajo Nation or any other instrumentality of the Navajo Nation based on any action, adjudication or other determination of liability of any nature incurred by the Corporation. The acts and omissions of the Corporation, its directors, officers, employees and agents shall not create any liability, obligation or indebtedness either of the Navajo Nation or payable out of assets, revenues or income of the Navajo Nation.

F. Nothing in this Charter, and no action taken by the Corporation pursuant to this Charter, shall be construed as permitting, recognizing, or granting any state any regulatory jurisdiction or taxing jurisdiction over the property or activities of the Corporation or its employees located within the boundaries of Navajo Indian Country.

ARTICLE XVII. – Seal.

The seal of the Corporation shall be as follows:

Navajo Nation Oil and Gas Company
Navajo Nation

ARTICLE XVIII. – Dissolution.

A. After issuance of this Charter by the Secretary of the Interior and ratification by the Navajo Nation Council, the Corporation may be dissolved only as provided in this Article.

B. The Corporation may be dissolved by the act of the Corporation as follows:

1. The Navajo Nation Council acting as shareholders' representative at a duly called meeting may require the Board of Directors to adopt, or the Board of Directors, on its own initiative and upon its determination that dissolution is advisable, shall adopt, a resolution recommending that the Corporation be dissolved and directing that the question of dissolution be submitted to a vote at a meeting of the shareholder representatives, which may be either an annual or special meeting.

2. Written notice shall be given to the shareholder representatives in the manner provided in this Charter for giving notice of meetings of the shareholder representatives, and shall state that the purpose, or one of the purposes, of the meeting is to consider the advisability of dissolving the Corporation.

3. At the shareholder representatives meeting, a vote shall be taken on a resolution to dissolve the Corporation.

4. Upon adoption of the resolution, a statement of intent to dissolve shall be executed by the Corporation by its CEO and by its Secretary/Treasurer and verified by one of the officers signing the statement, and shall be delivered to the Secretary of the Interior.

5. Upon filing with the Secretary of the Interior of the statement of intent to dissolve, the Corporation shall cease to carry on its business, except insofar as necessary for the winding up thereof, but its corporate existence shall continue until this Charter is revoked by act of Congress.

6. After filing the statement of intent to dissolve, the Corporation shall immediately cause notice thereof to be mailed to each known creditor of the Corporation; shall proceed to collect its assets, convey and dispose of such of its properties as are not to be distributed in kind to its shareholder; pay, satisfy and discharge its liabilities and obligations and do all other acts required to liquidate its business and affairs; and, after paying or adequately providing for the payment of all its obligations, distribute the remainder of its assets, either in cash or in kind, to its shareholder.

7. By resolution of the Board of Directors or by resolution adopted by the Navajo Nation Council at any time prior to revocation of this Charter by act of Congress, the Corporation may revoke voluntary dissolution proceedings. Written notice of the revocation shall be filed with the Secretary of the Interior. Upon filing the notice of revocation of voluntary dissolution proceedings, the revocation shall be effective and the Corporation may again carry on its business.

8. If voluntary dissolution proceedings have not been revoked, when all debts, liabilities and obligations of the Corporation have been paid and discharged, or adequate provision has been made therefor, and all of the remaining property and assets of the Corporation have been distributed to the Navajo Nation and the Secretary of the Interior shall take all actions necessary to obtain an act of Congress revoking this Charter and dissolving the Corporation.

ARTICLE XIX. - Amendments.

A. The authority to petition for amendments to this Charter is vested in the Navajo Nation Council, and such amendments shall be presented for approval by the Secretary of the Interior and ratified by the Navajo Nation Council in accordance with 25 U.S.C. § 477, as amended, and in accordance with applicable tribal law.

B. The Board of Directors may request the Navajo Nation Council to petition the Secretary of the Interior for amendments to this Charter, but the final decision on submitting any such petition shall be made by the Navajo Nation Council.

CERTIFICATE OF APPROVAL

I, Sharon Pinto, BIA, Regional Director, Navajo by virtue of the authority granted to the Secretary of the Interior by the Act of June 18, 1934 (48 Stat. 984, 25 U.S.C. § 477), as amended, and re-delegated to me by 3 IAM 4.1.4B. I do hereby approve this Restated Federal Charter of Incorporation for use by the Navajo Nation and its enterprise, the Navajo Nation Oil and Gas Company. The Restated Charter shall become effective upon ratification by the Navajo Nation Council, PROVIDED, that nothing in this approval shall be construed as authorizing any action under this document that would be contrary to Federal law.


Regional Director, Navajo

Date: **AUG 08 2014**

EXHIBIT

B

ROW NO.	GRANTOR	GRANTEE		PAGE	ST	COUNTY
248277, 248278, 243063, 243062	AH-KAY-NA-PAH - ALLOTTEE 248277 BELE-LIN-CHEE-BEGA - ALLOTTEE 248278 HEIRS OF NA-DZIS PA - ALLOTTEE 243063 KA-YE-L-NA-PA - ALLOTTEE 243062	EL PASO NATURAL GAS COMPANY	10/18/2005		NM	SAN JUAN
	Alfred Lee Wills	Superior Oil Company	6/21/1984	565	237	CO Montezuma
890002	BIA - Mountain Ute Agency	Conoco Inc	6/23/1999		NM	San Juan
81-03	BIA - Navajo Nation	Chevron USA Inc.	10/12/2000 (Renewed 11/10/2008)		UT	San Juan
581026 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/12/1958		UT	San Juan
581027 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/12/1958		UT	San Juan
581303 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/7/1958		UT	San Juan
581619 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	1/26/1959		UT	San Juan
581400 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/12/1958		UT	San Juan
581172 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/16/1958		UT	San Juan
581173 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/12/1958		UT	San Juan
611378 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/20/1961		UT	San Juan
581305 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/7/1958		UT	San Juan
60187 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/21/1960		UT	San Juan
59361 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/31/1951		UT	San Juan
59121 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	1/20/1959		UT	San Juan
59280 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	4/10/1959		UT	San Juan
59321 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/26/1959		UT	San Juan
59351 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/24/1959		UT	San Juan
61068 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/6/1961		UT	San Juan
581287 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/7/1958		UT	San Juan
59188 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/11/1959		UT	San Juan
60502 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	5/27/1960		UT	San Juan
62517 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	6/20/1962		UT	San Juan
581306 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/8/1958		UT	San Juan
581307 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/8/1958		UT	San Juan
581308 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/8/1958		UT	San Juan
581292 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/7/1958		UT	San Juan
67029 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	2/1/1976		UT	San Juan
581286 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	12/12/1958		UT	San Juan

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58165 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	1/26/1959			UT	San Juan
62100 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/28/1962			UT	San Juan
59278 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/23/1959			UT	San Juan
61067 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/6/1961			UT	San Juan
61108 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/6/1961			UT	San Juan
64139 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	3/23/1964			UT	San Juan
66930 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	8/18/1966			UT	San Juan
661229 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/7/1966			UT	San Juan
581372 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/14/1958			UT	San Juan
611167 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	11/27/1961			UT	San Juan
581034 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	8/21/1958			UT	San Juan
61409 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	5/4/1961			UT	San Juan
65476 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	6/24/1965			UT	San Juan
59640 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	5/25/1959			UT	San Juan
59004 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	1/26/1959			UT	San Juan
581293 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	10/6/1958			UT	San Juan
67030 (S-UT-88-05)	BIA - Navajo Nation	El Paso Natural Gas Company	2/1/1967			UT	San Juan
59306	BIA - Navajo Nation	Navajo Nation Oil & Gas Company	8/10/2011			NM	San Juan
81-02	BIA - Navajo Nation	Chevron USA Inc.	10/12/2000 (Renewed 11/10/2008)			UT	San Juan
81-04	BIA - Navajo Nation	Chevron USA Inc.	10/12/2000 (Renewed 11/10/2008)			UT	San Juan
81-01	BIA - Navajo Nation (14" steel water pipeline)	Chevron USA Inc.	4/12/2007				
81-01	BIA - Navajo Nation (4" steel gas pipeline)	Chevron USA Inc.	10/12/2000 (Renewed 11/10/2008)				
UT-81-01 (GAS)	BIA NAVAJO NATION	CHEVRON USA INC	10/12/2000 (Renewed 11/10/2008)			UT	SAN JUAN
UT-81-02	BIA NAVAJO NATION	CHEVRON USA INC	10/12/2000 (Renewed 11/10/2008)			UT	SAN JUAN
UT-81-03	BIA NAVAJO NATION	CHEVRON USA INC	10/12/2000 (Renewed 11/10/2008)			UT	SAN JUAN
S-UT-98-02	BIA- NAVAJO NATION	TEXACO EXPLORATION & PRODUCTION INC	11/16/1998			UT	SAN JUAN
UT-81-04	BIA- NAVAJO NATION	CHEVRON USA INC	10/12/2000 (Renewed 11/10/2008)			UT	SAN JUAN
S-UT-99-05	BIA- NAVAJO NATION	MOBIL EXPORATION & PRODUCTION INC	8/18/1999			UT	SAN JUAN
RDCAU-55-15	BIA- NAVAJO NATION	RESOLUTE ANETH LLC	12/11/2015			UT	SAN JUAN
RDCJY-45-15	BIA- NAVAJO NATION	RESOLUTE ANETH LLC	5/10/2016			UT	SAN JUAN

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SAS DNR-10624	BIA- NAVAJO NATION	MOBIL EXPLORATION & PRODUCING NORTH AMERICA INC	6/19/1984			UT	SAN JUAN
CO2 PROJ PHASE 1	BIA- NAVAJO NATION	RESOLUTE ANETH LLC	11/30/2007			UT	SAN JUAN
ANETH E-413	BIA- NAVAJO NATION	RESOLUTE ANETH LLC	12/6/2010			UT	SAN JUAN
S-UT-98-02	BIA -Navajo Nation (CO2)	Texaco Exploration & Production Inc.	11/16/1998			UT	San Juan
	Bradley Garrison	Superior Oil Company	10/19/1984	569	361	CO	Montezuma
	Carol Lee Garrison	Superior Oil Company	9/10/1984	568	773	CO	Montezuma
	Charles Butler	Superior Oil Company	9/10/1984	568	755	CO	Montezuma
	Christopher Butler	Superior Oil Company	6/21/1984	565	40	CO	Montezuma
	Deena De Paulo	Superior Oil Company	9/10/1984	568	761	CO	Montezuma
	Dorothy B Barnett	Superior Oil Company	6/20/1984	565	38	CO	Montezuma
	Dorothy Bolenbaugh	Superior Oil Company	7/13/1984	566	158	CO	Montezuma
	Elsie Murphy	Superior Oil Company	6/29/1984	565	712	CO	Montezuma
	FRED G & HOMA LOUISE CLINE	SUPERIOR OIL COMPANY	6/20/1984	660	795	UT	SAN JUAN
	Fred G Cline, Individually & As Remainderman for Homa Louise Cline	Superior Oil Company	6/20/1984	564	941	CO	Montezuma
	HAROLD GEORGE AND ALICE GEORGE	EL PASO NATURAL GAS COMPANY	5/13/1958	372	61	NM	SAN JUAN
	Hugh B Baumgatner	Superior Oil Company	6/7/1984	564	939	CO	Montezuma
	JAMES A BRIMHALL AND RUBY L BRIMHALL	EL PASO NATURAL GAS COMPANY	4/22/1958	369	150	NM	SAN JUAN
	Jean Garrison	Superior Oil Company	10/19/1984	569	364	CO	Montezuma
	Jeffrey P Fleming Trustee	Navajo Nation Oil & Gas Company	12/3/2008	1488	61	NM	San Juan
	Jimmy W Wills	Superior Oil Company	9/9/1984	568	782	CO	Montezuma
	Johanna Garrison	Superior Oil Company	10/19/1984	569	367	CO	Montezuma
	Linda Robertson	Superior Oil Company	10/1/1984	569	376	CO	Montezuma
	Lois E Couch	Superior Oil Company	9/7/1984	568	758	CO	Montezuma
	Lon L Laymon ET UX	Superior Oil Company	5/18/1984	563	957	CO	Montezuma
	Loretta Bowen	Superior Oil Company	6/27/1984	566	160	CO	Montezuma
	Louis Garrison	Superior Oil Company	9/17/1984	568	767	CO	Montezuma
	Louise Ingraham	Superior Oil Company	9/10/1984	568	776	CO	Montezuma
	Margaret Dickinson	Superior Oil Company	8/28/1984	568	764	CO	Montezuma
	Mark Garrison	Superior Oil Company	10/3/1984	569	370	CO	Montezuma
	Marvin Redburn & Charles Hardison Redd	Superior Oil Company	6/28/1984	661	192	CO	San Juan
	Michael Butler	Superior Oil Company	6/22/1984	565	168	CO	Montezuma
	Michael Garrison	Superior Oil Company	10/15/1984	569	373	CO	Montezuma
	MICHAEL L KELEHER, TRUSTEE OF MICHAEL L KELEHER TRUST	WESTERN GAS RESOURCES, INC.	10/10/2001			NM	SAN JUAN

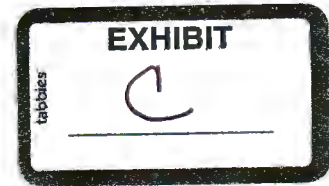
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	Pauline Brook	Superior Oil Company	9/24/1984	568	752	CO	Montezuma
	PNM ELECTRIC SERVICES	RED PEPPER PIPELINE LLC	8/15/2002	1348	679	NM	SAN JUAN
	Raymond G Gelach & Janet G Gerlach	Superior Oil Company	7/11/1984	565	778	CO	Montezuma
	Richard M Garrison	Superior Oil Company	9/24/1984	568	770	CO	Montezuma
	Robert S Butler	Superior Oil Company	10/10/1984	569	358	CO	Montezuma
	Rosetta Pierre	Superior Oil Company	9/14/1984	568	779	CO	Montezuma
	SAN JUAN SCHOOL DISTRICT	RESOLUTE ANETH LLC	8/1/2011			UT	SAN JUAN
	Shirley A Both	Superior Oil Company	9/11/1984	568	749	CO	Montezuma
28067	State of New Mexico	RED PEPPER PIPELINE LLC	11/7/2002			NM	SAN JUAN
31334	State of New Mexico	Navajo Nation Oil & Gas Company	1/19/2009			NM	San Juan
617	STATE OF UTAH	EL PASO NATURAL GAS COMPANY	1/29/1959	246	93	UT	SAN JUAN
616	STATE OF UTAH	EL PASO NATURAL GAS COMPANY	1/29/1959	246	91	UT	SAN JUAN
2808	STATE OF UTAH	THE SUPERIOR OIL COMPANY	9/13/1984			UT	SAN JUAN
	THE KELLY FAMILY LAND CO INC	WESTERN GAS RESOURCES, INC.	10/12/2001			NM	SAN JUAN
	THE SAN JUAN COUNTY SCHOOL DISTRICT	THE SAN JUAN SCHOOL DISTRICT - BOARD OF EDUCATION	6/14/1976	569	530	UT	SAN JUAN
UTU030001	USA	El Paso Natural Gas Company	9/22/1958			UT	San Juan
UTU030002	USA	El Paso Natural Gas Company	9/22/1958			UT	San Juan
UTU030003	USA	El Paso Natural Gas Company	9/22/1958			UT	San Juan
UTU030007	USA	El Paso Natural Gas Company	9/22/1958			UT	San Juan
UTU031305	USA	El Paso Natural Gas Company	10/28/1958			UT	San Juan
UTU033545	USA	El Paso Natural Gas Company	1/20/1959			UT	San Juan
UTU034170	USA	El Paso Natural Gas Company	4/27/1959			UT	San Juan
UTU033688	USA	El Paso Natural Gas Company	2/6/1959			UT	San Juan
UTU039499	USA	El Paso Natural Gas Company	4/4/1960			UT	San Juan
UTU031304	USA	El Paso Natural Gas Company	10/28/1958			UT	San Juan
UTU031377	USA	EL PASO NATURAL GAS COMPANY	10/29/1958			UT	SAN JUAN
UTU033038	USA	EL PASO NATURAL GAS COMPANY	12/31/1958			UT	SAN JUAN
UTU035800	USA	EL PASO NATURAL GAS COMPANY	6/8/1959			UT	SAN JUAN
UTU032391	USA	EL PASO NATURAL GAS COMPANY	11/26/1958			UT	SAN JUAN
UTU030571	USA	EL PASO NATURAL GAS COMPANY	10/15/1958			UT	SAN JUAN
UTU082985	USA	EL PASO NATURAL GAS COMPANY	3/8/1963			UT	SAN JUAN
UTU 0 030001	USA	EL PASO NATURAL GAS COMPANY	9/22/1958			UT	SAN JUAN

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UTU 0 030000	USA	EL PASO NATURAL GAS COMPANY	9/22/1958			UT	SAN JUAN
UTU 0 030003	USA	EL PASO NATURAL GAS COMPANY	9/22/1958			UT	SAN JUAN
UTU 0 030007	USA	EL PASO NATURAL GAS COMPANY	9/22/1958			UT	SAN JUAN
UTU 0 031305	USA	EL PASO NATURAL GAS COMPANY	10/28/1958			UT	SAN JUAN
UTU 0 033545	USA	EL PASO NATURAL GAS COMPANY	1/20/1959			UT	SAN JUAN
UTU 087744	USA	EL PASO NATURAL GAS COMPANY	6/8/1965			UT	SAN JUAN
UTU 0 034170	USA	EL PASO NATURAL GAS COMPANY	4/27/1959			UT	SAN JUAN
UTU 0 033688	USA	EL PASO NATURAL GAS COMPANY	2/6/1959			UT	SAN JUAN
UTU 0 039499	USA	EL PASO NATURAL GAS COMPANY	1/4/1960			UT	SAN JUAN
UTU 053830	USA	SUPERIOR OIL COMPANY	10/22/1984			UT	SAN JUAN
UTU 088562	USA	RESOLUTE ANETH, LLC	11/15/2011			UT	SAN JUAN
UTU 90015	USA	RESOLUTE ANETH LLC	11/2/2015			UT	SAN JUAN
COC 038369	USA	SUPERIOR OIL COMPANY	10/22/1984			CO	MONTEZUMA
NMNM 107799	USA	RICHARDSON OPERATING CORP	4/23/2002			NM	SAN JUAN
	WILFORD WHEELER AND IDA WHEELER	EL PASO NATURAL GAS COMPANY	4/21/1958	369	82	NM	SAN JUAN

Cornell Law School



CFR › Title 25 › Chapter I › Subchapter H › Part 169 › Subpart D › Section 169.210

25 CFR 169.210 - May a grantee mortgage a right-of-way?

§ 169.210 May a grantee mortgage a right-of-way?

A grantee may mortgage a right-of-way, if the grant expressly allows mortgaging. The grantee must meet the consent requirements in § 169.107, unless the grant expressly allows for mortgaging without consent, and must obtain our approval for the mortgage.

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CFR › Title 25 › Chapter I › Subchapter H › Part 169 › Subpart C › Section 169.107

25 CFR 169.107 - Must I obtain tribal or individual Indian landowner consent for a right-of-way across Indian land?

§ 169.107 Must I obtain tribal or individual Indian landowner consent for a right-of-way across Indian land?

(a) For a right-of-way across tribal land, the applicant must obtain tribal consent, in the form of a tribal authorization and a written agreement with the tribe, if the tribe so requires, to a grant of right-of-way across tribal land. The consent document may impose restrictions or conditions; any restrictions or conditions automatically become conditions and restrictions in the grant.

(b) For a right-of-way across individually owned Indian land, the applicant must notify all individual Indian landowners and, except as provided in paragraph (b)(1) of this section, must obtain written consent from the owners of the majority interest in each tract affected by the grant of right-of-way.

(1) We may issue the grant of right-of-way without the consent of any of the individual Indian owners if all of the following conditions are met:

(i) The owners of interests in the land are so numerous that it would be impracticable to obtain consent as defined in paragraph (c) of this section;

(ii) We determine the grant will cause no substantial injury to the land or any landowner, based on factors including, but not limited to, the reasonableness of the term of the grant, the amount of acreage involved in the grant, the disturbance to land that will result from the grant, the type of activity to be conducted under the grant, the potential for environmental or safety impacts resulting from the grant, and any objections raised by landowners;

(iii) We determine that all of the landowners will be adequately compensated for consideration and any damages that may arise from a grant of right-of-way; and

(iv) We provide notice of our intent to issue the grant of right-of-way to all of the owners at least 60 days prior to the date of the grant using the procedures in § 169.12, and provide landowners with 30 days to object.

(2) For the purposes of this section, the owners of interests in the land are so numerous that it would be impracticable to obtain consent, if there are 50 or more co-owners of undivided trust or restricted interests.

(3) Successors are bound by consent granted by their predecessors-in-interest.

(c) We will determine the number of owners of, and undivided interests in, a fractionated tract of Indian land, for the purposes of calculating the requisite consent based on our records on the date on which the application is submitted to us.

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MORTGAGES

§ 169.210 May a grantee mortgage a right-of-way?

A grantee may mortgage a right-of-way, if the grant expressly allows mortgaging. The grantee must meet the consent requirements in § 169.107, unless the grant expressly allows for mortgaging without consent, and must obtain our approval for the mortgage.

§ 169.211 What is the approval process for a mortgage of a right-of-way?

(a) When we receive a right-of-way mortgage for our approval, we will notify the grantee of the date we receive it. We have 30 days from receipt of the executed mortgage, proof of required consents, and required documentation to approve or disapprove the mortgage. Our determination whether to approve the mortgage will be in writing and will state the basis for our approval or disapproval.

(b) If we do not meet the deadline in this section, the grantee or Indian landowners may take appropriate action under § 169.304.

§ 169.212 How will BIA decide whether to approve a mortgage of a right-of-way?

(a) We may disapprove a right-of-way mortgage only if at least one of the following is true:

- (1) The Indian landowners have not consented;
- (2) The grantee's sureties for the bonds have not consented;
- (3) The requirements of this subpart have not been met; or
- (4) We find a compelling reason to withhold approval in order to protect the best interests of the Indian landowners.

(b) In making the finding required by paragraph (a)(4) of this section, we may consider whether:

- (1) The mortgage proceeds would be used for purposes unrelated to the right-of-way purpose; and
 - (2) The mortgage is limited to the right-of-way.
- (c) We will defer, to the maximum extent possible, to the Indian landowners' determination that the mortgage is in their best interest.

(d) We may not unreasonably withhold approval of a right-of-way mortgage.

Subpart E—Effectiveness

§ 169.301 When will a right-of-way document be effective?

(a) A right-of-way document will be effective on the date we approve the right-of-way document, even if an appeal is filed under part 2 of this chapter.

(b) The right-of-way document may specify a date on which the grantee's obligations are triggered. Such date may be before or after the approval date under paragraph (a) of this section.

§ 169.302 Must a right-of-way be recorded?

(a) Any right-of-way document must be recorded in our LTRO with jurisdiction over the affected Indian land.

(1) We will record the right-of-way document immediately following our approval or granting.

(2) In the case of assignments that do not require our approval under § 169.207(b), the parties must provide us with a copy of the assignment and we will record the assignment in the LTRO with jurisdiction over the affected Indian land.

(b) The tribe must record right-of-way documents for the following types of rights-of-way in the LTRO with jurisdiction over the affected Indian lands, even though BIA approval is not required:

- (1) Grants on tribal land for a tribal utility under § 169.4;
- (2) Grants on tribal land under a special act of Congress authorizing grants without our approval under certain conditions.

§ 169.303 What happens if BIA denies a right-of-way document?

If we deny the right-of-way grant, renewal, amendment, assignment, or mortgage, we will notify the parties immediately and advise the landowners and the applicant of their right to appeal the decision under part 2 of this chapter.

§ 169.304 What happens if BIA does not meet a deadline for issuing a decision on a right-of-way document?

(a) If a Superintendent does not meet a deadline for granting or denying a right-of-way, renewal, amendment, assignment, or mortgage, the parties may file a written notice to compel action with the appropriate Regional Director.

(b) The Regional Director has 15 days from receiving the notice to:

- (1) Grant or deny the right-of-way; or
- (2) Order the Superintendent to grant or deny the right-of-way within the time set out in the order.

(c) Either party may file a written notice to compel action with the BIA Director if:

(1) The Regional Director does not meet the deadline in paragraph (b) of this section;

(2) The Superintendent does not grant or deny the right-of-way within the time set by the Regional Director under paragraph (b)(2) of this section; or

(3) The initial decision on the right-of-way, renewal, amendment, assignment, or mortgage is with the Regional Director, and he or she does not meet the deadline for such decision.

(d) The BIA Director has 15 days from receiving the notice to:

- (1) Grant or deny the right-of-way; or
- (2) Order the Regional Director or Superintendent to grant or deny the right-of-way within the time set out in the order.

(e) If the Regional Director or Superintendent does not grant or deny the right-of-way within the time set out in the order under paragraph (d)(2) of this section, then the BIA Director must issue a decision within 15 days from the expiration of the time set out in the order.

(f) The parties may file an appeal from our inaction to the Interior Board of Indian Appeals if the BIA Director does not meet the deadline in paragraph (d) or (e) of this section.

(g) The provisions of 25 CFR 2.8 do not apply to the inaction of BIA officials with respect to a granting or denying a right-of-way, renewal, amendment, assignment, or mortgage under this subpart.

may ask BIA in writing to re-
form part of the bond or alter-
m of security and release the
from the obligation to main-
insurance. Upon receiving the
request, BIA will:

firm with the tribe, for tribal
where feasible, with the Indian
rs for individually owned In-
., that the grantee has com-
all applicable grant obliga-
l
ase all or part of the bond or
ve form of security to the
unless we determine that the
security must be redeemed to
contractual obligations.

**What requirements for due
nce must a right-of-way grant
le?**

ermanent improvements are to
ucted, the right-of-way grant
lude due diligence require-
at require the grantee to com-
struction of any permanent
ments within the schedule
in the right-of-way grant or
chedule of construction, and a
or changing the schedule by
onsent of the parties. If con-
does not occur, or is not ex-
o be completed, within the
od specified in the grant, the
must provide the Indian land-
nd BIA with an explanation of
se as to the nature of any
e anticipated date of construc-
facilities, and evidence of
toward commencement of con-

lure of the grantee to comply
due diligence requirements of
t is a violation of the grant
lead to cancellation of the
way under § 169.405 or § 169.408.

. may waive the requirements
ection if we determine, in writ-
a waiver is in the best inter-
Indian landowners.

CONSENT REQUIREMENTS

**How does an applicant iden-
and contact individual Indian
owners to negotiate a right-of-**

olicants may submit a written
to us to obtain the following
ion. The request must specify

that it is for the purpose of negotiating
a right-of-way:

(1) Names and addresses of the indi-
vidual Indian landowners or their rep-
resentatives;

(2) Information on the location of the
parcel; and

(3) The percentage of undivided inter-
est owned by each individual Indian
landowner.

(b) We may assist applicants in con-
tacting the individual Indian land-
owners or their representatives for the
purpose of negotiating a right-of-way,
upon request.

(c) We will attempt to assist indi-
vidual Indian landowners in right-of-
way negotiations, upon their request.

§ 169.107 Must I obtain tribal or indi- vidual Indian landowner consent for a right-of-way across Indian land?

(a) For a right-of-way across tribal
land, the applicant must obtain tribal
consent, in the form of a tribal author-
ization and a written agreement with
the tribe, if the tribe so requires, to a
grant of right-of-way across tribal
land. The consent document may im-
pose restrictions or conditions; any re-
strictions or conditions automatically
become conditions and restrictions in
the grant.

(b) For a right-of-way across individ-
ually owned Indian land, the applicant
must notify all individual Indian land-
owners and, except as provided in para-
graph (b)(1) of this section, must obtain
written consent from the owners of the
majority interest in each tract affected
by the grant of right-of-way.

(1) We may issue the grant of right-
of-way without the consent of any of
the individual Indian owners if all of
the following conditions are met:

(i) The owners of interests in the land
are so numerous that it would be im-
practicable to obtain consent as de-
fined in paragraph (c) of this section;

(ii) We determine the grant will
cause no substantial injury to the land
or any landowner, based on factors in-
cluding, but not limited to, the reason-
ableness of the term of the grant, the
amount of acreage involved in the
grant, the disturbance to land that will
result from the grant, the type of ac-
tivity to be conducted under the grant,

§ 169.108

the potential for environmental or safety impacts resulting from the grant, and any objections raised by landowners;

(iii) We determine that all of the landowners will be adequately compensated for consideration and any damages that may arise from a grant of right-of-way; and

(iv) We provide notice of our intent to issue the grant of right-of-way to all of the owners at least 60 days prior to the date of the grant using the procedures in § 169.12, and provide landowners with 30 days to object.

(2) For the purposes of this section, the owners of interests in the land are so numerous that it would be impracticable to obtain consent, if there are 50 or more co-owners of undivided trust or restricted interests.

(3) Successors are bound by consent granted by their predecessors-in-interest.

(c) We will determine the number of owners of, and undivided interests in, a fractionated tract of Indian land, for the purposes of calculating the requisite consent based on our records on the date on which the application is submitted to us.

§ 169.108 Who is authorized to consent to a right-of-way?

(a) Indian tribes, adult Indian landowners, and emancipated minors, may consent to a right-of-way over or across their land, including undivided interests in fractionated tracts.

(b) The following individuals or entities may consent on behalf of an individual Indian landowner:

(1) An adult with legal custody acting on behalf of his or her minor children;

(2) A guardian, conservator, or other fiduciary appointed by a court of competent jurisdiction to act on behalf of an individual Indian landowner;

(3) Any person who is authorized to practice before the Department of the Interior under 43 CFR 1.3(b) and has been retained by the Indian landowner for this purpose;

(4) BIA, under the circumstances in paragraph (c) of this section; or

(5) An adult or legal entity who has been given a written power of attorney that:

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(i) Meets all of the formal requirements of any applicable law under § 169.9;

(ii) Identifies the attorney-in-fact; and

(iii) Describes the scope of the powers granted, to include granting rights-of-way on land or generally conveying or encumbering interests in Indian land, and any limits on those powers.

(c) BIA may give written consent to a right-of-way on behalf of an individual Indian landowner, as long as we determine that the grant will cause no substantial injury to the land or any landowner, based on factors including, but not limited to, the amount of acreage involved in the grant, the disturbance to land that will result from the grant, the type of activity to be conducted under the grant, the potential for environmental or safety impacts resulting from the grant, and any objections raised by landowners. BIA's consent must be counted in the majority interest under § 169.107, on behalf of:

(1) An individual Indian landowner, if the owner is deceased, and the heirs to, or devisees of, the interest of the deceased owner have not been determined;

(2) An individual Indian landowner whose whereabouts are unknown to us, after we make a reasonable attempt to locate the individual;

(3) An individual Indian landowner who is found to be non compos mentis or determined to be an adult in need of assistance who does not have a guardian duly appointed by a court of competent jurisdiction, or an individual under legal disability as defined in part 115 of this chapter;

(4) An individual Indian landowner who is an orphaned minor and who does not have a guardian duly appointed by a court of competent jurisdiction; and

(5) An individual Indian landowner who has given us a written power of attorney to consent to a right-of-way over or across their land.

§ 169.109 Whose consent do I need for a right-of-way when there is a life estate on the tract?

If there is a life estate on the tract that would be subject to the right-of-way, the applicant must get the consent of both the life tenant and the

Bureau of Indian Affairs, Interior

owners of the majority of the remainder interest known at the time of the application.

COMPENSATION REQUIREMENTS

§ 169.110 How much monetary compensation must be paid for a right-of-way over or across tribal land?

(a) A right-of-way over or across tribal land may allow for any payment amount negotiated by the tribe, and we will defer to the tribe and not require a valuation if the tribe submits a tribal authorization expressly stating that it:

(1) Has agreed upon compensation satisfactory to the tribe;

(2) Waives valuation; and

(3) Has determined that accepting such agreed-upon compensation and waiving valuation is in its best interest.

(b) The tribe may request, in writing, that we determine fair market value, in which case we will use a valuation in accordance with § 169.114. After providing the tribe with the fair market value, we will defer to a tribe's decision to allow for any compensation negotiated by the tribe.

(c) If the conditions in paragraph (a) or (b) of this section are not met, we will require that the grantee pay fair market value based on a valuation in accordance with § 169.114.

§ 169.111 Must a right-of-way grant for tribal land provide for compensation reviews or adjustments?

For a right-of-way grant over or across tribal land, no periodic review of the adequacy of compensation or adjustment is required, unless the tribe negotiates for reviews or adjustments.

§ 169.112 How much monetary compensation must be paid for a right-of-way over or across individually owned Indian land?

(a) A right-of-way over or across individually owned Indian land must require compensation of not less than fair market value, unless paragraph (b) or (c) of this section permit a lesser amount. Compensation may also include additional fees, including but not limited to throughput fees, severance damages, franchise fees, avoidance value, bonuses, or other factors. Compensation may be based on a fixed



**RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
NAVAJO NATION OIL AND GAS COMPANY**

No. 358 Requesting the Resources and Development Committee of the Navajo Nation Council Grant Its Consent for Mortgages on Rights-of-Way and Easements Held by the Company

WHEREAS:

1. The Navajo Nation Oil and Gas Company ("NNOGC" or "Company") is a wholly owned corporation of the Navajo Nation organized under section 17 of the Indian Reorganization Act, 25 U.S.C. § 5124 (formerly 25 U.S.C. § 477), as amended, and charged with operating and managing an integrated oil, gas and helium company for the benefit of the Navajo Nation; and

2. The NNOGC Board of Directors (the "Board") exclusively manages the business affairs of the Company pursuant to Article XI(A) of the NNOGC Restated Federal Charter of Incorporation ("Charter"); and

3. As authorized and directed by the Navajo Nation Council through the approval and ratification of NNOGC's Charter, NNOGC has acquired substantial leasehold interests in oil and gas properties on the Navajo Nation that it holds in the Navajo public trust, primarily in the Greater Aneth Field, which it grew from an original investment in NNOGC by the Navajo Nation in the amount of \$15 million from the NNOGC Oil and Gas Revenue Fund derived from fuel excise taxes. NNOGC also owns and operates the Running Horse Pipeline ("RHP"), a crude oil pipeline located almost entirely on the Navajo Nation. The RHP carries production from the Greater Aneth Field on the Navajo Nation in Utah to the RHP terminus at Bisti, south of Farmington, New Mexico, on the Navajo Nation, where NNOGC also has a NNOGC owned crude oil truck loading facility; and

4. NNOGC holds numerous Navajo Nation rights-of-way ("ROWs") and easements for the Greater Aneth Field gathering system and the RHP, listed in Exhibit "A," attached hereto. Pursuant to NNOGC's Charter, the Navajo Nation Council has expressly authorized NNOGC to mortgage its corporate property and assets, including the ROWs and easements listed in Exhibit "A." See Charter Art. VIII(N). In the ordinary course of business, NNOGC has mortgaged such ROWs and easements as collateral for a credit facility from its lenders. For NNOGC's most recent credit facility from Guggenheim Partners, LLC ("Guggenheim"), which closed on June 14, 2018, Guggenheim took an assignment of the mortgages from the prior lenders for the ROWs and easements listed in Exhibit "A." Those mortgages were last assigned in 2012; and

5. Pursuant to 80 Fed. Reg. 72492-01 (Nov. 19, 2015), effective April 21, 2016, *see* 81 Fed. Reg. 14976 (March 21, 2016) (extending implementation of the new regulations), the Bureau of Indian Affairs ("BIA"), United States Department of the Interior, adopted new ROW regulations for Indian lands that now require consent of the Indian landowner and BIA approval of mortgages for ROWs on Indian lands. 25 C.F.R. § 169.210; and

6. Pursuant to the commentary in the Federal Register notice for 25 C.F.R. §

169.210, the new regulation is not intended to affect pre-existing property rights in ROWs, is effective procedurally only for mortgages obtained after the effective date of the new regulation, and is effective only if the procedural requirement will not change the terms of the pre-existing ROW grant or statutory authority for such grant. 80 Fed. Reg. at 72502.

7. The current mortgages on the ROWs and easements listed in Exhibit "A" were obtained before the effective date of 25 C.F.R. § 169.210. Nonetheless, to the extent the Navajo Nation's consent may be required pursuant to 25 C.F.R. § 169.210 or other applicable law for existing mortgages, and for any new mortgages to be placed on the ROWs and easements listed in Exhibit "A" for its credit facility with Guggenheim, the Company is proposing legislation to be considered by the Resources and Development Committee of the Navajo Nation Council that would grant the Navajo Nation's consent for all mortgages, current and future, on the ROWs and easements listed in Exhibit "A." A copy of the proposed legislation is attached hereto as Exhibit "B."

NOW THEREFORE BE IT RESOLVED THAT:


1. The Board of Directors of Navajo Nation Oil and Gas Company hereby requests that the Resources and Development Committee of the Navajo Nation Council grant the Navajo Nation's consent for all existing mortgages and any future mortgages on the ROWs and easements listed in Exhibit "A," attached hereto. Proposed legislation for consideration by the Committee is attached hereto as Exhibit "B."

2. The CEO and Chairman of the Board are hereby authorized to take all reasonable and necessary steps to effectuate the intent of this Resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was considered at a duly called meeting of the Board of Directors of the Navajo Nation Oil and Gas Company in Denver, Colorado, and that the same was passed by a vote of 7 in favor, 0 opposed, and 0 abstained, this 22nd day of July, 2018.


Lennard Eltsosie, Chairman
Board of Directors

Attest: 
Janna Blanter, Secretary

**RESOLUTION OF THE
SHAREHOLDER REPRESENTATIVES OF
NAVAJO NATION OIL AND GAS COMPANY**

No. 2018-03 Recommending and Requesting the Resources and Development Committee of the Navajo Nation Council Grant Its Consent for Mortgages on Rights-of-Way and Easements Held by NNOGC

WHEREAS:

1. The Navajo Nation Oil and Gas Company ("NNOGC" or "Company") is a wholly owned corporation of the Navajo Nation organized under section 17 of the Indian Reorganization Act, 25 U.S.C. § 5124 (formerly 25 U.S.C. § 477), as amended, and charged with operating and managing an integrated oil, gas and helium company for the benefit of the Navajo Nation; and

2. Under Article V(D) of the NNOGC Restated Federal Charter of Incorporation, the Navajo Nation's interest as sole shareholder of the Company is exercised by five Shareholder Representatives appointed by their respective standing committees of the Navajo Nation Council; and

3. As authorized and directed by the Navajo Nation Council through the approval and ratification of NNOGC's Charter, NNOGC has acquired substantial leasehold interests in oil and gas properties on the Navajo Nation that it holds in the Navajo public trust, primarily in the Greater Aneth Field, which it grew from an original investment in NNOGC by the Navajo Nation in the amount of \$15 million from the NNOGC Oil and Gas Revenue Fund derived from fuel excise taxes. NNOGC also owns and operates the Running Horse Pipeline ("RHP"), a crude oil pipeline located almost entirely on the Navajo Nation. The RHP carries production from the Greater Aneth Field on the Navajo Nation in Utah to the RHP terminus at Bisti, south of Farmington, New Mexico, on the Navajo Nation, where NNOGC also has a NNOGC owned crude oil truck loading facility; and

4. NNOGC holds numerous Navajo Nation rights-of-way ("ROWs") and easements for the Greater Aneth Field gathering system and the RHP, listed in Exhibit "A," attached hereto. Pursuant to NNOGC's Charter, the Navajo Nation Council has expressly authorized NNOGC to mortgage its corporate property and assets, including the ROWs and easements listed in Exhibit "A." *See* Charter Art. VIII(N). In the ordinary course of business, NNOGC has mortgaged such ROWs and easements as collateral for a credit facility from its lenders. For NNOGC's most recent credit facility from Guggenheim Partners, LLC ("Guggenheim"), which closed on June 14, 2018, Guggenheim took an assignment of the mortgages from the prior lenders for the ROWs and easements listed in Exhibit "A." Those mortgages were last assigned in 2012; and

5. Pursuant to 80 Fed. Reg. 72492-01 (Nov. 19, 2015), effective April 21, 2016, *see* 81 Fed. Reg. 14976 (March 21, 2016) (extending implementation of the new regulations), the Bureau of Indian Affairs ("BIA"), United States Department of the Interior, adopted new ROW regulations for Indian lands that now require consent of the Indian landowner and BIA approval of mortgages for ROWs on Indian lands. 25 C.F.R. § 169.210; and

6. Pursuant to the commentary in the Federal Register notice for 25 C.F.R. § 169.210, the new regulation is not intended to affect pre-existing property rights in ROWs, is effective procedurally only for mortgages obtained after the effective date of the new regulation, and is effective only if the procedural requirement will not change the terms of the pre-existing ROW grant or statutory authority for such grant. *See* 80 Fed. Reg. at 72502; and

7. The current mortgages on the ROWs and easements listed in Exhibit "A" were obtained before the effective date of 25 C.F.R. § 169.210. Nonetheless, to the extent the Navajo Nation's consent may be required pursuant to 25 C.F.R. § 169.210 or other applicable law for existing mortgages, and for any new mortgages to be placed on the ROWs and easements listed in Exhibit "A" for its credit facility with Guggenheim, and any future credit facility, the Company is proposing legislation to be considered by the Resources and Development Committee ("RDC") of the Navajo Nation Council that would grant the Navajo Nation's consent for all mortgages, current and future, on the ROWs and easements listed in Exhibit "A." A copy of the proposed legislation to be considered by RDC is attached hereto as Exhibit "B" and a resolution of the NNOGC Board requesting the approval of such legislation is attached hereto as Exhibit "C"; and

8. The NNOGC Shareholder Representatives now wish to recommend and request that RDC grant the Navajo Nation's consent for all mortgages, current and future, on the ROWs and easements listed in Exhibit "A," in the best interest of the Navajo Nation and NNOGC, its wholly owned company, by approving the proposed legislation attached hereto as Exhibit "B," in the same or a substantially similar form.


NOW, THEREFORE, BE IT RESOLVED THAT:


The Shareholder Representatives of the Navajo Nation Oil and Gas Company hereby recommend and request that the Resources and Development Committee of the Navajo Nation Council grant the Navajo Nation's consent for all mortgages, current and future, on the rights-of-way and easements listed in Exhibit "A," attached hereto, in the best interest of the Navajo Nation and the Company, by approving the proposed legislation attached hereto as Exhibit "B," in the same or a substantially similar form.

CERTIFICATION

I hereby certify that the foregoing resolution was considered at a duly called meeting of the Shareholder Representatives of the Navajo Nation Oil and Gas Company in Las Vegas, Nevada, at which a quorum was present, and that the resolution was approved by a vote of 3 in favor, 1 opposed, and 0 abstained, this 28th day of July, 2018.

Attest:


Louis Denetsosie, President


Lennard Eltsosie, Chairperson

RESOURCES AND DEVELOPMENT COMMITTEE

Regular Meeting

August 22, 2018

ROLL CALL VOTE TALLY SHEET:

Legislation # 0279-18: An Action Relating to Resources and Development Committee; Pursuant to 25 C.F.R. Sections 169.210 granting consent and approval to certain past mortgaged easements and rights-of-way of the Navajo Nation Oil and Gas Company *Sponsor: Honorable Benjamin Bennett*

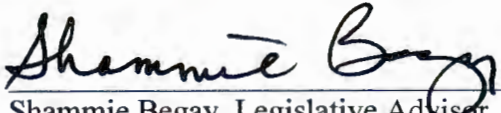
MAIN MOTION: Davis Filfred S: Leonard Pete V: 4-0-1 (CNV)

YEAS: Benjamin Bennett; Davis Filfred, Leonard Pete and Walter Phelps

NAYS:

EXCUSED: Jonathan Perry



Alton Joe Shepherd, Chairman
Resources and Development Committee

Shammie Begay, Legislative Advisor
Resources and Development Committee