

**RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
Of the 23rd Navajo Nation Council---First Year 2015**

**AN ACTION
RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE GRANT
OF RIGHT-OF-WAY ASSIGNMENT AND RENEWAL TO NNOGC EXPLORATION
AND PRODUCTION, LLC, FOR CONTINUED OPERATION AND
MAINTENANCE OF DRY MESA 4" NATURAL GAS PIPELINE AND
DEHYDRATOR STATION ON, OVER AND ACROSS NAVAJO NATION TRUST
LANDS (APACHE COUNTY, ARIZONA)**

BE IT ENACTED:

SECTION ONE. FINDINGS

- A. Pursuant to 2 N.N.C. Section 501 (B)(2)(a), the Resources and Development Committee of the Navajo Nation Council has authority to give final approval of rights-of-way on Navajo Nation lands and unrestricted (fee) land; and
- B. NNOGC Exploration and Production, LLC, Post Office Box 4439, Window Rock, Arizona 86515, has submitted a right-of-way renewal application, attached as Exhibit A, for continued operation and maintenance of a 4" O.D. natural gas pipeline, dehydrator station and meter run to transport natural gas produced in Apache County, Arizona. The right-of-way has been granted to Rim Southwest Corporation and NNOGC Exploration and Production LLC, purchased all interest pursuant to their agreement with Rim Southwest Corporation dated August 1, 2012, which is attached as Exhibit A-1; and
- C. The right-of-way is situated on, over and across Navajo Nation Trust Lands in Sections 5, 6, 8, 9, Township 40 North, Range 29 East, Apache County, Arizona. Said right of way will be 12,936.76 feet in length, 30 feet in width, and 8.91 acres in area. The location is more particularly described on the map attached hereto and incorporated herein as Exhibit B; and
- D. All environmental studies and cultural resource inventories have been completed and said reports are attached hereto and incorporated herein.

- E. Said right-of-way is an existing right-of-way and no additional land is involved.

SECTION TWO. APPROVING THE GRANT OF RIGHT-OF-WAY ASSIGNMENT AND RENEWAL TO NNOGC EXPLORATION AND PRODUCTION, LLC, FOR CONTINUED OPERATION AND MAINTENANCE OF DRY MESA 4" NATURAL GAS PIPELINE AND DEHYDRATOR STATION ON, OVER AND ACROSS NAVAJO NATION TRUSTS LANDS (APACHE COUNTY, ARIZONA)

- A. The Navajo Nation Council's Resources and Development Committee hereby approves the grant of right-of-way assignment and renewal to NNOGC Exploration and Production LLC, for continued operation and maintenance of Dry Mesa Pipeline on, over and across Navajo Nation Trust Lands, Apache County, Arizona. The location is more particularly described in Exhibit B.
- B. The Navajo Nation Council's Resources and Development Committee hereby approves the grant of right-of-way assignment and renewal to NNOGC Exploration and Production LLC, subject to but not limited to the terms and conditions contained in Exhibit C.
- C. The Navajo Nation Council's Resources and Development Committee hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to effectuate the intent and purpose of this resolution.

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at Church Rock Chapter Church Rock, Navajo Nation (New Mexico), at which quorum was present and that same was passed by a vote of 2 in favor, 1 opposed, 1 abstained this 29th day of September, 2015.



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

**Motion: Honorable Leonard Pete
Second: Honorable Davis Filfred**

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS**

RIGHT-OF-WAY APPLICATION

EXHIBIT

tabbles

A

COMES NOW THE APPLICANT NNOGC Exploration and Production, LLC, PO Box 4439, Window Rock, AZ 86515, this 13 day of August, 2014, who hereby petition(s) the Bureau of Indian Affairs and respectfully files under the terms and provisions of the February 5, 1948 (62 Stat. 17; 25 USC 323-328), and Departmental Regulations 25 CFR 169, an application of a term of 20 years right-of-way for the following purposes and reasons: Operation and maintenance of an existing 4" welded steel gas pipeline and ancillary facilities known as the "Dry Mesa Pipeline".

Across the following described Navajo Tribal Trust Lands (easement description):

Sections 5, 6, 8, & 9, T. 40 N., R. 29 E., G&SRM;
Apache County, AZ

Said pipeline right-of-way across Navajo Tribal Trust Lands to be approximately 12,936.76 feet in length and 30 feet in width and 8.91 acres in area for a term of twenty (20) years. The right-of-way, as shown on attached "as built" plats dated June 15, 2014 of definite location, attached hereto, and made a part hereof.

SAID APPLICANT UNDERSTANDS AND EXPRESSLY AGREES TO THE FOLLOWING STIPULATIONS:

1. To construct and maintain the right-of-way in a workmanlike manner.
2. To pay all damages and compensation, in addition to the deposit made pursuant to 169.4, determined by the Secretary to be due the landowners and authorized users and occupants of the land due to the survey, granting, construction and maintenance of the right-of-way.
3. To indemnify the landowners and authorized users and occupants against any liability for loss of life, personal injury and property damage arising from the construction, maintenance, occupancy or use of the lands by the applicant, his employees, contractors and their employees, or subcontractors and their employees.
4. To restore the lands as nearly as may be possible to their original condition upon the completion of construction, to the extent compatible with the purpose for which the right-of-way was granted.
5. To clear and keep clear the lands within the right-of-way to the extent compatible with the purpose of the right-of-way; and dispose of all vegetative and other material cut, uprooted or otherwise accumulated during construction and maintenance of the project.
6. To take soil and resources conservation protection measures, including weed control, on the land covered by the right-of-way.
7. To do everything reasonable within its power to prevent and suppress fires on or near the lands to be occupied under the right-of-way.
8. To build and repair such roads, fences and trails as may be destroyed or injured by construction work and to build and maintain necessary and suitable crossings for all roads and trails that intersect the works constructed, maintained, or operated under the right-of-way.
9. That upon revocation or termination of the right-of-way, the applicant shall, so far as in reasonably possible, restore the land to its original condition. The determination of "reasonably possible" is subject to Secretary's approval.

EXHIBIT "A"

10. To at all times keep the Secretary informed of its address, and in case of corporations, of the address of its principal place of business and the names and addresses of its principal officers.
11. That the applicant will not interfere with the use of the lands by or under the authority of the landowners for any purpose not inconsistent with the primary purpose for which the right-of-way is granted.
12. During the term of this Grant of Easement, if any previously unidentified cultural resources are discovered within the easement area, work should be halted immediately and the BIA and/or Tribal Contractor should be contacted immediately.

THE APPLICANT FURTHER STIPULATES AND EXPRESSLY AGREES AS FOLLOWS:

To conform and to abide by all applicable requirements with respect to the right-of-way herein applied for. The applicant agrees to conform to and abide by the rules, regulations, and requirements contained in the *Code of Federal Regulations*, Title 25 Indians, Part 169, as amended, and by reference includes such rules, regulations and requirements as a part of this application to the same effect as if the same were herein set out in full.

DATE 8/13/14 APPLICANT Louis Dauterive

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

ASSIGNMENT OF RIGHT-OF-WAY

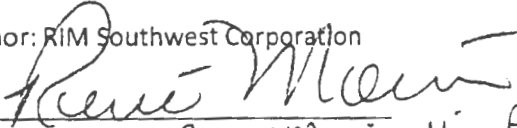
WHEREAS, the Secretary of the Interior through the Regional Director, Navajo Region, Bureau of Indian Affairs, Department of the Interior, Gallup, New Mexico has heretofore approved a Grant of Easement for Right-of-Way to RIM Southwest Corporation, 5 Inverness Drive East, Englewood, Colorado 80112, crossing Navajo Tribal Trust lands located in Apache County, State of Arizona, being more particularly described as a pipeline right-of-way, 30 feet in width, 12,936.76 feet in length and containing 8.91 acres, more or less.

NOW THEREFORE, for and in consideration of One Dollar (\$1.00) and other goods and valuable consideration, the said RIM Southwest Corporation, the owner of the above described easement for right-of-way hereinafter called Assignor, hereby bargains, sells, transfers, assigns and conveys said Grant of Easement for Right-of-Way to NNOGC Exploration and Production LLC, Post Office Box 4439, Window Rock, Arizona 86515, to HAVE AND TO HOLD the same unto the Assignee from and after the full execution of this assignment, for the unexpired portion of the term of said easement, together with all the right, title, and interest therein.

IN WITNESS WHEREOF, said Assignor has hereunto set his hand and seal this 23rd day of July, 2014.

Assignor: RIM Southwest Corporation

By:


Name and Title Rene Morin - Vice President

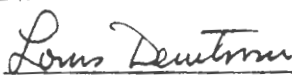
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ASSUMPTION OF EASEMENT

NNOGC Exploration and Production LLC the Assignee named below, for the consideration described above, hereby assumes and agrees to be bound by and to fulfill all the obligations, terms, conditions, and stipulations of the above described easement, to the same extent as if Assignee were the Grantee originally named therein.

IN WITNESS WHEREOF, the said Assignee has hereunto set his hand and seal this 23rd day of July 2014.

By:


Name and Title CEO + President

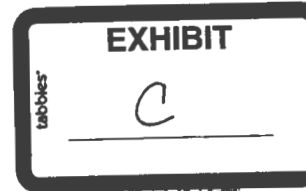
APPROVED:

Pursuant to Secretarial Redlegation Order 209 DM 8. 230 OM 1 and 3 1AM 4.

Regional Director, Navajo Region Office
Bureau of Indian Affairs



United States Department of the Interior
Bureau of Indian Affairs
Navajo Region
P.O. Box 1060
Gallup, New Mexico 87305-1060



IN REPLY REFER TO:
Real Estate Services/2N420

NOV 12 2008

Letter Bygone 4/2/08

Rene Morin, Vice President
Rim Southwest Corporation
5 Inverness Drive East
Englewood, Colorado 80112

Dear Ms. Morin:

Enclosed is the approved Grant of Easement for Right-of-Way for operation and maintenance of the existing 4" natural gas pipeline and dehydrator station site located within Red Mesa, Apache County, Arizona.

We will require strict adherence to stipulations contained in the terms and conditions identified in Exhibit "C", Resolution Number RCJY-85-03 of the Resources Committee of the Navajo Nation Council dated July 10, 2003.

Sincerely,

/S/ OMAR C. BRADLEY

Regional Director

Enclosures

BCC: Director, Navajo Land Department w/enclosures
101 Regional Director, Navajo Region
TR-4616-P3 Rim Southwest Corporation

2N420:DBadoni:db:10/31/2008:505.368.3376:G:/Realty/ROW/Distribution Ltr Approved ROW

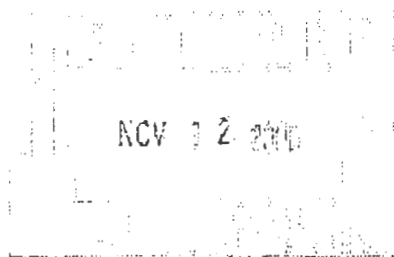
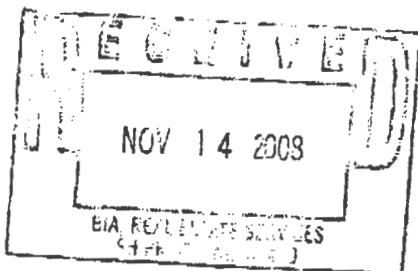


EXHIBIT "C"

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

May 8, 2004

Mary Lujan
BIA Real Estate Services
P.O. Box 3558
Shiprock, NM 87420

Dear Mary:

On behalf of Rim Southwest Corporation, I am filing an application for Grant of Right-of-Way for an existing four-inch diameter natural gas pipeline, dehydrator and meter run in Apache County, Arizona. The application package includes:

- 2 original Applications for the Grant of Right-of-Way
- 2 mylar & 3 paper plats
- 2 copies of archeology report & HPD Clearance
- 2 copies of the EA & BIA FONSI
- 2 appraisal reports
- Letters regarding assignment

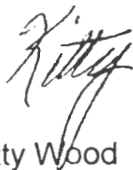
Evidence of Authority forms & corporate documents were submitted to your office in January 2004 with Rim's Black Rock R/W application.

The Right-of-Way was first issued to Western Gas in 1991 and built in 1991. In 2001, Western assigned the right-of-way to Coleman Oil & Gas, Inc. and Coleman filed its assignment application with the Navajo Nation. Before the SAS review was completed, Coleman assigned the right-of-way to Rim Southwest Corporation. Letters regarding this arrangement are enclosed, as is a copy of the 1991 BIA R/W permit.

After conferring with Tribal Minerals Department and Project Review Office it was decided, that it would save time to approve both assignments (Western to Coleman and Coleman to Rim) in the same SAS package. The Resources Committee approved the Resolution and sent it to BIA on 7/14/03 (copy of transmittal letter, Resolution and receipt for payment is attached). There is no new surface disturbance nor change of use associated with the assignments.

Please call me if you have any questions.

Sincerely,



Kitty Wood

EXHIBIT

EXHIBIT “C”

NAVAJO NATION RIGHT-OF-WAY TERMS AND CONDITIONS

NNOGC Exploration and Production LLC (GRANTEE)

1. The term of the right-of-way shall expire on March 13, 2021.
2. Consideration for the right-of-way is assessed at \$130,000.00 and shall be paid in full to the Controller of the Navajo Nation, in lawful money of the United States, and a copy of the receipt for such payment provided to the Navajo Nation Minerals Department, or its successor, within ten (10) days of approval of and consents to the grant of the right-of-way by the Navajo Nation.
3. The Grantee may develop, use and occupy the right-of-way for the purpose(s) of **4” Natural Gas Pipeline, Dehydrator Station and Meter Run**. The Grantee may not develop, use or occupy the right-of-way for any other purpose, nor allow others to use or occupy the right-of-way for any other purpose, without the prior written approval of the Navajo Nation and the Secretary of the Interior. The approval of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation. The Grantee may not develop, use or occupy the right-of-way for any unlawful purpose.
4. In all activities conducted by the Grantee within the Navajo Nation, the Grantee shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect, including but not limited to the following:
 - a. Title 25, Code of Federal Regulations, Part 169; subject to the terms of this right-of-way.
 - b. All applicable federal and Navajo Nation antiquities laws and regulations, with the following additional condition: In the event of a discovery all operations in the immediate vicinity of the discovery must cease and the Navajo Nation Historic Preservation Department must be notified immediately. As used herein, “discovery” means any previously unidentified or incorrectly identified cultural resources, including but not limited to archaeological deposits, human remains, or location reportedly associated with Native American religious/traditional beliefs or practices;
 - c. The Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq., and the Navajo Nation Business Opportunity Act, 5 N.N.C. §§ 201 et seq.; and
 - d. The Navajo Nation Water Code, 22 N.N.C. § 1101 et seq.. Grantee shall apply for and submit all applicable permits and information to the Navajo Nation Water Resources Department, or its successor.
5. The Grantee shall ensure that the air quality of the Navajo Nation is not jeopardized due to violation of applicable laws and regulations by its operations pursuant to the right-of-way.
6. The Grantee shall clear and keep clear the lands within the right-of-way to the extent compatible with the purpose of the right-of-way, and shall dispose of all vegetation and other materials cut, uprooted or otherwise accumulated during any surface disturbance activities.
7. The Grantee shall reclaim all surface lands disturbed related to the right-of-way, as outlined in a restoration and revegetation plan, which shall be approved by the Navajo Nation Environmental Protection Agency (NNEPA) prior to any surface disturbance. The Grantee shall comply with all

provisions of such restoration and revegetation plan and shall notify the Director of the NNEPA immediately upon completion of the surface disturbance activities so that a site inspection can be made.

8. The Grantee shall at all times during the term of the right-of-way and at the Grantee's sole cost and expense, maintain the land subject to the right-of-way and all improvements located thereon and make all necessary and reasonable repairs.
9. The Grantee shall obtain prior written permission to cross existing rights-of-way, if any, from the appropriate parties.
10. The Grantee shall be responsible for and promptly pay all damages when they are sustained.
11. The Grantee shall indemnify and hold harmless the Navajo Nation and the Secretary of the Interior and their respective authorized agents, employees, landusers and occupants, against any liability for loss of life, personal injury and property damages arising from the development, use or occupancy or use of right-of-way by the Grantee.
12. The Grantee shall not assign, convey, transfer or sublet, in any manner whatsoever, the right-of-way or any interest therein, or in or to any of the improvements on the land subject to the right-of-way, without the prior written consent of the Navajo Nation and the Secretary of the Interior. Any such attempted assignment, conveyance or transfer without such prior written consent shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation.
13. The Navajo Nation may terminate the right-of-way for violation of any of the terms and conditions stated herein. In addition, the right-of-way shall be terminable in whole or part by the Navajo Nation for any of the following causes:
 - a. Failure to comply with any term or condition of the grant or of applicable laws or regulations;
 - b. A non-use of the right-of-way for the purpose for which it is granted for a consecutive two year period; and
 - c. The use of the land subject to the right-of-way for any purpose inconsistent with the purpose for which the right-of-way is granted.
 - d. An abandonment of the right-of-way.
14. At the termination of this right-of-way, the Grantee shall peaceably and without legal process deliver up the possession of the premises, in good condition, usual wear and tear excepted. Upon the written request of the Navajo Nation, the Grantee shall provide the Navajo Nation, at the Grantee's sole cost and expense, with a phase 1 environmental site assessment of the premises at least sixty (60) days prior to delivery of said premises.
15. Holding over by the Grantee after the termination of the right-of-way shall not constitute a renewal or extension thereof or give the Grantee any rights hereunder or in or to the land subject to the right-of-way or to any improvements located thereon.
16. The Navajo Nation and the Secretary of the Interior shall have the right, at any reasonable time during the term of the right-of-way, to enter upon the premises, or any part thereof, to inspect the same and any improvements located thereon.
17. By acceptance of the grant of right-of-way, the Grantee consents to the full territorial legislative, executive and judicial jurisdiction of the Navajo Nation, including but not limited to the jurisdiction of the Navajo Nation, including but not limited to the jurisdiction to levy fines and to enter judgments for

compensatory and punitive damages and injunctive relief, in connection with all activities conducted by the Grantee within the Navajo Nation or which have a proximate (legal) effect on persons or property within the Navajo Nation.

18. By acceptance of the grant of right-of-way, the Grantee covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing contained in this provision shall be construed to negate or impair federal responsibilities with respect to the land subject to the right-of-way or to the Navajo Nation.
19. Any action or proceeding brought by the Grantee against the Navajo Nation in connection with or arising out of the terms and conditions of the right-of-way shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by the Grantee against the Navajo Nation in any court of any state.
20. Nothing contained herein shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.
21. Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of the terms and conditions contained herein.
22. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of the Grantee, and the term "Grantee," whenever used herein, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.
23. There is expressly reserved to the Navajo Nation full territorial legislative, executive and judicial jurisdiction over the right-of-way and all lands burdened by the right-of-way, including without limitation over all persons, including the public, and all activities conducted or otherwise occurring within the right-of-way; and the right-of-way and all lands burdened by the right-of-way shall be and forever remain Navajo Indian Country for purposes of Navajo Nation jurisdiction.
24. The Navajo Nation reserves the right to grant rights-of-way within the right-of-way referenced herein for utilities, provided that such rights-of-ways do not unreasonably interfere with the Grantee's use of the right-of-way.

EXHIBIT "B"

NAVAJO NATION RIGHT-OF-WAY TERMS AND CONDITIONS

NNOGC Exploration and Production LLC (GRANTEE)

expire on March 13, 2021.

1. The term of the right-of-way shall be for () years, ~~beginning on the date the right-of-way is granted by the Secretary of Interior.~~

2. Consideration for the right-of-way is assessed at \$ 130,000.00 and shall be paid in full to the Controller of the Navajo Nation, in lawful money of the United States, and a copy of the receipt for such payment provided to the Navajo Nation Minerals Department, or its successor, within ten (10) days of approval of and consents to the grant of the right-of-way by the Navajo Nation.

~~Consideration for the grant of the right-of-way is hereby waived.~~

~~[] NO [] YES~~

~~If consideration has been waived, then the Navajo Nation contributes the amount listed above to the project because the project serves a public purpose and will benefit Navajo residents.~~

3. The Grantee may develop, use and occupy the right-of-way for the purpose(s) of 4" Natural Gas Pipeline, Dehydrator Station and Meter Run. The Grantee may not develop, use or occupy the right-of-way for any other purpose, nor allow others to use or occupy the right-of-way for any other purpose, without the prior written approval of the Navajo Nation and the Secretary of the Interior. The approval of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation. The Grantee may not develop, use or occupy the right-of-way for any unlawful purpose.
4. In all activities conducted by the Grantee within the Navajo Nation, the Grantee shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect, including but not limited to the following:
- a. Title 25, Code of Federal Regulations, Part 169; subject to the terms of this right-of-way.
 - b. All applicable federal and Navajo Nation antiquities laws and regulations, with the following additional condition: In the event of a discovery all operations in the immediate vicinity of the discovery must cease and the Navajo Nation Historic Preservation Department must be notified immediately. As used herein, "discovery" means any previously unidentified or incorrectly identified cultural resources, including but not limited to archaeological deposits, human remains, or location reportedly associated with Native American religious/traditional beliefs or practices;
 - c. The Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq., and the Navajo Nation Business Opportunity Act, 5 N.N.C. §§ 201 et seq.; and
 - d. The Navajo Nation Water Code, 22 N.N.C. § 1101 et seq.. Grantee shall apply for and submit all applicable permits and information to the Navajo Nation Water Resources Department, or its successor.
5. The Grantee shall ensure that the air quality of the Navajo Nation is not jeopardized due to violation of applicable laws and regulations by its operations pursuant to the right-of-way.

6. The Grantee shall clear and keep clear the lands within the right-of-way to the extent compatible with the purpose of the right-of-way, and shall dispose of all vegetation and other materials cut, uprooted or otherwise accumulated during any surface disturbance activities.
7. The Grantee shall reclaim all surface lands disturbed related to the right-of-way, as outlined in a restoration and revegetation plan, which shall be approved by the Navajo Nation Environmental Protection Agency (NNEPA) prior to any surface disturbance. The Grantee shall comply with all provisions of such restoration and revegetation plan and shall notify the Director of the NNEPA immediately upon completion of the surface disturbance activities so that a site inspection can be made.
8. The Grantee shall at all times during the term of the right-of-way and at the Grantee's sole cost and expense, maintain the land subject to the right-of-way and all improvements located thereon and make all necessary and reasonable repairs.
9. The Grantee shall obtain prior written permission to cross existing rights-of-way, if any, from the appropriate parties.
10. The Grantee shall be responsible for and promptly pay all damages when they are sustained.
11. The Grantee shall indemnify and hold harmless the Navajo Nation and the Secretary of the Interior and their respective authorized agents, employees, landusers and occupants, against any liability for loss of life, personal injury and property damages arising from the development, use or occupancy or use of right-of-way by the Grantee.
12. The Grantee shall not assign, convey, transfer or sublet, in any manner whatsoever, the right-of-way or any interest therein, or in or to any of the improvements on the land subject to the right-of-way, without the prior written consent of the Navajo Nation and the Secretary of the Interior. Any such attempted assignment, conveyance or transfer without such prior written consent shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation.
13. The Navajo Nation may terminate the right-of-way for violation of any of the terms and conditions stated herein. In addition, the right-of-way shall be terminable in whole or part by the Navajo Nation for any of the following causes:
 - a. Failure to comply with any term or condition of the grant or of applicable laws or regulations;
 - b. A non-use of the right-of-way for the purpose for which it is granted for a consecutive two year period; and
 - c. The use of the land subject to the right-of-way for any purpose inconsistent with the purpose for which the right-of-way is granted.
 - d. An abandonment of the right-of-way.
14. At the termination of this right-of-way, the Grantee shall peaceably and without legal process deliver up the possession of the premises, in good condition, usual wear and tear excepted. Upon the written request of the Navajo Nation, the Grantee shall provide the Navajo Nation, at the Grantee's sole cost and expense, with a phase 1 environmental site assessment of the premises at least sixty (60) days prior to delivery of said premises.
15. Holding over by the Grantee after the termination of the right-of-way shall not constitute a renewal or extension thereof or give the Grantee any rights hereunder or in or to the land subject to the right-of-way or to any improvements located thereon.

16. The Navajo Nation and the Secretary of the Interior shall have the right, at any reasonable time during the term of the right-of-way, to enter upon the premises, or any part thereof, to inspect the same and any improvements located thereon.
17. By acceptance of the grant of right-of-way, the Grantee consents to the full territorial legislative, executive and judicial jurisdiction of the Navajo Nation, including but not limited to the jurisdiction of the Navajo Nation, including but not limited to the jurisdiction to levy fines and to enter judgments for compensatory and punitive damages and injunctive relief, in connection with all activities conducted by the Grantee within the Navajo Nation or which have a proximate (legal) effect on persons or property within the Navajo Nation.
18. By acceptance of the grant of right-of-way, the Grantee covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing contained in this provision shall be construed to negate or impair federal responsibilities with respect to the land subject to the right-of-way or to the Navajo Nation.
19. Any action or proceeding brought by the Grantee against the Navajo Nation in connection with or arising out of the terms and conditions of the right-of-way shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by the Grantee against the Navajo Nation in any court of any state.
20. Nothing contained herein shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.
21. Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of the terms and conditions contained herein.
22. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of the Grantee, and the term "Grantee," whenever used herein, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.
23. There is expressly reserved to the Navajo Nation full territorial legislative, executive and judicial jurisdiction over the right-of-way and all lands burdened by the right-of-way, including without limitation over all persons, including the public, and all activities conducted or otherwise occurring within the right-of-way; and the right-of-way and all lands burdened by the right-of-way shall be and forever remain Navajo Indian Country for purposes of Navajo Nation jurisdiction.
24. The Navajo Nation reserves the right to grant rights-of-way within the right-of-way referenced herein for utilities, provided that such rights-of-ways do not unreasonably interfere with the Grantee's use of the right-of-way.

EXHIBIT "C"

NAVAJO NATION TERMS AND CONDITIONS For Right-of-Way (ROW)

RIM SOUTHWEST CORPORATION (GRANTEE)

1. The term of the ROW shall expire on March 14, 2011, unless Navajo Nation oil & gas lease #14-20-603-4190 terminates earlier. During the term of the ROW, March 14th of each year shall be known herein as the anniversary date. The Grantee shall have the right to terminate the ROW as of the anniversary date of March 14th, during the term of the ROW by providing at least one hundred and eighty (180) days written notice to the Navajo Nation. If a notice of termination is not provided to the Navajo Nation by the anniversary date, then the Grantee shall pay the annual rental due to the Navajo Nation for the following year.
2. The total consideration for the ROW is assessed at \$100,000.00 and is payable in installments. The first payment in the amount of \$30,000.00 shall be paid within ten (10) days of approval of the ROW by the Navajo Nation. Effective March 14, 2004, and on or before each anniversary date thereafter, the grantee shall make seven (7) annual payments of \$10,000.00 each to the Navajo Nation.
3. Each annual payment in Section 2 shall be subject to annual adjustments based upon the increase in the Consumer Price Index (CPI), U.S. City Average for All Urban Consumers. The CPI for January 2003 shall be used as the base for adjustments of the annual payments.
4. The Grantee may use and occupy the ROW for the purpose of transporting natural gas from Navajo Nation oil & gas lease #14-20-603-4190. The Grantee may not develop, use or occupy the ROW for any other purpose without the prior written approval of the Navajo Nation and the Secretary of the Interior. The approval of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation. The Grantee may not develop, use or occupy the ROW for any unlawful purpose. Further, any physical expansion of the pipeline system will require the written approval of the Navajo Nation and the Secretary of the Interior.
5. In all activities conducted by the Grantee within the Navajo Nation, the Grantee shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect, including but not limited to the following:
 - a. Title 25, Code Federal Regulations, Part 169;

Dry Mesa

- b. All applicable federal and Navajo Nation antiquities laws and regulations, with the following additional condition: In the event of a discovery all operations in the immediate vicinity of the discovery must cease and the Navajo Nation Historic Preservation Department must be notified immediately. As used herein, "discovery" means any previously unidentified or incorrectly identified cultural resources, including but not limited to archaeological deposits, human remains, or location reportedly associated with Native American religious/traditional beliefs or practices;
 - c. The Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq., and the Navajo Nation Business Opportunity Law, 5 N.N.C. §§ 201 et seq., and
 - d. The Navajo Nation Water Code, 22 N.N.C. § 1101 et seq.. Grantee shall apply for and submit all applicable permits and information to the Navajo Nation Water Resources Department, or its successor.
- 6. The Grantee shall ensure that the air quality of the Navajo Nation is not jeopardized due to violation of applicable laws and regulations by its operations pursuant to the ROW.
 - 7. The Grantee shall clear and keep clear the lands within the ROW to the extent compatible with the purpose of the ROW, and shall dispose of all vegetation and other materials cut, uprooted or otherwise accumulated during any surface disturbance activities.
 - 8. The Grantee shall reclaim all surface lands related to the ROW which may be disturbed in the future, as outlined in a restoration and revegetation plan and which has the approval of the Navajo Nation Environmental Protection Agency (NNEPA). The Grantee shall comply with all provisions of such restoration and revegetation plan and shall notify the Director of the NNEPA immediately upon completion of any future surface disturbance activities so that a site inspection can be made.
 - 9. The Grantee shall at all times during the term of the ROW and at the Grantee's sole cost and expense, maintain the land subject to the ROW and all improvements located thereon and make all necessary and reasonable repairs.
 - 10. The Grantee shall obtain prior written permission to cross existing ROW, if any, from the appropriate parties.
 - 11. The Grantee shall be responsible for and promptly pay all damages attributable to the development, occupancy or use of the ROW by the Grantee.
 - 12. The Grantee shall indemnify and hold harmless the Navajo Nation and the Secretary of the Interior and their respective authorized agents, employees, landusers and occupants against any liability for loss of life, personal injury and property damages arising from the development, occupancy or use of ROW by the Grantee.
 - 13. Any assignment, conveyance or transfer by the Grantee, in any manner whatsoever, of the ROW or any interest therein, or in or to any of the improvements on the land subject to the ROW, shall be subject to the written consent of the Navajo Nation and the

Secretary of the Interior. Any such attempted assignment, conveyance or transfer without such written consent shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation.

14. The Navajo Nation may terminate the ROW for violation of any of the terms and conditions stated herein. In addition, the ROW shall be terminable in whole or part by the Navajo Nation for any of the following causes:
 - a. Failure to comply with any terms and conditions of the grant or of applicable laws or regulations;
 - b. A non-use of the ROW for the purpose for which it is granted for a consecutive two year period; and
 - c. The use of the land subject to the ROW for any purpose inconsistent with the purpose for which the ROW is granted.
15. At the termination of this ROW, the Grantee shall peaceably and without legal process deliver up the possession of the premises, in good condition, usual wear and tear excepted. The Grantee shall have the option to remove the pipeline and reclaim the land within ninety (90) days after the termination of the ROW. Upon the written request of the Navajo Nation, the Grantee shall provide the Navajo Nation, at the Grantee's sole cost and expense, with an environmental audit assessment of the premises at least sixty (60) days prior to delivery of said premises. All reclamation or abandonment shall be performed in accordance with the rules, regulations and guidelines of the Navajo Nation Environmental Protection Agency and applicable federal laws and regulations.
16. Holding over by the Grantee after the termination of the ROW shall not constitute a renewal or extension thereof or give the Grantee any rights hereunder or in to the land subject to the ROW or to any improvements located thereon.
17. The Navajo Nation and the Secretary shall have the right, at any reasonable time during the term of the ROW, to enter upon the premises, or any part thereof, to inspect the same and any improvements located therein.
18. By acceptance of the grant of ROW, the Grantee consents to the full territorial legislative, executive and judicial jurisdiction of the Navajo Nation, including but not limited to the jurisdiction of the Navajo Nation jurisdiction to levy fines and to enter judgments for compensatory and punitive damages and injunctive relief, in connection with all activities conducted by the Grantee within the Navajo Nation or which have a proximate (legal) effect on persons or property within the Navajo Nation.
19. By acceptance of the grant of ROW, the Grantee covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full policy power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally

applicable to a similar challenge to the jurisdiction of a state government. Nothing contained in this provision shall be construed to negate or impair federal responsibilities with respect to the land subject to the ROW or to the Navajo Nation.

20. Any action or proceeding brought by the Grantee against the Navajo Nation in connection with or arising out of the terms and conditions of the ROW shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by the Grantee against the Navajo Nation in any court of any state.
21. Nothing contained herein shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.
22. Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of the terms and conditions contained herein.
23. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of the Grantee, and the term "Grantee," whenever used herein, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.
24. There is expressly reserved to the Navajo Nation full territorial legislative, executive and judicial jurisdiction over the ROW and all lands burdened by the ROW, including without limitation over all persons, including the public, and all activities conducted or otherwise occurring within the ROW; and the ROW and all lands burdened by the ROW shall be and forever remain Navajo Indian Country for purposes of Navajo Nation jurisdiction.
25. By acceptance of this ROW Grant, the Grantee shall obtain rights to Navajo Nation Lands in the nature of easement only; i.e., a right to pass over, occupy and reasonably use and occupy the ROW for the particular purpose described herein, with limited rights of ingress and egress via those particular access roads that are in existence and useable at the grant of this ROW. Such easement shall be limited term usufructuary interest consistent with all general property rights flowing from beneficial ownership of Navajo Nation lands, with no subsurface rights to any minerals or other natural resources located on or within the ROW. The ROW, under no circumstances or rule of law, shall be interpreted as granting a fee simple interest or creating any greater property right possessed by the Grantee other than the limited easement described herein.

RIM OPERATING, INC.

120748

7/14/03

DRY MESA PIPELINE RIGHT OF WAY
APACHE COUNTY, ARIZONA

30,000.00

RIM OPERATING, INC.

5 INVERNESS DRIVE EAST
ENGLEWOOD, CO 80112
(303) 799-9828

US BANK
DENVER, CO 80202

23-2
1020

CHECK NO.

120748

THIRTY THOUSAND DOLLARS & 00 CENTS

DATE

7/14/03

AMOUNT

\$30,000.00

PAY
TO THE
ORDER
OF

NAVAJO NATION

DRY MESA PIPELINE RIGHT OF WAY
APACHE COUNTY, ARIZONA

Robert J. Swesco
AUTHORIZED SIGNATURE

⑈ 120748 ⑈ ⑆ 102000021⑆ 194311358890 ⑈





**THE
NAVAJO
NATION**

MINERALS DEPARTMENT
Post Office Box 1910
Window Rock, Arizona 86515
Phone: (928) 871-6587 • Fax: (928) 871-7095

Joe Shirley, Jr.
President

Frank Dayish, Jr.
Vice President

July 14, 2003

Mr. Steve Graham
Regional Realty Officer
Bureau of Indian Affairs
Navajo Region
Post Office Box 1060
Gallup, NM 87301-1060

Subject: Right-of-Way for RIM Southwest Corporation

Dear Mr. Graham:

On July 10, 2003, the Resources Committee of the Navajo Nation Council approved the following resolution for Rim Southwest Corporation:

Resolution Number RCJY-85-03 entitled: Approving a Right-of-Way for Rim Southwest Corporation to Operate and Maintain an Existing Four-Inch (4") Diameter Natural Gas Pipeline, Dehydrator and Meter Run in Apache County, Arizona.

Approval of the right-of-way is subject to the terms and conditions stipulated in the attached resolution and exhibits.

Your prompt approval is greatly appreciated. Should you have any questions, please contact me or Mr. Ram S. Das, Senior Mining Engineer, at (928) 871-6587.

Sincerely,

Akhtar Zaman, Director
Minerals Department

Attachments

RESOLUTION
OF THE RESOURCES COMMITTEE
OF THE NAVAJO NATION COUNCIL

Approving a Right-of-Way for Rim Southwest Corporation to
Operate and Maintain an Existing Four-Inch (4") Diameter
Natural Gas Pipeline, Dehydrator and Meter Run in Apache
County, Arizona

WHEREAS:

1. 2 N.N.C. § 695 (B) (2) authorizes the Resources Committee of the Navajo Nation Council to approve rights-of-way on the Navajo Nation; and

2. The Resources Committee, by Resolution RCMY-037-91 (Exhibit "A"), approved a right-of-way for Western Gas Processors for a four-inch (4") diameter steel natural gas pipeline, dehydrator and meter run; and

3. The right-of-way is 30.00 feet wide, 12,990.53 feet long, and is more or less 8.95 acres, and the dehydrator on the said pipeline is 50.00 feet wide, 85.00 feet long, and 0.10 acres in area, more or less. The right-of-way is located in Sections 5, 6, 8, and 9, T40N, R29E, G&SRM, Apache County, Arizona, and is described in Exhibit "B"; and

4. The right-of-way expired on March 28, 2001. Western Gas Processors did not renew all the right-of-way. Coleman Oil and Gas, Inc. (Coleman) took over the operation of the pipeline and applied for a right-of-way to transport natural gas from wells on the Navajo Nation oil and gas lease; and

5. The right-of-way for Coleman completed the SAS 164 review process but was not placed on the Resources Committee's agenda because Coleman assigned the Navajo Nation oil and gas lease to the Rim Southwest Corporation of 5 Inverness Drive East, Denver, Colorado 80112, and this company applied for the right-of-way; and

6. The right-of-way is essential to transport natural gas produced from wells located on the Navajo Nation oil and gas lease; and

7. The pipeline and facilities are pre-existing and all environmental and archaeological clearances are in place; and

8. Any future surface disturbances will be subject to surface damages.

NOW, THEREFORE, BE IT RESOLVED THAT:

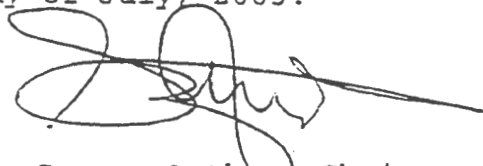
1. The Resources Committee of the Navajo Nation Council hereby approves a right-of-way for Rim Southwest Corporation described in Exhibit "B".

2. The Rim Southwest Corporation abides by the Navajo Nation terms and conditions stipulated in Exhibit "C".

3. The Resources Committee of the Navajo Nation Council hereby authorizes the President of the Navajo Nation to execute all documents, which are essential to fulfill the intent of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Resources Committee of the Navajo Nation Council at a duly called meeting at Rincon Marquez, Navajo Nation (New Mexico), at which a quorum was present and that same was passed by a vote of 4 in favor, 0 opposed and 0 abstained, this 10th day of July, 2003.



George Arthur, Chairperson
Resources Committee

Motion: Nelson S. Begaye
Second: Larry Noble

CATEGORICAL EXCLUSION EXCEPTION REVIEW (CEER) CHECKLIST

Project: Existing NNOGC Exploration and Production, LLC's Right-of-Way Called "Dry Mesa" Across Navajo Tribal Trust Land, Apache County, AZ	Date: 8/10/14
Letter and Text of category (BIA - 516 DM 10.5): F. <u>Rights-of-Way</u> . (3) Renewals, assignments and conversions of existing rights-of-way where there would be essentially no change in use and continuation would not lead to environmental degradation.	

Evaluation of Extraordinary Circumstances (43 CFR 46.215):

1. This action would have significant impacts on public health or safety.	NO X	YES
2. This action would have significant impacts on: natural resources & unique geographical features as historic or cultural resources; park, recreation or refuge lands; wilderness areas; wild & scenic rivers; national natural landmarks; sole or prime drinking water aquifers; prime farmlands wetlands; floodplains; national monuments; migratory birds; and other ecologically significant areas.	NO X	YES
3. This action would have highly controversial environmental effects or unresolved conflicts concerning alternate uses of available resources.	NO X	YES
4. This action would have highly uncertain environmental effects or involve unique or unknown environmental risk.	NO X	YES
5. This action will establish a precedent for future actions.	NO X	YES
6. This action is related to other actions with individually insignificant but cumulatively significant environmental effects.	NO X	YES
7. This action will have significant impacts on properties listed or eligible for listing in the National Register of Historic Places.	NO X	YES
8. This action will have significant impacts on a species listed or proposed to be listed as endangered or threatened, or Critical Habitat of these.	NO X	YES
9. This action violates federal, state, local, or tribal law or requirements imposed for protection of the environment.	NO X	YES
10. This action will have a disproportionately high and adverse effect on low income or minority populations.	NO X	YES
11. This action will limit access to, and ceremonial use of, Indian sacred sites on federal lands, by Indian religious practitioners, and/or adversely affect the physical integrity of such sites.	NO X	YES
12. This action will contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area, or may promote the introduction, growth, or expansion of the range of such species.	NO X	YES

A "yes" to any of the above exceptions will require that an environmental assessment be prepared.

NEPA Action: CE EA

Project (con't):

Existing NNOGC Exploration and Production, LLC's Right-of-Way Called "Dry Mesa" Across Navajo Tribal Trust Land, Apache County, AZ

Name and Title of person preparing this checklist:

For Applicant: Kitty Wood, Permits West, Inc.



Concur:

Regional Archeologist

Date:

Concur:

Other Environmental Professional

Date:

Concur:

Regional/Agency/OFMC NEPA Reviewer

Date:

Approve:

**Regional Director/Agency Superintendent/
OFMC Official**

Date:

NOTES:

Categorical Exclusion Exception Review Contents

1. Categorical Exclusion Exception Review (CREER) Checklist
2. Narrative of CREER Checklist
3. BRCF & Navajo Endangered Species List for Project
4. Survey for Plants and Potential Wetlands Report w/Follow up Survey Report
5. Survey for Wildlife Species Report

**CATEGORICAL EXCLUSION FOR THE EXISTING
NNOGC EXPLORATION AND PRODUCTION, LLC
RIGHT-OF-WAY ACROSS
NAVAJO TRIBAL TRUST LAND
APACHE COUNTY,
ARIZONA**

7. 5 MINUTE TOPOGRAPHIC MAPS:
TOH ATIN MESA EAST, AZ
& COW BUTTE, AZ



Prepared by:
Kitty Wood
August 11, 2014

Project Sponsor: NNOGC Exploration and Production, LLC

Project Location: (Called “Dry Mesa Pipeline”) is approximately 7.1 miles southeast of Red Mesa and 8 miles west of Teec Nos Pos, AZ in the foothills of the Carrizo Mountains in Sections 5, 6, 8 & 9 of T. 40N., R. 29E., Apache County, AZ. See attached USGS topographic map.

Project Size:

Existing 4 inch, 12,936.76 foot (2.45 miles) long natural gas pipeline, dehydrator, and meter run in a 30 foot wide corridor. Total acreage: 8.91 acres.

Project Description: The right-of-way was originally approved circa 1991 and was granted to Western Gas. In 2001, Western assigned the RW to Coleman Oil & Gas. Before the Navajo SAS review was completed, Coleman assigned the RW to RIM Southwest. RIM became owner of the pipeline in July 2003 and assigned it to NNOGC Exploration and Production, LLC in 2013. NNOGC Exploration and Production, LLC is also seeking a renewal of the pipeline RW.

Project Goal: NNOGC Exploration and Production, LLC is applying for a 20 year term. There will be no new surface use or surface disturbance.

Project Environment: The project is within a Great Basin desert landscape of gently rolling plains with Dry Mesa to the west, Chezhindeza Mesa to the south, and a low arm of the Chezhindeza Mesa cutting across the center. Vegetation is sparse. No riparian or wetlands are present within the project area.

Proposed Mitigation: None needed other than those associated with operation and maintenance. There will be no new surface use or disturbance associated with right-of-way renewal.

Project Schedule: Upon approval.

EXCEPTION REVIEW CHECKLIST

The following checklist may be used in determining whether an individual proposed action, which is within a categorical exclusion (Appendix 1 of 516 DM 2) would otherwise require the preparation of an Environmental Assessment (EA). If any questions are answered yes, then an EA may be required.

1. Will the project have significant adverse effects on public health or safety? No. There have been no accidents in 25+ years.
2. Will the project have adverse effects on such unique geographic characteristics as historic or cultural resources, parks, recreation or refuge

lands, wilderness areas, wild or scenic rivers, sole or principal drinking water aquifers, prime farmlands, wetlands, floodplains, or ecologically significant or critical areas including those listed on the Department's National Register of Natural Landmarks? No. There is no such land use designations or unique geographic characteristics within the project area.

3. Will the project have highly controversial effects? No. The right-of-way has been in existence for at least 25 years without any controversy.

4. Will the project have highly uncertain and potentially significant environmental effects or involve unique or environmental risks? No. Pipeline corridors are common in northeast Arizona and do not pose significant environmental effects or involve risks under standard operation.

5. Will the project establish a precedent for future actions or represent a decision in principle about future actions with potentially significant environmental effects? No. The project was originally approved in October 1991 and has not resulted in any significant environmental effects.

6. Will the project be directly related to other actions with individually insignificant, but cumulatively significant environmental effects? No. Most of project parallels existing corridors. Areas that do not follow corridors have been sufficiently reclaimed such that the pipeline corridor is difficult to discern from the rest of the landscape.

7. Will the project have adverse effects on properties listed or eligible for listing on the National Register of Historic Places? No. There will be no new surface use or disturbance.

8. Will the project have adverse effects on species listed or proposed to be listed on the List of Endangered or Threatened Species, or have adverse effects on designated critical habitat for these species? No. There will be no new surface disturbance or habitat degradation. Plant and wildlife populations that exist within the project area will not be impacted by right-of-way renewal.

9. Will the project violate Executive Order 11988 on floodplains, Executive Order 11990 on wetlands, or the Fish and Wildlife Coordination Act? No. There are no floodplains or wetlands in the project area.

10. Will the project threaten to violate a Federal, State, local, or Tribal law or requirement imposed for protection of the environment? No. Negligible impacts qualify for Categorical Exclusion under Dept. of the Interior NEPA Process Management – BIA Regulation 516 D M 10, 10.5 F:

“(3) Renewals, assignments and conversions of existing rights-of-way where there would be essentially no change in use and continuation would not lead to environmental degradation.”

11. Will the project have a disproportionately high and adverse effect on low income or minority populations (Executive Order 12898)? No. Tribal Trust lands are owned by the Navajo Nation and benefits from rights-of-way leases go to the Navajo Nation Tribe.

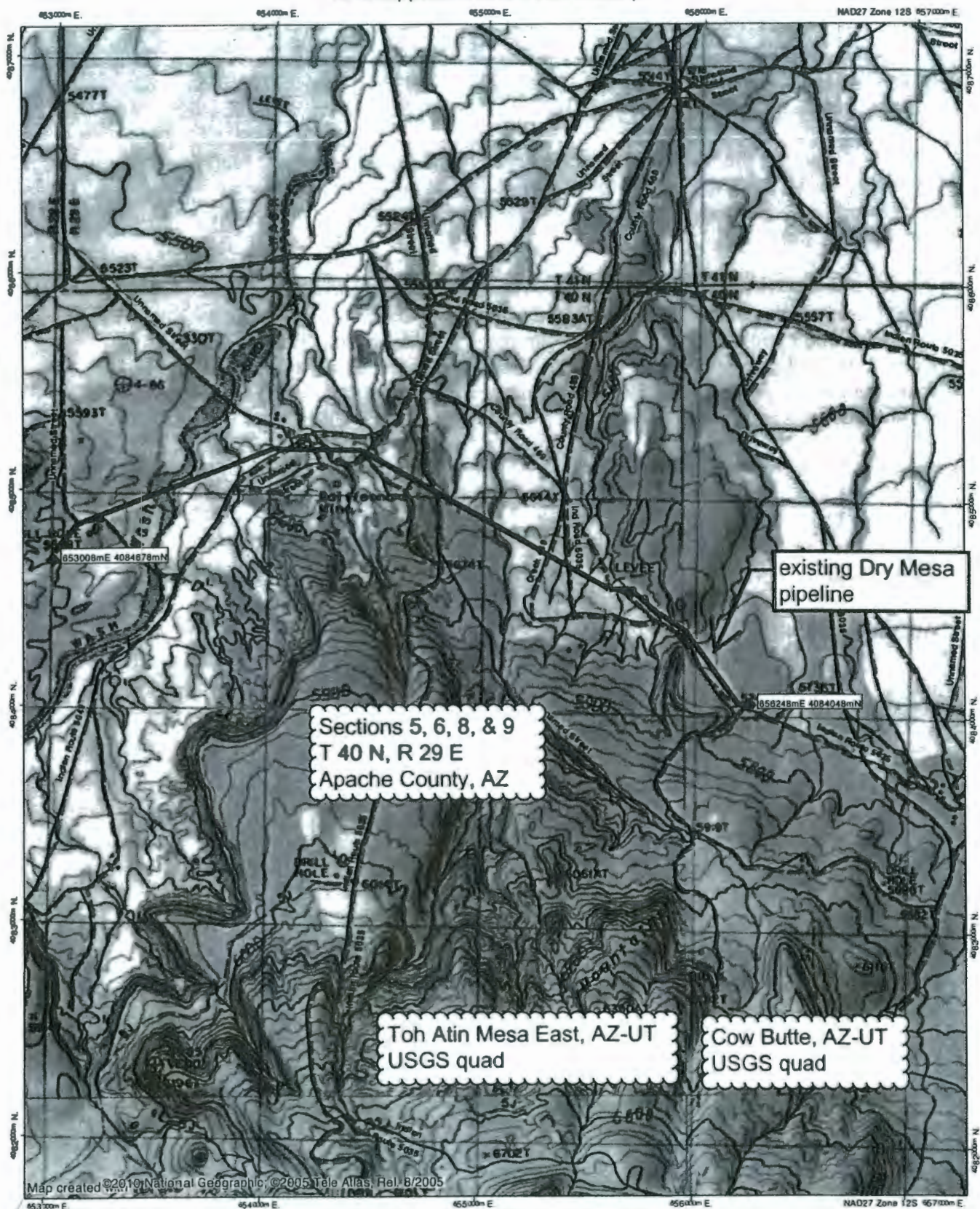
12. Will the project limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly adversely affect the physical integrity of such sacred sites (Executive Order 13007). No. The project does not cross any ceremonial use areas or sacred sites.

13. Will the project contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species (Federal Noxious Weed Control Act and Executive Order 13112)? No. There are no federal or BIA noxious weeds found within the project area and there is no new surface disturbances planned that may facilitate noxious weed infestation.

Prepared by:

Kitty Wood

August 11, 2014



**BIOLOGICAL RESOURCES COMPLIANCE FORM
NAVAJO NATION DEPARTMENT OF FISH AND WILDLIFE
P.O. BOX 1480, WINDOW ROCK, ARIZONA 86515-1480**

It is the Department's opinion the project described below, with applicable conditions, is in compliance with Tribal and Federal laws protecting biological resources including the Navajo Endangered Species and Environmental Policy Codes, U.S. Endangered Species, Migratory Bird Treaty, Eagle Protection and National Environmental Policy Acts. This form does not preclude or replace consultation with the U.S. Fish and Wildlife Service if a Federally-listed species is affected.

PROJECT NAME & NO.: Dry Mesa Pipeline & Ancillary Facilities Right-of-Way Assignment & Renewal

DESCRIPTION: NNOGC seeks approval of the assignment and renewal of the ROW for an existing natural gas pipeline, dehydrator, and meter run. NO NEW CONSTRUCTION IS PROPOSED. The pipe line is 12,936.76 ft. in length with a 30-ft. wide corridor. Total acreage is 8.91 acres.

LOCATION: UTM NAD27: 653006E 4084678N (west end), 656248E 4084048N (east end), Teec Nos Pos Chapter, Apache County, Arizona.

REPRESENTATIVE: Permits West, Inc. for Navajo Nation Oil & Gas (NNOGC) Exploration & Production, LLC.

ACTION AGENCY: Navajo Nation and Bureau of Indian Affairs-Navajo Region

B.R. REPORT TITLE / DATE / PREPARER: CE for the Existing NNOGC Exploration & Production LLC's ROW Across Navajo Tribal Trust Land/11 APR 2014/Permits West, Inc.

SIGNIFICANT BIOLOGICAL RESOURCES FOUND: Area 1 & 3. There will be no new surface disturbance.

POTENTIAL IMPACTS

NESL SPECIES POTENTIALLY IMPACTED: NA

FEDERALLY-LISTED SPECIES AFFECTED: NA

OTHER SIGNIFICANT IMPACTS TO BIOLOGICAL RESOURCES: NA


AVOIDANCE / MITIGATION MEASURES: NA

CONDITIONS OF COMPLIANCE*: NA

FORM PREPARED BY / DATE: Pamela A. Kyselka/08 SEPT 2014

COPIES TO: (add categories as necessary)

☐ _____ ☐ _____

<u>2 NTC § 164 Recommendation:</u>		Signature 	Date <u>9/5/14</u>
<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Conditional Approval (with memo) <input type="checkbox"/> Disapproval (with memo) <input type="checkbox"/> Categorical Exclusion (with request letter) <input type="checkbox"/> None (with memo)		Gloria M. Tom, Director, Navajo Nation Department of Fish and Wildlife	

*I understand and accept the conditions of compliance, and acknowledge that lack of signature may be grounds for the Department not recommending the above described project for approval to the Tribal Decision-maker.

Representative's signature

Date

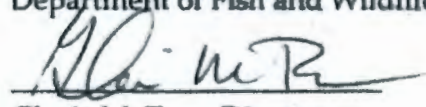
THE NAVAJO NATION



BEN SHELLY PRESIDENT
REX LEE JIM VICE PRESIDENT

MEMORANDUM

TO : Jeffrey Cole, Wildlife Manager
Department of Fish and Wildlife

FROM : 
Gloria M. Tom, Director
Department of Fish and Wildlife

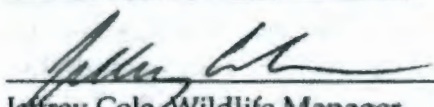
DATE : September 05, 2014

SUBJECT : DELEGATION OF AUTHORITY

I will be on travel Monday through Friday, September 08 - 12, 2014. I am hereby delegating you to act in the capacity of the Director, Department of Fish and Wildlife, effective 8:00 a.m. on Friday, September 08, 2014. This delegation shall end at 5:00 p.m. on Friday, September 12, 2014.

Your authority will cover the review and signing off of all routine documents pertaining to the Department of Fish and Wildlife, except for issues that you feel should have the attention of the Director.

ACKNOWLEDGEMENT


Jeffrey Cole, Wildlife Manager
Department of Fish and Wildlife

SURVEY FOR ENDANGERED, THREATENED AND SENSITIVE PLANTS AND POTENTIAL WETLANDS

**DRY MESA PIPELINE AND DEHYDRATOR STATION
APACHE COUNTY, ARIZONA
FEBRUARY 26, 2014**

By
James McGrath, Field Botanist

A plant survey was conducted on the existing Dry Mesa pipeline and ancillary facilities in Apache County, AZ during the period of August 29 - September 2, 2013. The pipeline is approximately 9 miles west of Teec Nos Pos, AZ. The 12,936.76-foot (') long pipeline starts at a meter run in the SW/4 of SW/4 of Section 6, T. 40 N., R. 29 E. The pipeline extends more or less eastward through Sections 5, 6, 8 and 9 of T. 40 N., R. 29 E. to a meter run and dehydrator station just east of the section line in the SW/4 of NW/4 of Section 9, T40N, R29E. The pipeline and ancillary facilities, including a dehydrator and meter run, constitute an assignment of an easement from RIM Southwest Corp. to NNOGC Exploration and Production, LLC and NNOGC's request for a renewal of this easement (Wood, 2013). The survey also included an assessment for the existence wetlands along the easement.

TARGET RARE PLANTS

Navajo Natural Heritage Program indicated in a letter dated February 13, 2014 that there is no record of plant species of concern on or near the project area. However, two plant species are reported as having a potential to occur within one or both of the two 7.5 minute quadrangles which contain the pipeline. These species are Welsh's milkweed (*Asclepias welshii*) and Parish's alkali grass (*Puccinellia parishii*). Welsh's milkweed is in Group 3 of the Navajo Endangered Species List (NNDFWL 2008). Group 3 species are considered "endangered" by the Navajo Nation. Welsh's milkweed is also listed threatened by the U.S. Fish and Wildlife Service (Roth 2001a; USFWS 2013). Parish's alkali grass is in Group 4 of the Navajo Endangered Species List (NESL). Group 4 species are those species for which there is not enough information to justify listing them as "endangered" in Groups 2 or 3 (NNDFWL 2008).

SECONDARY TARGET SPECIES

There are an additional 6 species that, according to the species accounts for species on the NESL (Roth 2008, Roth 2001b through Roth 2001f) either are known to occur on or near the nearby Carrizo Mountains (Sivinski's fleabane - *Erigeron sivinskii*) or have a potential to occur on or near the Carrizo Mountains (Navajo bladderpod - *Lesquerella navajoensis*) or have a potential to be found in this location (Apache County) of northern Arizona (Navajo sedge - *Carex specuicola*, Rydberg's thistle - *Cirsium rydbergii*, Utah bladderfern - *Cystopteris utahensis*, and Alcove bog orchid - *Platanthera zothecina*). Navajo bladderpod, Navajo sedge

and alcove bog orchid are in Group 3 of the NESL and, therefore, the Navajo Nation considers them “endangered.” Navajo sedge is also listed threatened by the U.S. Fish and Wildlife Service. Sivinski's fleabane, Rydberg's thistle and Utah bladderfern are all in Group 4 of the NESL (NNDFWL 2008; USFWS 2013). These species were considered, but their habitats are highly specific and not likely to occur along the pipeline.

WETLANDS

Detsoi (2014) also indicates that the project area should be evaluated for the existence of possible wetlands and potential impacts to these wetlands.

METHODOLOGY

The pipeline corridor was walked twice – once each on either side of the pipeline – searching for the eight (8) target species or their habitats and possible wetlands. All identifiable plant species were recorded and are reported in the species list at the end of this report. Positive identification of Parish's alkali grass is only possible during the flowering period of April to mid-June for this species (Roth 2001g). Therefore, the survey can only identify potential habitat, which would have to be surveyed in spring of 2014 for Parish's alkali grass. If habitat for Parish's alkali grass were found during this survey, the GPS coordinates of the location of the habitat would be recorded using a Garmin GPS MAP 60CSx GPS unit. Similarly the locations of any possible wetlands would be recorded.

The locations and population sizes of Welsh's milkweed or any other plant species found on the NESL or any species on the Navajo Nation's Sensitive Species List (NNHP 2008) would be recorded. Similarly, any noxious weed found on the list developed for the Navajo Reservation (USDI-OSM 1999) would also be recorded.

This survey is primarily a habitat survey for 2 of the remaining 6 secondary target species, so locations of the specific habitats would be recorded. If suitable habitat for Sivinski's fleabane or Navajo bladderpod is found, a spring-time survey would be required.

RESULTS

Table 1 reports the 8 targeted species, their expected habitats and their potential to occur within the survey area. None of the 8 target species were found during this survey.

Welsh's milkweed

No plants resembling this species were observed during this survey. Potential habitat for the milkweed is present in the western portion of the pipeline, where the pipeline crosses sand dunes (Table 1). However, the dunes lack two features of the habitat for Welsh's milkweed. The dunes are not derived from the Navajo Sandstone and the dunes do not appear to be active (Roth 2001a). However, the plant would have been easily observed if it were present. The dune area is characterized by low plant diversity and the non-native tumbleweed (*Salsola tragus*) is the dominant forb. The milkweed, if it was ever present, was probably removed long ago by excessive livestock grazing.

Parish's Alkali Grass

Neither the plant nor potential habitat for Parish's alkali grass was found during the survey. A depression behind a large earthen dam was found filled with water (see "Wetlands" below). However, evidence indicates that the depression is normally completely dry, but was currently filled with water due to a recent major rain event. There was no sign of white alkaline crusts that would suggest Parish's alkali grass habitat (Detsoi 2014) anywhere during this survey.

Secondary Target Species

These species occur in either very specific habitats that involve steep barren, clayey slopes, windswept areas like mesa tops with little vegetation, seeps, hanging gardens, cliffs, and streams. These habitats do not exist within or near the survey area. Therefore, potential habitat for these species does not exist within the survey area. Table 1 discusses in greater detail the habitat preferences of these species and the lack thereof in the survey area.

Wetlands

No definite wetlands were observed during this survey. However, one apparent stock pond filled with water was found behind a huge earthen dam identified on a National Geographic topographic map as a "LEVEE." The water-filled depression and adjacent wet areas were dominated by carpet vervain (*Verbena bracteata*) and tumbleweed (*Salsola tragus*). According to the National Wetland Plant List 2013 Wetland Ratings (Lichvar 2013), the wetland indicator status of these two species are FAC (facultative) and FACU (facultative upland), respectively, in the Arid West Region of the U.S. Army Corps of Engineers. Therefore, the drying stock pond does not meet the qualifications for hydrophytic vegetation (USACE 2008). A local resident explained this site is no longer used as a stock pond and that, under normal circumstances, is completely dry. The resident said that a major rain event had occurred two weeks previous to the investigator's visit. The water level in the depression behind the levee had apparently been about 6 inches higher as indicated by drift deposits on some tumbleweed plants. The investigator concludes that this depression likely does not qualify as a wetland. However, a follow-up visit in spring of would confirm that the water-filled depression is not normally filled with water. In addition, the vegetation can be re-assessed and the soils tested to see if hydric soils are present.

TABLE 1. Plant species cited by Detsoi (2014) as species of concern that are known to occur or have the potential to occur in or near the project area. Six other species are included since they are known to occur or may have a potential to occur on or near the nearby Carrizo Mountains or have a potential to be found in this location (Apache County) of northern Arizona. NESL and federal (USFWS) status, habitat preferences and the existence of potential habitat within the survey area are reported for each of these species.

Common Name (Scientific Name)	Status* NESL Fed.	Habitat Associations	Potential to Occur In Project Area
Welsh's milkweed (<i>Asclepias welshii</i>)	Gp 3 T	"Active sand dunes derived from Navajo sandstone in sagebrush, juniper, and ponderosa pine communities. Known populations occur from 5000 to 6230 ft. elevation" (Roth 2001a).	Potential habitat may exist. Sand dunes are present for about 400m in the east half of the pipeline. However, it is not clear whether the dunes are still active. Also, the dunes are not derived from the Navajo Sandstone. However, the non-native tumbleweed (<i>Salsola tragus</i>) is the primary dominant non-shrub, providing up to 25% vegetation cover. The dunes lack diversity and the milkweed, if it ever was present, was very likely removed long ago by livestock grazing. The plant (even dead ones) would be easily observed if it were present. Species not found.
Parish's alkali grass (<i>Puccinellia parishii</i>)	Gp 4	"Alkaline seeps, springs, and seasonally wet areas such as washes. Populations are known to occur between 5000 and 7200 ft elevation" (Roth 2001g). Often associated with wetlands with white alkaline crusts (Detsoi 2014).	Potential habitat does not exist. A depression filled with water was found during the survey, but no white alkaline crusts were observed. The evidence (see "Wetlands" in text) indicates that this water body is normally dry and was present at the time of the survey because of a recent rain event. No other seeps, springs or areas with white alkaline crusts were observed during this survey. Species not found.
Sivinski's fleabane (<i>Erigeron sivinskii</i>)	Gp 4	"Steep, barren, shale slopes of the Chinle Formation, in pinion-juniper woodland and Great Basin Desert Scrub communities. Known populations occur at 6100 to 7400ft elevation" (Roth 2001d).	Potential habitat does not exist. Chinle Formation is absent from survey area. Steep, barren, shaley slopes are absent within the survey area. Species not found.
Navajo bladderpod (<i>Lesquerella navajoensis</i>)	Gp 3	"...mostly occurs on windward, windswept mesa rims and nearby habitat with little vegetative cover and high insolation. Also found at the base and slopes of small hills of the Chinle Formation. Typically only found in a combination of Todilto Limestone overlaying Entrada Sandstone or Chinle outcrops in pinion-juniper communities." Roth 2001e)	Potential habitat does not exist. Mesa rims, windswept areas with little vegetative cover and the Todilto, Entrada and Chinle Formations are absent. Species not found.

Common Name (Scientific Name)	Status* NESL Fed.	Habitat Associations	Potential to Occur In Project Area
Navajo sedge (<i>Carex specuicola</i>)	Gp 3 T	"... in seeps and hanging gardens, on vertical sandstone cliffs and alcoves. Known populations occur from 4600ft to 7200 ft.(Roth 2001b)	Potential habitat does not exist. No seeps, hanging gardens or vertical sandstone cliffs are present within the survey area. Species not found.
Rydberg's thistle (<i>Cirsium rydbergii</i>)	Gp 4	"Hanging gardens, seeps and sometimes stream banks below hanging gardens, 3300-6500 ft." (Roth 2008)	Potential habitat does not exist. No seeps, hanging gardens or streams are present within or near the survey area. Species not found.
Utah bladderfern (<i>Cystopteris utahensis</i>)	Gp 4	"Seepages, cracks and ledges on cliffs; on calcareous substrates including sandstone, limestone, and dacite. Populations are known from 4200 to 8800 ft elevation." (Roth 2001c)	Potential habitat does not exist. Seepages, cliffs and calcareous substrates are all absent in the survey area. Species is known from only one location. Species not found.
Alcove bog orchid (<i>Platanthera zothecina</i>)	Gp 3	"Seeps, hanging gardens, and moist stream areas from the desert shrub to pinion-juniper & Ponderosa pine/mixed conifer communities...." 4000-7200 ft. (Roth 2001f)	Potential habitat does not exist. Seeps, hanging gardens and moist stream areas are absent within the survey area. Species not found.

* Status: NESL = Navajo Endangered Species List, Fed. = federal (U.S. Fish and Wildlife Service), E = Endangered, T= Threatened

NESL Categories:

- Gp 2 = Group 2 – "Endangered" - Any species or subspecies whose prospects of survival or recruitment are in jeopardy.
- Gp 3 = Group 3 – "Endangered" - A species or subspecies whose prospects of survival or recruitment are likely to be in jeopardy in the foreseeable future.
- Gp 4 = Group 4 – Any species or subspecies for which the NNDFWL does not currently have sufficient information to support their being listed in Gp 2 or Gp 3, but has reason to consider them.

Sensitive Species

The Navajo Natural Heritage Program maintains a Navajo Nation Sensitive Species List (NNHP 2008) in addition to the NESL. None of the plant species on the list were found during this survey. One milkvetch plant was found that is either *Astragalus amphioxys* or *A. missouriensis* but it is definitely not *Astragalus missouriensis* var. *accumbens*. Twistleaf rabbitbrush (*Chrysothamnus viscidiflorus*) was found, but it was determined that it is not *Chrysothamnus viscidiflorus* ssp. *planifolius*.

Noxious Weeds

None of the noxious weed species reported on a noxious weed list developed by the Office of Surface Mining, Reclamation and Enforcement (USDI-OSM 1999) for the Navajo Reservation were found during this survey.

GENERAL SITE DESCRIPTION

Geography and Geology

The pipeline lies mostly on the lower foothills of or on the bajada below the northwestern side of the Carrizo Mountains. According to the Geologic Map of Apache and Navajo Counties, Arizona (Wilson et al 1960), the surface geology of the survey area is primarily derived from the Morrison Formation of late Jurassic time. A portion of the eastern end of the pipeline may lie in soils derived from the rocks of the San Rafael Group (Wilson et al 1960).

The pipeline crosses some sand dunes for about 400 meters in the western portion of the pipeline. Rock outcrops are encountered on either side of the pipeline in the eastern portion of the pipeline. The rocks are white in color and are probably part of the diorite porphyry that constitutes the intrusive rock that forms the main component of the Carrizo Mountains (Semken and McIntosh 1997).

Soils

Soil was tested in 3 locations using the method described by Pierce (1999). Soil on the east end tested to a sandy clay and to a sandy clay loam in the west end of the pipeline. The soil in the sand dunes tested to sandy loam. The combination of clay and sand is consistent with soils derived from the Morrison Formation. The Morrison Formation is derived from floodplain deposits as well as deposits from rivers, streams, lakes, mudflats and swamps (Tang 2013) and both sandstones and claystone or mudstone are common in the Morrison Formation (Flesch 1974).

Elevation

Elevation in the survey area is 5600-5800 feet.

Vegetation

Several plant communities were observed along the pipeline. These are:

- 1) Bigelow rabbitbrush (*Ericameria nauseosa* var. *bigelovii*) - tumbleweed. This community occupies the west end of the pipeline including the dunes. Bigelow rabbitbrush cover varies from 15 to 40% cover and tumbleweed cover varies from 5 to 25%. In some places stands of galleta (*Pleuraphis jamesii*) provide 15% cover or Cutler joint-fir (*Ephedra cutleri*) accounts for 10% cover. Bare ground varies from 50 to 75%. In one area tumbleweed is the exclusive dominant, providing 50% cover.
- 2) Galleta Grassland. The middle portion of the pipeline is occupied by this community. Galleta cover varies from 30 to 50%. A few shrubs and one-seed juniper (*Juniperus monosperma*) provide about 5-10% cover. Bare ground is about 50%.
- 3) Juniper-shrub community. The east end of the pipeline passes through this community. Rock outcrops are present and the elevation is slightly higher. One-seed juniper provides

about 20% cover in the area on either side of the pipeline corridor, but is mostly absent from the corridor itself. Broom snakeweed (*Gutierrezia sarothrae*) dominates the pipeline corridor, providing 10% cover. A variety of other shrubs provide an additional 15% cover. These shrubs include cliffrose (*Purshia stansburyana*), singleleaf ash (*Fraxinus anomala*), Bigelow rabbitbrush, spiny greasewood (*Glossopetalon spinescens*) and Navajo yucca (*Yucca baileyi*). Galleta cover is about 5% and bare ground is 60%.

Vegetation along the west and central portions of the pipeline appear to be heavily cropped by livestock. The abundance of tumbleweed in these areas appears to reflect a long history of livestock grazing in the area. Several Navajo homes are near the middle portion of the pipeline.

SUMMARY

1. An existing +/- 2.45 mile pipeline corridor was walked twice.
2. No plant species on the Navajo Endangered Species List were found during this survey.
3. Some sand dunes may represent possible habitat for Welsh's milkweed – a Group 3 species on the NESL. However, the abundance of tumbleweed and lack of botanical diversity on the dunes suggests that, if Welsh's milkweed were ever present, it was removed long ago by livestock grazing. There was no sign of living or dead Welsh's milkweed plant.
4. Habitat for Parish's alkali grass does not exist within the survey area.
5. Six other species were considered for this survey, but habitat for these species does not exist within the survey area.
6. No plant species on the Navajo Nation Sensitive Species List were found during this survey.
7. No noxious weed species on the list developed by the Office of Surface Mining, Reclamation and Enforcement (USDI-OSM 1999) for the Navajo Reservation were found during this survey.
8. No definite wetlands were found during this survey. A water-filled depression dominated by carpet vervain and tumbleweed was found, but these species do not meet the qualification for hydrophytic vegetation. A local resident indicated that the depression is normally completely dry and that a recent major rain event had filled the depression.

RECOMMENDATION

Although the water-filled depression does not appear to be a wetland, a follow-up visit in the spring is recommended to verify that the depression is normally dry and re-assess vegetation and soils to firmly establish whether or not the site is a wetland.

SPECIES LIST

Following is a list of species found during this survey. Scientific nomenclature follows Allred (2012).

SPECIES

COMMON NAME

TREES

Juniperus monosperma

One-seed juniper

Pinus edulis

Pinon pine

SHRUBS

Atriplex canescens
Brickellia microphylla
Chrysothamnus viscidiflorus
Ericameria nauseosa var. *bigelovii*
Fraxinus anomala
Glossopetalon spinescens
Lycium pallidum
Purshia stansburyana
Sarcobatus vermiculatus
Yucca baileyi

Four-wing saltbush
Little leaf brickellbush
Twistleaf rabbitbrush
Bigelow rabbitbrush
Singleleaf ash
Spiny greasebush
Pale wolfberry
Cliffrose
Greasewood
Navajo yucca

SUBSHRUBS AND CACTI

Artemisia bigelovii
Chrysothamnus Greenei
Ephedra cutleri
Gutierrezia microcephala
Gutierrezia sarothrae
Krascheninnikovia lanata
Opuntia polyacantha

Bigelow sagebrush
Greene's rabbitbrush
Cutler joint-fir
Thread-leaf snakeweed
Broom snakeweed
Winterfat
Starvation prickly pear

GRASSES

Achnatherum hymenoides
Agropyron cristatum
Aristida purpurea
Bromus tectorum
Elymus longifolius
Muhlenbergia pungens
Pleuraphis jamesii

Indian ricegrass
Crested wheatgrass
Purple threeawn
Cheatgrass
Bottlebrush squirreltail
Sandhill muhly
Galleta

FORBS

Ambrosia acanthicarpa
Astragalus sp. (*A. amphioxys* or *A. missouriensis*)
Chaetopappa ericoides
Chamaesyce fendleri
Chenopodium sp.
Comandra umbellata ssp. *pallida*
Cordylanthus wrightii var. *tenuifolius*
Eriogonum cernuum
Eriogonum leptocladon var. *ramosissimum*
Eriogonum microthecum
Eriogonum ovalifolium (?)

Flatspine bur ragweed
Crescent milkvetch or Missouri milkvetch
Sand aster
Fendler sandmat
Goosefoot
Bastard toadflax
Bird's beak
Nodding buckwheat
Sand buckwheat
Slender buckwheat
Oval-leaf buckwheat

Mirabilis multiflora
Salsola tragus
Senecio flaccidus
Sphaeralcea grossulariifolia
Sphaeralcea leptophylla
Stanleya pinnata
Verbena bracteata

Showy four o'clock
 Tumbleweed
 Threadleaf groundsel
 Gooseberry globemallow
 Scaly globe mallow
 Prince's plume
 Carpet vervain

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James McGrath

FOLLOW-UP SURVEY OF POSSIBLE WETLAND
DRY MESA PIPELINE
APACHE COUNTY, ARIZONA
JUNE 11, 2014
by
JAMES R. MCGRATH
Field Botanist

In a report prepared by this investigator (McGrath 2014) a dirt stock pond was found filled with water during a threatened and endangered plant survey conducted August 29-September 2, 2013 on the existing Dry Mesa pipeline. The stock pond is located in the NE/4 of Section 8, T40N, R29E. The location is near the foothills on the northwest side of the Carrizo Mountains about 9 miles west of Teec Nos Pos, AZ and south of U.S. Highway 160. This survey was a follow-up survey to determine if the water-filled depression and adjacent ground qualifies as a wetland.

WATER-FILLED DEPRESSION IS NOT A WETLAND

No Hydrology or Hydric Soil

The depression adjacent to an earthen dam was re-visited on May 11, 2014. No water was present in the depression. There was no evidence of water saturation to a depth of 12 inches. The soil was very dry and blocky to a depth of 12 inches. There was no evidence to suggest the presence of hydric soil. From 0-12 inches the soil matrix color using Munsell Soil Color Charts was determined to be 7.5YR/3/4. There was no evidence of redox concentrations or depletions indicating that hydric soil is not present.

Hydrophytic Vegetation Present in Middle of Depression

Hydrophytic vegetation was assessed using the dominance test as described in the Arid West Supplement to the Corps of Engineers Wetland Delineation Manual (USACE 2008). The middle of the depression was exclusively dominated by prostrate knotweed (*Polygonum aviculare*), which is rated FACW in the most up-to-date wetland plant ratings (Lichvar et al 2014). Consequently, the vegetation in the middle of the depression qualifies as hydrophytic vegetation.

The outer perimeter of the depression was dominated by carpet vervain (*Verbena bracteata*) and red-stem filaree (*Erodium cicutarium*). Wetland rating for these two species is FAC and UPL, respectively (Lichvar et al 2014). Therefore, the outer plant community does not qualify as hydrophytic vegetation since only 50% of the dominants are hydrophytic (51% is needed).

Depression is not a Wetland

The water-filled depression is not a wetland because

- 1) Hydrology appears to develop only following significant precipitation events, which are infrequent in this arid part of the world.
- 2) There is no evidence of hydric soil or hydric soil development.
- 3) Hydrophytic vegetation could not even be established when the depression was filled with water in late August, 2013 (McGrath 2014).
- 4) Although hydrophytic vegetation was present in the middle of the depression in May 2014, the hydrophytic vegetation was exclusively due to a single annual species that was probably responding to a recent precipitation event that put water in the depression. Perennial wetland vegetation would need to be present for this site to be a wetland.

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James McGrath

THREATENED, ENDANGERED, AND SPECIAL STATUS
WILDLIFE SPECIES REPORT
FOR NNOGC EXPLORATION AND PRODUCTION LLC'S EXISTING DRY MESA
PIPELINE RIGHT-OF-WAY ASSIGNMENT AND RENEWAL
APACHE COUNTY, ARIZONA

1.0 Introduction

Threatened, endangered and special status wildlife species surveys were conducted at the existing NNOGC "Dry Mesa" pipeline right-of-way pipeline (Sections 5, 6, 8, and 9, T. 40 N., R. 29 E.), Apache County, Arizona. The project area is located approximately 9 miles southwest of the village of Teec Nos Pos. The project site is located on Navajo Nation Tribal Lands.

2.0 Methods

On August 28-29, 2013, Wildlife Biologist Charles Black conducted a pedestrian survey of the project area to inspect for the potential presence of threatened, endangered, or special status species. Weather during surveys was clear and breezy, with daytime highs around 80F. There were brief, heavy afternoon and early evening thunderstorms on 8/28/13. The survey area consisted of the proposed pipeline route, and a 25-foot buffer either side of the pipeline routes. Habitat and existing conditions were evaluated. A 0.5-mile radius around the project area was surveyed for raptor nests. An additional 1.0-mile line-of-sight survey was conducted from the project area for raptor nests. The surveyor used 10 X 40 binoculars.

3.0 Description of Existing Habitat

The project scope consists of the existing 12,936.76 foot Dry Mesa pipeline right-of-way and existing ancillary facilities. Existing disturbance is 8.91 acres. No new construction or disturbance is proposed in association with this project. The pipeline route runs along the base of the bajada of the Carrizo foothills, generally following existing contours. Elevation varies from 5680 feet down to 5520 feet.

Topography near the project area is generally steep, rugged hills and mesas. The route begins in the far west edge of Section 9, at a junction with the existing Black Rock pipeline. From there it travels northwestward, then southwestward to its terminus in Section 6.

Vegetation in the project area is dominated by pinyon (*Pinus edulis*)-juniper (*Juniperus spp.*) savanah in steep, boulder strewn topography. A significant amount of shrubs are present in this area as well, including mountain mahogany (*Cercocarpus spp.*). Density of vegetation in this area is limited by rocky terrain.

Wildlife occurring in the area is typical of arid shrublands and pinyon/juniper woodlands of the Great Basin desert. This includes passerines such as horned larks (*Eremophila alpestris*), black-throated sparrows (*Ampelis bilineata*), and juniper titmouse (*Baeolophus ridgwayi*) as well as jackrabbits (*Lepus spp.*), kangaroo rats (*Dipodomys spp.*) and whiptail lizards (*Cnemidophorus spp.*).

4.0 Threatened, Endangered, and Special Status Wildlife Species

According to correspondence from the Navajo Natural Heritage Program, the following species have the potential to occur on the land covered by the Toh Atin Mesa East and Cow Butte 7.5-minute Quadrangles.

For the species listed below, the following tribal and federal statuses are indicated: the Navajo Endangered Species List (NESL), the federal Endangered Species Act (ESA), the Migratory Bird Treaty Act (MBT) and the Eagle Protection Act (EPA).

Species	Status	Habitat	Habitat Suitability Within the Project Area
Northern saw-whet owl (<i>Aegolius arcadia</i>)	Navajo Endangered Species List (NESL) Group 4, MBTA	Montane conifer forests generally above 8,000 feet in elevation	NP
Golden eagle (<i>Aquila chrysaetos</i>)	NESL Group 3, MBTA, EPA	A wide variety of open habitats, typically nests in steep cliffs typically > 30 meters in height	See discussion below
Ferruginous hawk (<i>Buteo regalis</i>)	NESL Group 3, MBTA	Open grasslands and deserts, typically nests atop rocky pinnacles, small buttes and cliffs	See discussion below
Mountain plover (<i>Charadrius montanus</i>)	NESL Group 4, MBTA, Federal-Species of Concern	Open grasslands with a high percentage of bare ground in flat terrain	NP
Dusky Grouse (<i>Dendragapus obsoletus</i>)	NESL Group 4 MBTA	Montane conifer forests generally above 8,000 feet in elevation	NP
Southwestern willow flycatcher (<i>Empidonax traillii extimus</i>)	NESL Group 2, MBTA, Federal-Endangered	Cottonwood-willow habitats within perennial riparian areas	NP
Black-footed ferret (<i>Mustela nigripes</i>)	NESL Group 2, Federal-Endangered	Grassland or shrubby habitats where large, densely populated prairie dog towns are present	NP
Northern leopard frog (<i>Rana pipiens</i>)	NESL Group 2	Wetland habitat with marshy vegetation	NP
Nakomis fritillary (<i>Speyeria nakomis</i>)	NESL Group 3	Montane habitats	NP
Band-tailed pigeon (<i>Colomba fasciata</i>)	NESL Group 4 MBTA	Montane conifer forests generally above 8,000 feet in elevation	NP

Mexican spotted owl (<i>Strix occidentalis lucida</i>)	NESL Group 3, MBTA Federal Threatened	Montane, mixed conifer old growth forests with multi canopies generally above 7,000 feet in elevation	NP
Kit fox (<i>Vulpes macrotis</i>)	NESL Group 4	Open, arid lowland habitats	See discussion below

Status

E Endangered T Threatened C Candidate NESL Navajo Endangered Species List SC Species of Concern

Presence*

K Known, documented observation within project area.

S Habitat suitable and species suspected to occur within the project area.

NS Habitat suitable but species is not suspected to occur within the project area.

NP Habitat not present and species unlikely to occur within the project area.

Section 5.0 gives information regarding the species that have the potential to occur within or near the project area.

No Navajo Nation Department of Fish & Wildlife species were observed during the surveys. If habitat suitability was observed, a discussion of the species follows in Section 5.0

5.0 Results

No federally or Navajo listed threatened, endangered, or special status species were observed during 8/28-29/13 wildlife surveys.

Golden eagle

The project area is suitable foraging habitat for golden eagles. No suitable eagle nest structures are present in the vicinity of the project area. Eagles may occasionally pass through the project area. Given that no new disturbance is proposed, this species should not be adversely impacted by the proposed project.

Ferruginous hawk

The project contains areas of foraging habitat for this species. Ferruginous hawks may occur in migration and winter in the project area. Given that no new disturbance is proposed, this species should not be adversely impacted by the proposed project.

Kit fox

Kit foxes likely occur in the project area, although no tracks scat or burrows were observed in the project area. Given that no new disturbance is proposed, this species should not be adversely impacted by the proposed project.

Migratory Birds

Migratory birds are protected under the Migratory Bird Treaty Act. Birds protected under the Act include all common songbirds, waterfowl, shorebirds, hawks, owls, eagles, ravens, crows, native doves and pigeons, swifts, martins, swallows and others, including their body parts (feathers, plumes etc.), nests, and eggs. The Act protects migratory birds from a "take". Take is defined as "to pursue, hunt, shoot, wound, kill, trap, capture, or collect, or any attempt to carry out these activities". A "take" does not include habitat destruction or alteration, as long as there is not a direct taking of birds, nests, eggs, or parts thereof.

Twenty one of the bird species observed during the wildlife surveys are protected under the Migratory Bird Treaty Act (see the species list in Section 6.0 below). Because no new construction is being proposed, no take of migratory birds is anticipated no take of migratory birds is anticipated.

Unique Wildlife Observations

The same project was surveyed in June of 2003. During that time, gray vireos (*Vireo vicinitor*) were observed to be a common breeding species in the Carrizo foothills area in the southernmost portion of the pipeline route. The occupied habitat was open juniper savannah with rocky and grassy substrate. The 2013 survey was too late in the season to determine if Gray vireos are still present. The species generally vacates its breeding grounds by mid-August.

This species has no listing status with the Navajo Nation, but this species is uncommon and local within its range in the southwestern US. It is a BLM Species of concern, and a New Mexico and Arizona sensitive species. This species' status is poorly known on the Navajo Nation, so this record is noteworthy.

In August of 2013, Canyon towhees were found to be fairly numerous in the rocky Carrizo foothills area in the southernmost portion of the pipeline route. This species is generally absent from similar habitats in San Juan County, New Mexico, and has never been verified to occur in the State of Utah, which is only some 25 miles to the north. For these reasons, the documentation of Canyon towhees at this location is noteworthy.

6.0 Species Observed During the Survey

Avian species observed

Turkey vulture (*Cathartes aura*)
Red-tailed hawk (*Buteo jamaicensis*)
American kestrel (*Falco sparverius*)
Mourning dove (*Zenaidura macroura*)
Plumbeous vireo (*Vireo plumbeus*)
Cassin's vireo (*Vireo cassinii*)
Say's phoebe (*Sayornis saya*)
Dusky flycatcher (*Empidonax olberholseri*)
Barn swallow (*Hirundo rustica*)
Cliff swallow (*Petrochelidon phryonata*)
Loggerhead shrike (*Lanius ludovicianus*)
Juniper titmouse (*Baeolophus ridgwayi*)
Common raven (*Corvus corax*)

Western scrub jay (*Aphelocoma californica*)
Bewick's wren (*Thryomanes bewickii*)
Rock wren (*Salpinctus obsoletus*)
Canyon wren (*Catherpes mexicanus*)
Western bluebird (*Sialia mexicana*)
American robin (*Turdus migratorius*)
Yellow-rumped warbler (*Setophagus coronata*)
Canyon towhee (*Pipilo fuscus*)

Mammalian species observed:

Black-tailed jackrabbit (*Lepus californicus*)
Antelope ground squirrel (*Ammospermophilus leucurus*)
Desert cottontail (*Sylvilagus audubonii*)
Coyote (*Canis latrans*)
Mule deer (*Odocoileus hemionus*)

Mammalian observations are generally from tracks, scat, and other sign.

Reptilian species observed:

Plateau lizard (*Sceloporus tristicaus*)
Plateau striped whiptail (*Aspidoscelis velox*)
Side-blotched lizard (*Uta stansburiana*)

7.0 Recommendations

There are no recommendations for this proposed right-of-way renewal.

8.0 References

Mikesic, D. G. and J. R. Nystedt. 2001. Species Accounts for *Aquila chrysaetos*.
Updated 15 February 2005. Navajo Natural Heritage Program. P. O. Box
1480. Window Rock, Arizona 86515.

Charles Black



NAVAJO NATION
Department of Fish & Wildlife
Navajo Natural Heritage Program
P.O. Box 1480
Window Rock, AZ 86515



Phone: 928.871.6472 • Fax: 928.871.7603 • <http://nnhp.nndfw.org>

Ben Shelly, President

Rex Lee Jim, Vice-President

13 February 2014

File#13PERM-11

Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508

NAVAJO ENDANGERED SPECIES LIST (NESL) INFORMATION FOR:

PROJECT: NNOGC DRY MESA PIPELINE
LEGAL DESCRIPTION T40N, R29E, SEC. 5, 6, 8 & 9
UTM COORDINATES
EAST END: 656248E, 4084048N
WEST END: 653006E, 4084678N
APACHE COUNTY, AZ

Mr. Wood:

The following information on species of concern¹ is provided in response to your 10 August 2013 request concerning the subject project, which consists of the assignment of existing right-of-way for existing -2.45-mile long x 20' wide 4' O.D. natural gas pipeline corridor (-6 acres); no construction planned.

Each 7.5-minute quadrangle containing project boundaries is addressed separately below. For potentially occurring species these species lists are quadrangle-specific rather than project-specific. Potential for species has been determined primarily on quadrangle-wide coarse habitat characteristics and species range information. Your project biologist should determine habitat suitability at the project site(s).

A total of twenty (20) species both known and/or potential are included in this response. They are:

	SCIENTIFIC NAME	COMMON NAME	NESL STATUS	FEDERAL STATUS AND/OR *MBTA
1.	<i>Aegolius acadicus</i>	Northern Saw-whet Owl	G4	MBTA

¹"Species of concern" include protected, candidate, and other rare or otherwise sensitive species, including certain native species and species of economic or cultural significance. For each species, the following tribal and federal statuses are indicated: Navajo Endangered Species List (NESL), federal Endangered Species Act (ESA), Migratory Bird Treaty Act (MBTA), and Eagle Protection Act (EPA). No legal protection is afforded species with only ESA candidate or NESL group 4 status; please be aware of these species during surveys and inform the NFWD of observations. Documentation that these species are more numerous or widespread than currently known, and addressing these species in project planning and management is important for conservation and may contribute to ensuring they will not be uplisted in the future. Species without ESA or NESL legal protection (e.g., NESL group 4 species) are only included in responses on a regular basis and may not be included in this response. Please refer to the NESL for a list of group 4 species; contact me if you need a copy.

2.	<i>Aquila chrysaetos</i>	Golden Eagle	G3	MBTA
3.	<i>Asclepias welshii</i>	Welsh's Milkweed	G3	ESA Threatened
4.	<i>Buteo regalis</i>	Ferruginous Hawk	G3	MBTA
5.	<i>Catostomus discobolus</i>	Bluehead Sucker	G4	
6.	<i>Charadrius montanus</i>	Mountain Plover	G4	ESA Proposed Threatened; MBTA.
7.	<i>Cinclus mexicanus</i>	American Dipper	G3	MBTA
8.	<i>Dendragapus obscurus</i>	Blue Grouse	G4	
9..	<i>Empidonax traillii extimus</i>	Southwestern Willow Flycatcher	G2	ESA Endangered; MBTA.
10.	<i>Falco peregrinus</i>	Peregrine Falcon	G4	MBTA
11.	<i>Gila robusta</i>	Roundtail Chub	G2	ESA Candidate Species
12.	<i>Lithobates pipiens</i>	Northern Leopard Frog	G2	
13.	<i>Mustela nigripes</i>	Black-footed Ferret	G2	ESA Endangered
14.	<i>Patagioenas fasciata</i>	Band-tailed Pigeon	G4	MBTA
15.	<i>Ptychocheilus lucius</i>	Colorado Pikeminnow	G2	ESA Endangered
16.	<i>Puccinellia parishii</i>	Parish's Alkali Grass	G4	
17.	<i>Speyeria nokomis</i>	Nokomis Fritillary	G3	
18.	<i>Strix occidentalis lucida</i>	Mexican Spotted Owl	G3	ESA Threatened; MBTA.
19.	<i>Vulpes macrotis</i>	Kit Fox	G4	
20.	<i>Xyrauchen texanus</i>	Razorback Sucker	G2	ESA Endangered

*MBTA - Migratory Bird Treaty Act

TOH ATIN MESA EAST, AZ/UT 7.5-MINUTE QUADRANGLE

Project Location: NNOGC Dry Mesa Pipeline

Although the Navajo Fish and Wildlife Department (NFWD) has no record of species of concern occurring on or near the project site(s) at this time, the potential for certain species of concern to occur needs to be evaluated.

Species of concern with potential to occur on the 7.5-minute quadrangle(s) containing the project boundaries include the following:

1. *Aquila chrysaetos*
2. *Aegolius acadicus*
3. *Buteo regalis*
4. *Charadrius montanus*
5. *Dendragapus obscurus*
6. *Empidonax traillii extimus*

7. *Falco peregrinus*
8. *Gila robusta*
9. *Mustela nigripes*
10. *Patagioenas fasciata*
11. *Lithobates pipiens*
12. *Speyeria nokomis*
13. *Strix occidentalis lucida*
14. *Ptychocheilus lucius*
15. *Puccinellia parishii*
16. *Vulpes macrotis*

AREA 3 of The Biological Resource Land Clearance Policies & Procedures

Area 3-Low Sensitivity Wildlife Resources: This area has a low, fragmented concentration of species of concern. Species in this area may be locally abundant on 'islands' of habitat, but islands are relatively small, limited in number and well spaced across the landscape. (For detailed information regarding "Area 3" please refer to our website at nndfw.org).

COW BUTTE, AZ 7.5-MINUTE QUADRANGLE

Project Location: NNOGC Dry Mesa Pipeline

Although the Navajo Fish and Wildlife Department (NFW) has no record of species of concern occurring on or near the project site(s) at this time, the potential for certain species of concern to occur needs to be evaluated.

Species of concern with potential to occur on the 7.5-minute quadrangle(s) containing the project boundaries include the following:

1. *Aquila chrysaetos*
2. *Aegolius acadicus*
3. *Asclepias welshii*
4. *Buteo regalis*
5. *Charadrius montanus*
6. *Dendragapus obscurus*
7. *Empidonax traillii extimus*
8. *Falco peregrinus*
9. *Mustela nigripes*
10. *Patagioenas fasciata*
11. *Lithobates pipiens*
12. *Speyeria nokomis*
13. *Strix occidentalis lucida*
14. *Puccinellia parishii*
15. *Vulpes macrotis*

AREA 1 of the Biological Resource Land Clearance Policies & Procedures

AREA 1-Highly Sensitive Wildlife Resources: This area contains the best habitat for endangered and rare plant, animal and game species, and the highest concentration of these species on the Navajo Nation. The purpose of this area is to protect these valuable and sensitive biological resources to the maximum extent practical (For detailed information regarding "Area 1" please refer to our website at nndfw.org).

AREA 3 of The Biological Resource Land Clearance Policies & Procedures

Area 3-Low Sensitivity Wildlife Resources: This area has a low, fragmented concentration of species of concern. Species in this area may be locally abundant on 'islands' of habitat, but islands are relatively small, limited in number and well spaced across the landscape. (For detailed information regarding "Area 3" please refer to our website at nndfw.org).

Potential for the black-footed ferret should be evaluated if prairie-dog towns of sufficient size (per NFWD guidelines) occur in the project area.

Potential for Puccinellia parishii should be evaluated if wetland conditions exist that contain white alkaline crusts.

Biological surveys need to be conducted during the appropriate season to ensure they are complete and accurate please refer to NN Species Accounts.⁴ Further questions pertaining to surveys should be referred to Species Account. Surveyors on the Navajo Nation must be permitted by the Director, NFWD. Contact Jeff Cole at (928) 871-6595 for permitting procedures. Questions pertaining to surveys should be directed to the NFWD Zoologist (Chad Smith) for animals at 871-7070 and Botanist (Andrea Hazelton) for plants at (928) 523-3221. Questions regarding biological evaluations should be directed to Pamela Kyselka (Acting Environmental Reviewer) at 871-7065.

Any settling or evaporation pits that could hold contaminants should be lined and covered. Covering pits, with a net or other material, will deter waterfowl and other migratory bird use. Lining pits will protect ground water quality.

Potential impacts to wetlands should also be evaluated. The U.S. Fish & Wildlife Service's National Wetlands Inventory (NWI) maps should be examined to determine whether areas classified as wetlands are located close enough to the project site(s) to be impacted. In cases where the maps are inconclusive (e.g., due to their small scale), field surveys must be completed. For field surveys, wetlands identification and delineation methodology contained in the 'Corps of Engineers Wetlands Delineation Manual' (Technical Report Y-87-1) should be used. When wetlands are present, potential impacts must be addressed in an environmental assessment and the Army Corps of Engineers, Phoenix office, must be contacted. NWI maps are available for examination at the NFWD's Natural Heritage Program (NHP) office, or may be purchased through the U.S. Geological Survey (order forms are available through the NHP). The NHP has complete coverage of the Navajo Nation, excluding Utah, at 1:100,000 scale; and coverage at 1:24,000 scale in the southwestern portion of the Navajo Nation.

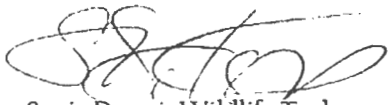
The information in this report was identified by the NFWD's biologists and computerized database, and is based on data available at the time of this response. If project planning takes more than two (02) years from the date of this response, verification of the information provided herein is strongly recommended. It should not be regarded as the final statement on the occurrence of any species, nor should it substitute for on-site surveys. Also, because the NFWD's information is continually updated, any given information response is only wholly appropriate for its respective request.

For a list of sensitive species on the Navajo Nation in addition to the species listed on the Navajo Endangered Species List (NESL) please refer to our website at www.nndfw.org.

An invoice for this information is attached.

If you have any questions I may be reached at (928) 871-6472.

⁴ Available free of charge on our website at <http://nnhp.navajofishandwildlife.org/>



Sonja Detsoi, Wildlife Tech.
Natural Heritage Program
Department of Fish and Wildlife

xc: ~~file~~/chrono

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), dated August 1, 2012, to be effective as of 7:00 a.m., local time where the Assets are located, on the Closing Date (such time is herein called the "Effective Time"), is between **RIM Southwest Corporation**, a New Mexico corporation ("Seller"), and the **Navajo Nation Oil and Gas Company** (referred to herein as the "NNOGC"), a Federal corporation. Seller and NNOGC are sometimes referred to herein as a "Party" or the "Parties."

RECITALS

A. The Navajo Tribe of Indians ("The Navajo Nation") and Seller (then known as Chuska Energy Company, which subsequently changed its name to Harken Southwest Corporation which subsequently changed its name to RIM Southwest Corporation) entered into an Operating Agreement dated February 18, 1987 (the "Operating Agreement") pursuant to which Seller was appointed as the exclusive oil and gas operator and received the right to produce oil and natural gas from certain of The Navajo Nation's Tribal lands located in Arizona, New Mexico and Utah. The lands covered by the Operating Agreement as of the date of this Agreement are described on Exhibit A-1 attached hereto (the "Operating Agreement Lands").

B. Portions of the Operating Agreement Lands are communitized with other lands that are covered by those oil and gas leases owned by Seller and described on Exhibit A-5 (the "Communitized Leases") and, by virtue of such communitization, participate in the Cajon Mesa 8-D-1 Well and the Monument 8-N-2 Well (the "Communitized Wells"). Such communitized lands (the "Communitized Lands") and the Communitized Wells are described on Exhibit A-5.

C. The term of the Operating Agreement expires on July 20, 2012 (the 25th anniversary of the date the Operating Agreement was approved by the Secretary of the Interior).

D. Pursuant to Section 38 of the Operating Agreement, Seller has the right to remove the Operating Agreement Assets unless The Navajo Nation elects to acquire such property by notice to Seller at least 30 days prior to the expiration of the term of the Operating Agreement for a price to be determined by negotiation between Seller and The Navajo Nation or by arbitration. The Navajo Nation has assigned its right to purchase the Operating Agreement Assets to NNOGC.

E. NNOGC desires to purchase, and Seller desires to sell to NNOGC, the Operating Agreement Assets, which assets are associated with the operation of the lands covered by the Operating Agreement, on the terms and conditions set forth in this Agreement.

F. In addition to the Operating Agreement Assets, NNOGC desires to purchase, and the Seller desires to sell to NNOGC, Seller's interests in the Communitized Leases and associated interests in the Communitized Wells and the Dry Mesa Assets, as described herein and on the attached Exhibits A-3 and A-4, on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and NNOGC agree as follows:

ARTICLE 1 PURCHASE AND SALE

1.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, NNOGC agrees to purchase from Seller and Seller agrees to sell, assign and deliver to NNOGC, all of Seller's right, title and interest in and to the following (the "Assets").

1.2 Assets. "Assets" shall mean all of Seller's right, title and interest in and to the following:

(a) The Black Rock Pipeline and the wells described on Exhibits A-2 and the Communitized Wells, and all other wells of any kind located on the Operating Agreement Lands or the Communitized Lands, whether producing, non-producing, shut-in or abandoned wells (the "Operating Agreement Wells and Communitized Wells") and all of the personal property, equipment, casing, fixtures, facilities, gathering lines, flowlines, pipelines and other improvements located on the Operating Agreement Lands insofar as the same relate to the production, gathering and handling of oil, gas and other hydrocarbons ("Hydrocarbons") produced from the Operating Agreement and Communitized Wells (the "Operating Agreement and Communitized Assets");

(b) The Dry Mesa Pipeline and the oil and gas lease described in Exhibit A-3 (the "Dry Mesa Lease"), insofar as the Dry Mesa Lease cover and relate to the lands described on Exhibit A-3 (the "Dry Mesa Lands"); and the wells described on Exhibit A-4, and all other wells of any kind located on the Lands, whether producing, non-producing, shut-in or abandoned located on the Dry Mesa Lands (the "Dry Mesa Wells"); and all of the personal property, equipment, casing, fixtures, facilities and other improvements located on the Dry Mesa Lands insofar as the same relate to the production, gathering and handling of Hydrocarbons produced from the Dry Mesa Wells; the Operating Agreement Lands, the Communitized Lands and the Dry Mesa Lands are collectively referred to herein as the "Lands" and the Operating Agreement Wells, the Communitized Wells and the Dry Mesa Wells are collectively referred to herein as the "Wells";

(c) To the extent transferable, all permits, licenses, approvals, servitudes, rights-of-way, easements, surface use agreements, and other surface rights, used or obtained for use as of the date of this Agreement in connection with or otherwise related to the exploration for or production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or water produced from the Wells or Lands;

(d) To the extent transferable, the agreements, if any, listed on Exhibit B attached hereto and all unitization, pooling and communitization agreements, declarations, orders, and the units created thereby, insofar as the same relate to the properties and interests described in Sections 1.2(a), (b) and (c) to the production of Hydrocarbons; and

(e) To the extent transferable and in Seller's possession, copies (which, at Seller's election, may be in paper or electronic form) Sellers well files and production records, but excluding any geologic or geophysical information, any interpretative data or information,

and any information covered by the attorney-client or attorney work-product privilege or confidentiality restrictions that prevent their disclosure to NNOGC (the "Records").

ARTICLE 2

PURCHASE PRICE

2.1 Purchase Price Deposit.

(a) The purchase price for the Assets shall be \$1,800,000 (the "Purchase Price").

(b) Contemporaneous with the execution of this Agreement, Buyer shall deliver to Seller an amount equal to five percent of the Purchase Price (the "Deposit") by wire transfer to an account specified by Seller. The Deposit shall be held by Seller and either: (i) retained by Seller and applied to the Purchase Price, if the Closing is consummated, or (ii) handled in accordance with Section 7.1 and 7.2.

2.2 Adjustments to Purchase Price. The Purchase Price shall be adjusted according to this Section without duplication. For all adjustments known or capable of reasonable estimation as of Closing, the Purchase Price shall be adjusted at Closing pursuant to a "Preliminary Settlement Statement" approved by Seller and NNOGC on or before Closing. A draft of the Preliminary Settlement Statement will be prepared by Seller using the best information available and provided to NNOGC two business days prior to Closing. The Preliminary Settlement Statement shall set forth the Purchase Price as adjusted as provided in this Article, which amount, less the Deposit, shall be paid at Closing and is referred to as the "Closing Amount." The Closing Amount shall be paid at Closing by wire transfer of immediately available funds to an account specified by Seller. Following Closing, any cash received by Seller applicable to post-Effective Time production of Hydrocarbons will be paid to NNOGC within 30 days after receipt thereof, and any cash received by NNOGC applicable to pre-Effective Time production of Hydrocarbons will be paid to Seller within 30 days after receipt thereof, in each case, by wire transfer to an account specified by the receiving Party. After Closing, final adjustments to the Purchase Price shall only be made pursuant to the Final Settlement Statement to be delivered pursuant to Section 10.1.

(a) "Property Expenses" shall mean all maintenance costs attributable to the Assets; capital expenses; joint interest billings; lease operating expenses; drilling expenses; workover expenses; geological, geophysical and any other exploration or development expenditures chargeable under applicable operating agreements that are attributable to operation of the Assets conducted during the period in question; *provided that* Property Expenses shall not include (A) royalties, overriding royalties or similar payment burdens ("Royalties"), or (B) any excise taxes, state severance taxes, ad valorem taxes, property taxes, production taxes, net profits taxes, and any other local, state or federal taxes or assessments, but not income taxes, based upon or measured by the ownership of the Assets or the production of Hydrocarbons therefrom or the receipt of proceeds therefrom ("Taxes").

(b) The Purchase Price shall be adjusted upward by:

(i) the amount of all Property Expenses (including all prepaid Property Expenses) attributable to the Assets after the Effective Time and paid by Seller; and

(ii) an amount equal to (x) the number of barrels of Hydrocarbons attributable to the Assets that, at the Effective Time, are owned by Seller and are in storage in tanks on the Lands as of the Effective Time *multiplied by* (y) for purposes of the Preliminary Settlement Statement, the price most recently received by Seller for liquid Hydrocarbons produced from the Assets, which price shall be adjusted on the Final Settlement Statement to equal to price actually received for such liquid Hydrocarbons when sold by NNOGC.

ARTICLE 3 **DISCLAIMERS**

3.1 **No Representation or Warranty.** Except as set forth in this Agreement, Seller makes no representation or warranty as to the accuracy or completeness of the Records. NNOGC agrees that any conclusions drawn from such Records shall be the result of its own independent review and judgment.

3.2 **"As Is, Where Is" Purchase.** Except as otherwise provided in this Agreement, NNOGC shall acquire the Assets (including Assets for which a notice was given under Section 5.4(a)) in an "AS IS, WHERE IS" condition and shall assume all risks that the Assets may contain waste materials (whether toxic, hazardous, extremely hazardous or otherwise) or other adverse physical conditions, including the presence of unknown abandoned oil and gas wells, water wells, sumps, pits, pipelines or other waste or spill sites which may not have been revealed by NNOGC's investigation. At and after the Closing, all responsibility and liability related to all such conditions, whether known or unknown, fixed or contingent, will be transferred from Seller to NNOGC, regardless of when the responsibility and liability arose.

ARTICLE 4 **SELLER'S REPRESENTATIONS AND WARRANTIES**

Seller makes the following representations and warranties as of the date of the Agreement and again as of the Closing Date:

4.1 **Status.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New Mexico.

4.2 **Power.** Seller has all requisite power and authority to carry on its business as presently conducted. The execution and delivery of this Agreement does not, and the fulfillment of and compliance with the terms and conditions hereof will not violate, or be in conflict with, any material provision of Seller's governing documents, or any material provision of any agreement or instrument to which Seller is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to Seller.

4.3 **Authorization and Enforceability.** This Agreement constitutes Seller's legal, valid and binding obligation, enforceable in accordance with its terms, subject, however, to the effects

of bankruptcy, insolvency, reorganization, moratorium and other laws for the protection of creditors, as well as to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

4.4 No Liens. Except for the Permitted Encumbrances, the Assets will be conveyed to NNOGC at Closing free and clear of all liens and encumbrances arising by, through or under Seller but not otherwise.

ARTICLE 5

NNOGC'S REPRESENTATIONS AND WARRANTIES

NNOGC makes the following representations and warranties as of the Closing Date:

5.1 Power. The execution and delivery of this Agreement does not, and the fulfillment of and compliance with the terms and conditions hereof will not, as of the Closing Date, violate, or be in conflict with, any material provision of NNOGC's governing documents, or any material provision of any agreement or instrument to which NNOGC is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to NNOGC.

5.2 Authorization and Enforceability. This Agreement constitutes NNOGC's legal, valid and binding obligation, enforceable in accordance with its terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and other laws for the protection of creditors, as well as to general principles of equity, regardless whether such enforceability is considered in a proceeding in equity or at law.

5.3 NNOGC's Evaluation. NNOGC is knowledgeable about the oil and gas business, and NNOGC has retained and taken advice concerning the Assets and transactions herein from advisors and consultants which are knowledgeable about the oil and gas business, and NNOGC is aware of its risks. NNOGC has been afforded the opportunity to examine the Records and other materials made available to it by Seller and Seller's authorized representatives with respect to the Assets (the "Background Materials"). The Background Materials include files, or copies thereof, that Seller has used in its normal course of business and other information about the Assets that Seller and Seller's authorized representatives have compiled or generated; *provided, however,* NNOGC acknowledges and agrees that, except for the representations and warranties of Seller contained in this Agreement, neither Seller nor any of its agents or representatives has made any representations or warranties, express or implied, written or oral, as to the accuracy or completeness of the Background Materials or as to any other information relating to the Assets, furnished or to be furnished to NNOGC or its representatives by or on behalf of Seller, including any estimate with respect to the value of the Assets or reserves, the ability to develop the Assets, the spacing pattern that may apply to the Assets, the ability to obtain any permits required to develop the Assets, the availability or adequacy of gathering system or pipeline capacity to gather or transport Hydrocarbons produced from the Wells or any additional wells drilled on the Assets. In entering into this Agreement, NNOGC acknowledges and affirms that it has relied and will rely solely upon its independent analysis, evaluation and investigation of, and judgment with respect to, the business, economic, legal, tax or other consequences of this transaction

including its own estimate and appraisal of the extent and value of the petroleum, natural gas and other reserves attributable to the Assets and the prices that may be received for Hydrocarbons produced therefrom. NNOGC's representatives have visited the offices of Seller or Seller's representatives and have been given opportunities to examine the Records. Except as expressly provided in this Agreement, neither Seller nor any of its agents or representatives shall have any liability to NNOGC or its affiliates, agents, representatives or employees resulting from any use of, authorized or unauthorized, or reliance on, the Background Materials or other information relating to the Assets provided by or on behalf of Seller or any of its agents or representatives.

ARTICLE 6

COVENANTS AND AGREEMENTS

6.1 Covenants and Agreements of Seller. Seller covenants and agrees with NNOGC that, from the date of execution hereof until the Closing Date, Seller shall not (i) commit to drill any wells on the Blank Rock Lands or Dry Mesa Lands or conduct any oil and gas exploration, development or production operations thereon other than the operation of the existing wells, (ii) abandon any part of the Assets (except the abandonment of leases upon the expiration of their respective primary terms); (iii) sell, transfer, assign, convey or otherwise dispose of any of the Assets, or any interest therein; (iv) enter into any farmout agreement, farmin agreement or any other contract affecting the Assets; (v) modify or terminate any lease; or (vi) create any lien, security interest or encumbrance on the Assets, the oil or gas attributable to the Assets, or the proceeds thereof.

6.2 Required Bonding. NNOGC shall obtain all required bonds and other surety arrangements relating to the ownership or operation of the Assets necessary to cause Seller's bonds and surety arrangements with respect to the Assets to be released. No later than three business days prior to Closing, NNOGC shall provide Seller with satisfactory evidence that all such joinders, ratifications, qualifications, bonds and surety arrangements have been obtained and will be unconditionally effective as of the Closing.

ARTICLE 7

CONDITIONS PRECEDENT TO CLOSING

7.1 Seller's Conditions. The obligations of Seller at the Closing are subject, at the option of Seller, to the satisfaction or waiver at or prior to the Closing of the following conditions precedent:

(a) All representations and warranties of NNOGC contained in this Agreement shall be true and correct in all material respects on and as of the Closing, and NNOGC shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by NNOGC at or prior to the Closing in all material respects;

(b) NNOGC stands ready, willing and able to Close with Seller; and

(c) No order has been entered by any court or governmental agency having jurisdiction over the Parties or the subject matter of this Agreement that restrains or prohibits the purchase and sale contemplated by this Agreement and that remains in effect at Closing.

If Seller has the right to terminate this Agreement pursuant to Section 7.1(a) or (b), and if Seller is not in material breach of this Agreement, Seller shall elect between (i) terminating this Agreement and retaining the Deposit as liquidated damages as Seller's sole and exclusive remedy, or (ii) asserting Seller's legal and equitable rights (including specific performance) and Seller shall continue to hold the Deposit as security for payment of any damages or other amounts finally determined to be owed by Buyer to Seller. Seller and NNOGC agree that Seller's damages in the event the conditions in Section 7.1(a) or (b) are not satisfied are difficult to measure and Seller and NNOGC agree that the amount of the liquidated damages provided above bears a reasonable relationship to and is a reasonable estimation of such damages.

7.2 NNOGC's Conditions. The obligations of NNOGC at the Closing are subject, at the option of NNOGC, to the satisfaction or waiver at or prior to Closing of the following conditions precedent:

(a) All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing, and Seller shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by Seller at or prior to the Closing in all material respects;

(b) Seller stands ready, willing and able to Close with NNOGC; and

(c) No order has been entered by any court or governmental agency having jurisdiction over the Parties or the subject matter of this Agreement that restrains or prohibits the purchase and sale contemplated by this Agreement and that remains in effect at Closing;

If NNOGC has the right to terminate this Agreement pursuant to Section 7.2(a) or (b), and if NNOGC is not in material breach of this Agreement, NNOGC shall elect between (i) specific performance or (ii) terminating this Agreement and receiving the return of the Deposit, as Buyer's sole and exclusive remedy.

ARTICLE 8

RIGHT OF TERMINATION

8.1 Termination. This Agreement may be terminated in accordance with the following provisions:

(a) by Seller if the conditions set forth in Section 7.1 are not satisfied, through no fault of Seller, or waived by Seller in writing, as of Closing; or

(b) by NNOGC if the conditions set forth in Section 7.2 are not satisfied, through no fault of NNOGC, or waived by NNOGC in writing, as of Closing.

ARTICLE 9 CLOSING

9.1 Closing. The "Closing" of the transaction contemplated hereby shall be held at Seller's offices in Denver, Colorado, on August 1, 2012, or such other date as the Parties may agree. The date the Closing actually occurs is referred to herein as the "Closing Date."

9.2 Closing Obligations. At Closing, the following events shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Assignment. Seller shall execute, acknowledge and deliver to NNOGC an assignment of the Assets substantially in the form of Exhibit C.

(b) Settlement Statement. Seller and NNOGC shall execute the Preliminary Settlement Statement.

(c) Closing Amount. NNOGC shall deliver to Seller the Closing Amount by wire transfer in immediately available funds, according to the wire instructions provided by Seller, and Seller shall retain the Deposit in partial payment of the Purchase Price.

(d) Change of Operator Forms. Seller and NNOGC Sub shall execute federal and state change of operator forms with respect to those Assets.

(f) Letters in Lieu. Seller and NNOGC shall execute and deliver all necessary letters in lieu of transfer orders directing all purchasers of production to pay NNOGC the proceeds attributable to production from the Assets from and after the Effective Time.

(g) Possession. Seller shall deliver to NNOGC possession of the Assets.

ARTICLE 10 POST-CLOSING OBLIGATIONS

10.1 Final Settlement Statement. On or before 90 days after Closing, Seller with the assistance of NNOGC's staff and with access to such records as necessary, shall prepare and deliver to NNOGC a final settlement statement (the "Final Settlement Statement") setting forth each adjustment or payment that was not finally determined as of the Closing and showing the calculation of such adjustment and the resulting Purchase Price as finally adjusted (the "Final Purchase Price"). As soon as practicable after receipt of Seller's proposed Final Settlement Statement, but in any event on or before 15 days after receipt of Seller's proposed Final Settlement Statement, NNOGC shall deliver to Seller a written report containing any changes that NNOGC proposes to make to the Final Settlement Statement. NNOGC's failure to deliver to Seller a written report detailing changes to the proposed Final Settlement Statement by that date shall be deemed an acceptance by NNOGC of the Final Settlement Statement as submitted by Seller. The Parties shall attempt in good faith to agree with respect to the changes proposed by NNOGC, if any, no later than 15 days after receipt by Seller of NNOGC's comments on the proposed Final Settlement Statement. The date upon which such agreement is reached or upon which the Final Purchase Price is established shall be called the "Final Settlement Date." If the

Final Purchase Price is more than the Closing Amount, NNOGC shall pay Seller the amount of such difference. If the Final Purchase Price is less than the Closing Amount, Seller shall pay to NNOGC the amount of such difference. Any such payment by NNOGC or Seller shall be by wire transfer in immediately available funds within five business days after the Final Settlement Date.

10.2 Dispute Resolution Regarding Final Settlement Statement. If the Parties are unable to resolve any dispute concerning the Final Settlement Statement or Final Purchase Price on or before 30 days after the Final Settlement Statement is received by NNOGC, such dispute shall be finally determined by the Denver, Colorado, office of KPMG LLP, and its determination shall be final and binding upon Seller and NNOGC. The fees charged by KPMG LLP for making a determination under this Section 10.2 shall be paid one-half by NNOGC and one-half by Seller.

10.3 Records. Seller shall make copies of the Records available for pick-up by NNOGC within 20 business days after the Closing Date. NNOGC agrees that the Records will be maintained in compliance with all applicable laws governing document retention.

10.4 Recording Fees. NNOGC shall pay all filing and recording fees required in connection with the filing or recording of any assignments.

10.5 Further Assurances. From time to time after Closing, Seller and NNOGC shall each execute, acknowledge and deliver to the other such further instruments and take such other action as may be reasonably requested in order to accomplish more effectively the purposes of the transactions contemplated by this Agreement.

ARTICLE 11

ASSUMPTION AND RETENTION OF OBLIGATIONS AND INDEMNIFICATION; DISCLAIMERS

11.1 NNOGC's Assumption of Liabilities and Obligations. Except to the extent covered by Seller's limited indemnification of NNOGC under Section 11.2(b), upon Closing, NNOGC shall assume and pay, perform, fulfill and discharge all claims, costs, expenses, liabilities, Losses and obligations relating to (i) Property Expenses, (ii) Royalties, (iii) Taxes, and (iv) the ownership or operation of the Assets (including those arising under environmental laws and the obligation to plug and abandon the Wells and restore the surface as required under the Lease and applicable law), in each case whether related to periods prior to, on or after the Effective Time (the "Assumed Liabilities").

11.2 Indemnification.

(a) **Losses.** "Losses" shall mean any actual losses, costs, expenses (including court costs, reasonable fees and expenses of attorneys, technical experts and expert witnesses and the cost of investigation), liabilities, damages, demands, suits, claims, and sanctions of every kind and character (including civil fines) arising from, related to or reasonably incident to matters indemnified against; excluding however any special, consequential, punitive or exemplary damages, diminution of value of an Asset, loss of profits incurred by a Party hereto or Loss incurred as a result of the indemnified Party indemnifying a third party, except to the extent

the indemnified Party suffers such damages to a third party (other than as a result of the indemnified Party's indemnification of such third party).

(b) Seller's Indemnification of NNOGC. If the Closing occurs, Seller shall defend, indemnify, and save and hold harmless NNOGC, its officers, directors, employees and agents, from and against all Losses which arise directly or indirectly from or in connection with (i) any breach by Seller of this Agreement, (ii) Property Expenses to the extent attributable to periods prior to the Effective Time, (iii) Royalties on Hydrocarbons produced from the Wells prior to the Effective Time that are sold by Closing, (iv) Taxes to the extent attributable to periods prior to the Effective Time, or to Hydrocarbons produced prior to the Effective Time and sold by the Closing. Seller shall have no liability to NNOGC under this Section 11.2(b) except with respect to specifically identified claims made under this Section 11.2(b) on or before 12 months after the Closing Date and NNOGC waives any claims not made by such time.

(c) NNOGC's Indemnification of Seller. If the Closing occurs, NNOGC assumes all risk, liability, obligation and Losses in connection with, and shall defend, indemnify, and save and hold harmless Seller, its officers, directors, employees and agents, from and against all Losses which arise directly or indirectly from or in connection with (i) the Assumed Liabilities, (ii) any breach by NNOGC of this Agreement, and (iii) any claims by The Navajo Nation that its rights to purchase the Operating Agreement Assets have not effectively been assigned to NNOGC. If any claims described in clause (iii) are asserted by The Navajo Nation, Seller shall have the right, in addition to its right to indemnification, to rescind the sale of the Operating Agreement Assets to NNOGC and sell such assets to The Navajo Nation.

11.3 No Insurance; Subrogation. The indemnifications provided in this Article 13 shall not be construed as a form of insurance. NNOGC and Seller hereby waive for themselves, their successors or assigns, including, without limitation, any insurers, any rights to subrogation for Losses for which each of them is respectively liable or against which each respectively indemnifies the other, and, if required by applicable policies, NNOGC and Seller shall obtain waiver of such subrogation from its respective insurers. •

11.4 Reservation as to Non-Parties. Nothing herein is intended to limit or otherwise waive any recourse NNOGC or Seller may have against any non-party for any obligations or liabilities that may be incurred with respect to the Assets.

11.5 Exclusive Remedy. The sole and exclusive remedy of NNOGC with respect to the Assets shall be pursuant to the express provisions of this Agreement. Without limitation of the foregoing, if the Closing occurs the sole and exclusive remedy of NNOGC for any and all: (a) claims relating to any representations, warranties, covenants and agreements that are contained in this Agreement or in any certificate delivered at Closing, (b) other claims pursuant to or in connection with this Agreement, and (c) other claims relating to the Assets and the purchase and sale thereof, shall be any right to the limited indemnification from such claims that is expressly provided in this Article 11, and if no such right of indemnification is expressly provided or any such claims is not timely made, then such claims are hereby waived to the fullest extent permitted by law. If the Closing occurs, NNOGC shall also be deemed to have waived, to the fullest extent permitted under applicable law, any right to contribution against Seller (including any contribution claim arising under any applicable Environmental Law) and any and

all other rights, claims and causes of action it may have against Seller arising under or based on any federal, state or local statute, law, ordinance, rule or regulation or common law or otherwise.

ARTICLE 12

MISCELLANEOUS

12.1 Exhibits. The Exhibits to this Agreement are hereby incorporated in this Agreement by reference and constitute a part of this Agreement.

12.2 Expenses. Except as otherwise specifically provided, all fees, costs and expenses incurred by NNOGC or Seller in negotiating this Agreement or in consummating the transactions contemplated by this Agreement shall be paid by the Party incurring such fees, costs or expenses, including, without limitation, engineering, land, title, legal and accounting fees, costs and expenses.

12.3 Notices. All notices and communications required or permitted under this Agreement shall be in writing and addressed as set forth below. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving Party charged with notice (i) if personally delivered, when received, (ii) if sent by facsimile transmission, when received, (iii) if mailed, five business days after mailing, certified mail, return receipt requested, or (iv) if sent by overnight courier, one day after sending. All notices shall be addressed as follows:

If to Seller:

RIM Southwest Corporation
5 Inverness Drive East
Englewood, Colorado 80112
Attn: Rene Morin
Telephone: 720-221-1670
Facsimile: 303-799-4259

If to Navajo Nation Oil and Gas Company:

P.O. Box 5069
Window Rock, AZ 86515
Attn: Wayne Williams
Telephone: 303-534-8300
Facsimile: 303-534-1405

Any Party may, by written notice so delivered to the other Parties, change the address or individual to which delivery shall thereafter be made.

12.4 Amendments. Except for waivers specifically provided for in this Agreement, this Agreement may not be amended nor any rights hereunder waived except by an instrument in writing signed by the Party to be charged with such amendment or waiver and delivered by such Party to the Party claiming the benefit of such amendment or waiver.

12.5 Headings. The headings of the Articles and Sections of this Agreement are for guidance and convenience of reference only and shall not limit or otherwise affect any of the terms or provisions of this Agreement.

12.6 Counterparts/Fax Signatures. This Agreement may be executed by NNOGC and Seller in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument. Fax or .pdf signatures shall be considered binding.

12.7 References. References made in this Agreement, including use of a pronoun, shall be deemed to include where applicable, masculine, feminine, singular or plural, individuals or entities. As used in this Agreement, "person" shall mean any natural person, corporation, partnership, trust, limited liability company, court, agency, government, board, commission, estate or other entity or authority.

12.8 Governing Law; Waiver of Jury Trial; Waiver of Sovereign Immunity.

(a) This Agreement and the transactions contemplated hereby and any arbitration or dispute resolution conducted pursuant hereto shall be construed in accordance with, and governed by, the laws of the State of Arizona, without regard to its conflicts of laws rules; *provided, however*, the laws of the state where a particular Asset is located shall control this Agreement and the Assignment with respect to conveyance matters and other real property matters necessarily subject to the laws of such state.

(b) Waiver of Immunity and Exhaustion. NNOGC irrevocably waives the defense of sovereign immunity and also irrevocably waives any right to require Seller to exhaust any form of Tribal remedies. These waivers apply only as to any Legal Proceeding brought under this Agreement. "Legal Proceeding" means any judicial, administrative or arbitration proceeding relating to (i) the interpretation, breach, or enforcement of this Agreement, (ii) the enforcement of any arbitration award issued in relation to this Agreement, or (iii) the execution on the judgment of any court.

(c) Forum. NNOGC consents to the jurisdiction of the United States District Court for the District of Arizona ("District Court") as the forum for the resolution of disputes arising under or related to the subject matter of this Agreement ("Dispute"). If the District Court lacks or declines jurisdiction over all or any part of a Dispute in a Legal Proceeding brought under this Agreement, the waivers granted by NNOGC are, as to that part of the Dispute over which the District Court lacks or declines jurisdiction, hereby extended to arbitration pursuant to Sections 12.9(d) and 12.9(e) of this Agreement. The waivers granted by NNOGC also extend to any Legal Proceeding to enforce an arbitration award which may be brought in the District Court and appellate courts therefrom. The waivers granted by NNOGC also extend to execution upon the judgment of such court in any court of competent jurisdiction.

12.9 Dispute Resolution.

(a) Negotiated Resolution. In the event of a Dispute, either party may, in its sole discretion, seek immediate injunctive or other equitable relief, or an order of specific performance under this Article. Otherwise, the parties agree, for a period of 30 days following

written notification from the other that a Dispute has arisen or occurred, to attempt in good faith to resolve any such Dispute between the respective representatives for each party who are responsible for administration of this Agreement and have the authority to resolve the Dispute. All applicable statutes of limitation, including without limitation any contractual limitation periods in this Agreement, shall be tolled while an attempt at resolution under this Section 12.9 is pending. If the parties' respective representatives resolve the Dispute, the parties shall adhere to such resolution.

(b) Consent to Jurisdiction. In the event the parties are unable to resolve the Dispute under Section 12.9(a) within the 30 day period provided therein, the parties unequivocally submit: (i) to the jurisdiction of the District Court, and appellate courts therefrom; and (ii) to the extent any court lacks or declines jurisdiction over all or part of the Legal Proceeding, to arbitration pursuant to Sections 12.9(d) and (e). Each party consents to service of process for any such Legal Proceeding.

(d) Arbitration. To the extent the District Court lacks jurisdiction or declines to exercise jurisdiction over any part of any Dispute, NNOGC, Seller, and their respective successors and assigns agree that the issues as to which federal court jurisdiction is lacking or declined shall be resolved by binding arbitration before a single arbitrator pursuant to the Commercial Rules of the American Arbitration Association in effect at the time of the arbitration demand. Any arbitration pursuant to this Article shall be conducted in Phoenix, Arizona, or at any other place selected by mutual agreement of the parties.

(e) Doctrines and Defenses. The Federal Arbitration Act, Title 9 of the United States Code, shall apply to the validity, construction, interpretation and enforcement of any arbitration award issued hereunder. Except for NNOGC's sovereign immunity and exhaustion of remedies waived pursuant to Section 12.8, all doctrines and defenses otherwise applicable in a Legal Proceeding, including but not limited to the statute of limitations, estoppel, waiver, and laches shall be applicable in any arbitration proceeding undertaken pursuant to this Article, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes.

12.10 Entire Agreement. This Agreement constitutes the entire understanding among the Parties, their respective partners, members, trustees, shareholders, officers, directors and employees with respect to the subject matter hereof, superseding all negotiations, prior discussions and prior agreements and understandings relating to such subject matter.

12.11 Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, and their respective successors and assigns.

12.12 Survival. The representations, warranties, indemnities and covenants contained in this Agreement shall survive Closing indefinitely, provided that claims for breach of Seller's of its representations and warranties are subject to the limitations in Section 11.2(b).

12.13 No Third-Party Beneficiaries. This Agreement is intended only to benefit the Parties hereto and their respective permitted successors and assigns.

12.14 Waiver. The waiver or failure of any Party to enforce any provision of this Agreement shall not be construed or operate as a waiver of any further breach of such provision or of any other provision of this Agreement.

12.15 Limitation on Damages. The Parties hereto expressly waive any and all rights to consequential, special, incidental, punitive or exemplary damages, or loss of profits resulting from any breach of this Agreement.

12.16 Severability. It is the intent of the Parties that the provisions contained in this Agreement shall be severable. Should any provisions, in whole or in part, be held invalid as a matter of law, such holding shall not affect the other portions of this Agreement, and such portions that are not invalid shall be given effect without the invalid portion.

12.17 Announcements; Disclosure of Transaction. Either Party may make a press release or other public announcement or disclosure regarding the existence of this Agreement, the terms and contents hereof and/or the transactions contemplated hereby; provided that, and only to the extent that, the disclosing Party deems such release, announcement or other public disclosure to be necessary in order to comply with applicable laws, rules and regulations; and provided further that (i) in no event, however, shall such release, announcement or other public disclosure by the disclosing Party identify (i.e., provide the name of) the other Party without the other Party's express written consent and (ii) the disclosing Party shall provide the other Party not less than forty-eight (48) hours to comment on a draft of such release, announcement or other public disclosure, and such disclosing Party shall consider in good faith all comments provided by such other Party.

12.18 DISCLAIMERS. THE PARTIES AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE OPERATIVE, THE DISCLAIMERS OF WARRANTIES CONTAINED IN THIS SECTION 12.18 ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER. THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN THIS AGREEMENT, AND THE TITLE WARRANTIES IN THE CONVEYANCES OF THE ASSETS TO BE DELIVERED AT CLOSING, (COLLECTIVELY "SELLER'S WARRANTIES") ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. SELLER EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. WITHOUT LIMITATION OF THE FOREGOING AND EXCEPT FOR SELLER'S WARRANTIES, THE ASSETS SHALL BE CONVEYED PURSUANT HERETO WITHOUT (A) ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, RELATING TO (I) TITLE TO THE ASSETS, THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, (II) THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION OR MATERIALS NOW, HERETOFORE OR HEREAFTER FURNISHED OR MADE AVAILABLE TO ASSIGNEE IN CONNECTION WITH THIS AGREEMENT, (III) PRICING ASSUMPTIONS, OR

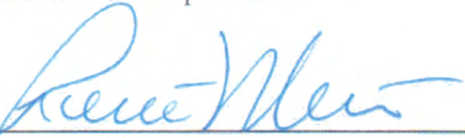
QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE ASSETS OR THE ABILITY OR POTENTIAL OF THE ASSETS TO PRODUCE HYDROCARBONS, (IV) THE ENVIRONMENTAL CONDITION OF THE ASSETS, BOTH SURFACE AND SUBSURFACE, (V) ANY IMPLIED OR EXPRESS WARRANTY OF NON-INFRINGEMENT, OR (VI) ANY OTHER MATTERS CONTAINED IN ANY MATERIALS FURNISHED OR MADE AVAILABLE TO ASSIGNEE BY SELLER OR BY SELLER'S AGENTS OR REPRESENTATIVES, OR (B) ANY OTHER EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. ASSIGNEE SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT, THE ASSETS FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS AND OTHER MAN MADE FIBERS, OR NORM. ASSIGNEE IS RELYING SOLELY UPON THE TERMS OF THIS AGREEMENT AND ITS OWN INSPECTION OF THE ASSETS, AND ASSIGNEE SHALL ACCEPT ALL OF THE SAME IN THEIR "AS IS, WHERE IS" CONDITION.

[signatures on next page]

IN WITNESS WHEREOF the Parties have executed this Agreement.

SELLER:

RIM Southwest Corporation

By: 
Name: Rene Morin
Title: Vice President

NNOGC:

Navajo Nation Oil and Gas Company


By: 
Name: Wilson Geron
Title: CEO & PRESIDENT

EXHIBIT A-1

OPERATING AGREEMENT LANDS

OPERATING AGREEMENT NUMBER NOG-8707-1116

DRILLING BLOCK CONTRACT NO: NOG-8707-1139

APACHE COUNTY, ARIZONA

BLACK ROCK DRILLING BLOCK NUMBER 1

Township 40 North, Range 29 East

Section 9: E/2SE/4
Section 15: NW/4, N/2SW/4, SE/4SW/4
Section 16: N/2, N/2S/2
Section 17: NE/4NE/4
Section 20: E/2NE/4
Section 21: All
Section 22: All
Section 27: N/2

DRILLING BLOCK CONTRACT NO: NOG-8707-1141

APACHE COUNTY, ARIZONA

BLACK ROCK DRILLING BLOCK NUMBER 3

Township 40 North, Range 29 East

Section 6: SW/4SW/4
Section 7: W/2W/2W/2W/2NW/4, S/2S/2, W/2W/2W/2W/2N/2SW/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1206

SAN JUAN COUNTY, UTAH

BLUE HOGAN

Township 42 South, Range 23 East

Section 1: E/2E/2NE/4, W/2E/2NE/4, E/2W/2NE/4, W/2SW/4NE/4, N/2SE/4,
NE/4SW/4SE/4, N/2SE/4SE/4, SE/4SE/4SE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1167
SAN JUAN COUNTY, UTAH

CAJON MESA

Township 40 South, Range 25 East

Section 5: SW/4SW/4, W/2SE/4SW/4, S/2NW/4SW/4

Section 6: E/2SE/4SE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1199
SAN JUAN COUNTY, UTAH

LONE MOUNTAIN CREEK

Township 42 South, Range 24 East

Section 12: E/2NW/4, N/2N/2NE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1168
SAN JUAN COUNTY, UTAH

MONUMENT

Township 40 South, Range 25 East

Section 17: NE/4NW/4, N/2NW/4NW/4

Section 18: E/2NE/4NE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1191
SAN JUAN COUNTY, UTAH

MONUMENT OFFSET

Township 40 South, Range 25 East

Section 17: S/2NW/4NW/4, SW/4NW/4, W/2SE/4NW/4, NW/4SW/4, W/2NE/4SW/4, NE/4SW/4SW/4, NW/4SE/4SW/4

Section 18: W/2NE/4NE/4, SE/4NE/4, SE/4NW/4NE/4, E/2SW/4NE/4, NE/4SE/4, E/2NW/4SE/4, NW/4NW/4NE/4, W/2NE/4NW/4NE/4, NE/4NE/4NW/4, SW/4SW/4NE/4, W/2NW/4SE/4, N/2NW/4SW/4SE/4, E/2NE/4NE/4SW/4, E/2NE/4NW/4NE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1231
SAN JUAN COUNTY, UTAH

MULE

Township 41 South, Range 24 East

Section 31*: N/2, N/2SE/4, SW/4SE/4, E/2SW/4, E/2SW/4SW/4, E/2NW/4SW/4,
NW/4NW/4SW/4

- Section 31 is an Irregular Section containing 560.000 acres, more or less.

Township 42 South, Range 24 East

Section 6: NE/4NW/4NW/4, N/2NE/4NW/4, NW/4NW/4NE/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1170
SAN JUAN COUNTY, UTAH

RUNWAY

Township 40 South, Range 25 East

Section 10: NE/4, E/2E/2NW/4

DRILLING BLOCK CONTRACT NO: NOG-8707-1162
SAN JUAN COUNTY, UTAH

SAHGZIE DRILLING BLOCK NUMBER 1*

Township 42 South, Range 24 East

Section 5: NW/4, N/2NE/4

* Initially designated as "Isolated"

DRILLING BLOCK CONTRACT NO: NOG-8707-1163
SAN JUAN COUNTY, UTAH

SAHGZIE DRILLING BLOCK NUMBER 2

Township 41 South, Range 24 East

Section 31*: SE/4SE/4

*** Section 31 is an Irregular Section containing 560.00 acres, more or less.**

Township 42 South, Range 24 East

Section 5: N/2SW/4, NW/4SE/4, S/2NE/4

**Section 6: E/2NE/4, E/2NE/4SE/4, E/2E/2NW/4NE/4, NW/4NE/4SE/4, N/2SW/4NE/4SE/4,
E/2NE/4SW/4NE/4**

DRILLING BLOCK CONTRACT NO: NOG-8707-1190
SAN JUAN COUNTY, UTAH

TAMARISK

Township 40 South, Range 25 East

Section 3: E/2/SW/4, W/2SE/4, W/2E/2SE/4, E/2SE/4SE/4, SE/4NE/4SE/4

**Section 10: W/2NW/4, W/2E/2NW/4, N/2N/2S/2, S/2SW/4, SE/4NE/4SW/4, E/2SE/4SE/4,
SE/4NE/4SE/4**

Section 11: W/2W/2

Section 14: S/2SE/4SW/4, W/2W/2SW/4

Section 15: E/2SE/4, W/2

**Section 16: SE/4SE/4NE/4, SW/4NW/4, W/2SE/4NW/4, SE/4SE/4NW/4, N/2S/2,
N/2S/2S/2S/2S/2SE/4, S/2SE/4SW/4, SE/4SW/4SW/4**

Section 17: NE/4NE/4, E/2NW/4NE/4, NE/4SW/4NE/4, N/2SE/4NE/4, SE/4SE/4

**Section 20: W/2NE/4, W/2E/2NE/4, E/2NE/4NE/4, S/2NE/4NW/4, N/2N/2SE/4NW/4,
S/2N/2NE/4NW/4**

Section 21: N/2NE/4, N/2S/2NE/4

Section 22: N/2, NE/4SW/4, N/2N/2SE/4

Section 23: E/2NW/4, N/2NW/4NW/4, W/2W/2NE/4, NE/4NW/4NE/4

EXHIBIT A-2

OPERATING AGREEMENT WELLS, INCLUDING **COMMUNITIZED WELLS

WELL NAME	API NUMBER	WI	NRI
Anasazi #1	43-037-31478	1.000000	.80000
Anasazi #5L-3	43-037-31572	1.000000	.80000
Anasazi#6H-1	43-037-31744	1.000000	.80000
Blue Hogan #1J-1	43-037-31562	1.000000	.80000
Brown Hogan 1A-2	43-037-31573	1.000000	.80000
Burro #31-1	43-037-31708	1.000000	.80000
**Cajon Mesa #8D-1	43-037-31497	.965625	.78625
Lone Mountain Ck #12F-1	43-037-31545	1.000000	.80000
Monument #17E-2	43-037-31547	1.000000	.80000
**Monument #8N-E	43-037-31509	1.000000	.78975
Mule #31K(N) 1	43-037-31617	1.000000	.80000
Mule #31M	43-037-31710	1.000000	.80000
Runway #10C-5A	43-037-31597	1.000000	.80000
Runway #10E-2	43-037-31550	1.000000	.80000
Runway #10G-1	43-037-31515	1.000000	.80000
Sahgzie #1	43-037-31472	1.000000	.80000

ALL ABOVE WELLS LOCATED IN SAN JUAN COUNTY, UTAH.

Black Rock #3	02-001-20162	1.000000	.80000
Black Rock #12	02-001-20294	1.000000	.80000
Black Rock #20	02-001-20297	1.000000	.80000

ALL ABOVE WELLS LOCATED IN APACHE COUNTY, ARIZONA

PIPELINE

Black Rock Pipeline consisting of 41,462.23 feet of 6" steel pipe, including meter runs and related facilities located in Sections 2, 11, 14 15, 22, 27, 28 and 33, T41N, R29E; and Sections 4, 5, and 8, T40N, R29E, Apache County, Arizona. Also includes 5.59 acre compressor site located in Section 8, T40N, R29E, Apache County Arizona.

EXHIBIT A-3

DRY MESA LEASE AND LANDS

BIA LEASE #: 14-20-603-4190

LESSOR: Navajo Tribal Council, by Paul Jones, Chairman

LESSEE: Texas Pacific Coal and Oil Company, the Pure Oil Company, Monsanto Chemical Company and Sun Oil Company

DATED: April 1, 1953

APPROVED: May 28, 1958

RECORDING: Book 27, Page 483

Township 40 North, Range 28 East

Section 1: All

Section 2: All

Section 11: All

Section 12: All

Apache County, Arizona

EXHIBIT A-4

DRY MESA WELLS

<u>WELL NAME</u>	<u>API NUMBER</u>	<u>WI</u>	<u>NRI</u>
Dry Mesa Navajo Tract 138 # 1 SWD	02-001-05159	1.00	.833
Dry Mesa Navajo Tract 138 #3	02-001-05305	1.00	.833
Dry Mesa Navajo Tract 138 #10	02-001-20318	1.00	.833

ALL ABOVE WELLS LOCATED IN APACHE COUNTY, ARIZONA

PIPELINE

Dry Mesa Pipeline consisting of 20,948.86 feet of 4" steel pipe, including meter runs and related facilities located in Sections 1, 2, 11 and 12, T40N, R28E; and Sections 5, 6, 8 and 9 of T40N, R29E, Apache County, Arizona.

EXHIBIT A-5
COMMUNITIZED LEASES

CAJON MESA # 8D-1 AND MONUMENT # 8N-2 COMMUNITIZED LANDS

BIA CONTRACT NO.: NOO-C-14-20-5297
LESSOR: Chairman, Navajo Tribal Council
LESSEE: Dyco Petroleum Corporation
DATE: November 6, 1973

Township 40 South, Range 25 East
Section 8: N/2NW/4NW/4, S/2SE/4SW/4
40.00 acres, more or less
San Juan County, Utah

OPERATING AGREEMENT: NOG-8707-1116
LESSOR: The Navajo Tribe of Indians
LESSEE: Chuska Energy Company
DATE: February 18, 1987

Township 40 South, Range 25 East
Section 5: S/2SW/4SW/4
Section 17: N/2NE/4NW/4
40.00 acres, more or less
San Juan County, Utah

EXHIBIT B

AGREEMENTS

1. Communitization Agreement for the Cajon Mesa 8-D-1, Contract No. RCMY-119-94, Case recordation number NM NM 85757.
2. Communitization Agreement for the Monument 8N-E, Contract No .RCMY-118-94, Case recordation number NM NM 85756.
3. Dry Mesa Pipeline Right-of-Way dated effective March 14, 2004, by and between The Navajo Nation and RIM Southwest Corporation.
4. Black Rock Pipeline Right-of-Way dated effective May 25, 2004 by and between The Navajo Nation and RIM Southwest Corporation.
5. Letter Agreement dated November 18, 1997 by and between Sanchez-O'Brien Corporation and Harken Southwest Corporation.

EXHIBIT C

FORM OF ASSIGNMENT, BILL OF SALE AND CONVEYANCE

This Assignment, Bill of Sale and Conveyance (the "Assignment") dated effective as of this [] day of [], 2012 (the "Effective Time"), is by and between **RIM Southwest Corporation**, a New Mexico corporation, whose address is 5 Inverness Drive East, Englewood, Colorado 80112 ("Assignor"), and the **Navajo Nation Oil and Gas Company**, a Federal corporation, whose address is P.O. Box 5069 Window Rock, Arizona, 86515 ("Assignee").

As used in this Assignment the following terms shall have the indicated meaning:

"Operating Agreement" shall mean that Operating Agreement dated February 18, 1987 between the Navajo Nation and Assignor (then known as Chuska Energy Company, which subsequently changed its name to Harkin Southwest Corporation which subsequently changed its name to RIM Southwest Corporation) covering the lands described on Exhibit A-1 attached hereto (the "Operating Agreement Lands").

Portions of the Operating Agreement Lands are communitized with other lands that are covered by those oil and gas leases owned by Assignor and described on Exhibit A-5 (the "Communitized Leases") and, by virtue of such communitization, participate in the Cajon Mesa 8-D-1 Well and the Monument 8-N-2 Well (the "Communitized Wells"). Such communitized lands (the "Communitized Lands") and the Communitized Wells are described on Exhibit A-5.

For Ten Dollars and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Assignor does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver to Assignee all of Assignor's right, title and interest in and to the following (collectively, the "Assets");

(a) The Black Rock Pipeline and the wells described on Exhibit A-2 and the Communitized Wells, and all other wells of any kind located on the Operating Agreement Lands or the Communitized Lands, whether producing, non-producing, shut-in or abandoned wells (the "Operating Agreement Wells and Communitized Wells") and all of the personal property, equipment, casing, fixtures, facilities, gathering lines, flowlines, pipelines and other improvements located on the Operating Agreement Lands insofar as the same relate to the production, gathering and handling of oil, gas and other hydrocarbons ("Hydrocarbons") produced from the Operating Agreement and Communitized Wells (the "Operating Agreement and Communitized Assets");

(b) The Dry Mesa Pipeline and the oil and gas lease described in Exhibit A-3 (the "Dry Mesa Lease"), insofar as the Dry Mesa Lease covers and relates to the lands described on Exhibit A-3 (the "Dry Mesa Lands"); and the wells described on Exhibit A-4, and all other wells of any kind located on the Lands, whether producing, non-producing, shut-in or abandoned located on the Dry Mesa Lands (the "Dry Mesa Wells"); and all of the personal property, equipment, casing, fixtures, facilities and other improvements located on the Dry Mesa Lands insofar as the same relate to the production, gathering and handling of Hydrocarbons produced

from the Dry Mesa Wells; the Operating Agreement Lands, the Communitized Lands and the Dry Mesa Lands are collectively referred to herein as the "Lands" and the Operating Agreement Wells, the Communitized Wells and the Dry Mesa Wells are collectively referred to herein as the "Wells";

(d) To the extent transferable, all permits, licenses, approvals, servitudes, rights-of-way, easements, surface use agreements, and other surface rights, used or obtained for use as of the date of this Agreement in connection with or otherwise related to the exploration for or production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or water produced from the Wells or Lands;

(e) To the extent transferable, the agreements, if any, listed on Exhibit B attached hereto and all unitization, pooling and communitization agreements, declarations, orders, and the units created thereby, insofar as the same relate to the properties and interests described in paragraphs (a), (b), (c) and (d) and to the production of Hydrocarbons; and

(f) To the extent transferable and in Assignor's possession, copies (which, at Assignor's election, may be in paper or electronic form) Assignors well files and production records, but excluding any geologic or geophysical information, any interpretative data or information, and any information covered by the attorney-client or attorney work-product privilege or confidentiality restrictions that prevent their disclosure to Assignee (the "Records").

TO HAVE AND TO HOLD the Assets unto Assignee, its successors and assigns, forever, subject to the following terms and conditions.

Assignor agrees to warrant and forever defend title to the Assets unto Assignee against all liens and encumbrances arising by, through or under Assignor, but not otherwise.

This Assignment is made subject to that certain Purchase and Sale Agreement dated [], 2012 by and between Assignor and Assignee (the "Agreement"). The Agreement contains certain representations, warranties, indemnities and agreements between the parties, some of which survive the delivery of this Assignment, as provided for therein and shall not be merged into this Assignment or be otherwise negated by the execution or delivery of this Assignment. This Assignment shall not be construed to amend the Agreement or vary the rights or obligations of either Assignor or Assignee from those set forth in the Agreement. In the event of any conflict between this Assignment and the Agreement, the terms of the Agreement shall control.

Separate governmental form assignments of the Assets may be executed on officially approved forms by Assignor to Assignee, in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the terms hereof. The interests conveyed by such separate assignments are the same, and not in addition to, the interests conveyed herein.

This Assignment binds and inures to the benefit of Assignor and Assignee and their respective successors and assigns.

This Assignment may be executed in counterparts and both of such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment has been executed by the parties hereto effective as of the Effective Time.

ASSIGNOR:

RIM Southwest Corporation

By: _____
Name: Rene Morin
Title: _____

ASSIGNEE:

Navajo Nation Oil and Gas Company

By: _____
Name: _____
Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHO)

The foregoing instrument was acknowledged before me on this ____ day of [], 2012, by Rene Morin as the _____ of RIM Southwest Corporation, a New Mexico corporation, on behalf of such corporation.

Witness my hand and official seal.

My commission expires: _____
Notary Public
Address: _____

STATE OF ARIZONA

)

) ss.

COUNTY OF

)

The foregoing instrument was acknowledged before me on this ____ day of June 2012, by
[] as the [] of the Navajo Nation Oil and Gas Company, a Navajo corporation, on behalf of
such corporation.

Witness my hand and official seal.

My commission expires: _____

Notary Public

Address: _____

5617221_2.DOC

**THE RIM SOUTHWEST
5 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112**

July 23, 2014

Navajo Nation Minerals Department
Attn: Akhtar Zaman
PO Box 1910
Window Rock, AZ 86515

Re: Dry Mesa Pipeline ROW
Township 40 North, Range 29 East
Section 5, 6, 8, & 9

Dear Mr. Zaman:

RIM Southwest Corporation hereby assigns any and all rights it may have to the Dry Mesa Pipeline Right-of-Way to NNOGC Exploration and Production, LLC.

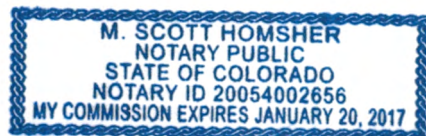
Sincerely,

Rene Morin

State of Colorado
County of Arapahoe

The foregoing instrument was acknowledged before me this 22nd of July, 2014 by Rene Morin, Vice President of RIM Southwest Corporation, a New Mexico corporation, on behalf of said corporation.

My commission expires:




Notary Public

NAVAJO NATION OIL & GAS COMPANY

A Federal Corporation

Post Office Box 4439 • Window Rock, Arizona • 86515

Telephone (928) 871-4880 • FAX (928) 871-4882



July 23, 2014

Navajo Nation Minerals Department
Attn: Akhtar Zaman
PO Box 1910
Window Rock, AZ 86515

Re: Dry Mesa Pipeline ROW
Township 40 North, Range 29 East
Section 5, 6, 8, & 9

Dear Mr. Zaman:

NNOGC Exploration and Production, LLC hereby accepts assignment of the Dry Mesa Pipeline Right-of-Way from RIM Southwest Corporation.

Sincerely,

Louis Denetsosie

NNOGC President/CEO

State of Arizona
County of Apache

The foregoing instrument was acknowledged before me this 23rd of July, 2014 by Louis Denetsosie, President/CEO of NNOGC Exploration and Production, LLC, on behalf of said corporation.

My commission expires:

Nov. 1, 2014

Notary Public





THE NAVAJO NATION

RUSSELL BEGAYE **PRESIDENT**
JONATHAN NEZ **VICE PRESIDENT**



ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF EXECUTIVE DIRECTOR/ADMINISTRATION

OFFICE OF ENVIRONMENTAL REVIEW

PO BOX 339 WINDOW ROCK ARIZONA 86515 Office: 928/871-7188 Fax: 928/871-7996

Website: www.navajonationepa.org

M E M O R A N D U M

TO: Howard Draper, Project and Program Specialist
Project Review Office
Navajo Land Department
Division of Natural Resources

FROM:

Rita Whitehorse-Larsen, Senior Environmental Specialist
Office of Environmental Review
Office of the Executive Director/Administration

DATE: May 29, 2015

SUBJECT: 164 EOR 003799 ROW Assignment Dry Mesa 4" NGP - NNOGC

The Navajo Nation Environmental Protection Agency (NNEPA) reviewed¹ and recommends **conditional approval** for the proposed right-of-way (ROW) pipeline renewal for the existing 4", 12,936.76 foot (2.45 miles), in length, natural gas and dehydrator station site and disturbed 8.91 acres of surface land located within Red Mesa, Apache County, Arizona. The ROW was approved by Resources Committee, July 10, 2003 for Rim Southwest Pipeline. Rim Southwest Corporation assigned all rights to the Dry Mesa Pipeline ROW to Navajo Nation Oil and Gas Company (NNOGC) Exploration and Production LLC. Navajo Nation Oil and Gas Company's (NNOGC), PO Box 4439, Window Rock, Arizona, 86515, submitted an application for a twenty (20) year ROW term for the Dry Mesa Pipeline. No new surface use or surface disturbance is expected. No riparian or wetlands are present within the project area.

1. Navajo Nation Clean Water Act (CWA):

¹ Permits West, Inc. Categorical Exclusion for the Existing NNOGC Exploration and Production LLC Right-of-Way across Navajo Tribal Trust Land Apache County Arizona. August 2014.

- a. ***NNEPA Water Quality determines the waters of the US and Navajo Nation.***
 - b. §Section 401- USEPA issued a “treatment as state” and delegated CWA Section 401 permitting to Navajo Water Quality Program. NNOGC is subject to meet the CWA Section 401 by submitting an application in wash crossing including ephemeral washes as determined by NNEPA Water Quality Program.
 - c. §Section 402 - The proposed action is greater than 1 acre therefore NNOGC and its contractor(s) including subcontractor(s) is subject to complete the requirements under the Clean Water Act Section 402. Stormwater Pollution Prevention Plan (SWPPP), Best Management Practices (BMPs) and Notice of Intent (NOI) must be completed and submitted to Gary Sheth, our Navajo Nation permitting lead, can be reached at 415-972-3516 or sheth.gary@epa.gov. Here is a link to USEPA Regional permits webpage with links to information about different types of EPA permit requirements and existing permits: <http://www.epa.gov/region9/water/npdes/permits.html>. Courtesy copies must be provided to Patrick Antonio, Principal Hydrologist with NNEPA Water Quality Program. His office phone is 928/871-7185.
 - d. §Section 404 – This permit is issued by the US Army Corp of Engineers.
2. ***Navajo Nation Safe Drinking Water Act:***
 - a. The USEPA Region 9 delegated the authority to NNEPA Surface & Groundwater Protection Department Public Water System Supervision Program (PWSSP).
 - b. The existing drinking water lines must be marked before commencing any construction for maintenance/repair(s) to lessen and minimize impacts to the public drinking water system.
3. ***Navajo Nation Air Pollution Prevention and Control Act:***
 - a. The USEPA Region 9 delegated its responsibilities to NNEPA Air Quality Control Program – Operating Permit Program (OPP) to regulate Title V Sources including coal fired power plant, coal mine, natural gas compression station, crude oil & gas production facility and gas fractionating facility. Some concerns may include Title V permits, greenhouse gas regulations, regional haze rule, tribal minor sources and tribal new source review (NSR) [Excerpt from NNEPA AQCP OPP brochure].
 - b. The NNEPA Air Quality collects meteorological weather data, monitor air quality levels of particulate matter, sulfur dioxide, nitrous oxides and ozone, determines and recommends for air quality control and enforcement using air quality index, develops air quality legislation for regulatory rulemaking and updates and maintains an emissions inventory for the Navajo Nation.
 - c. Before any construction for maintenance/repair(s) commences, a Navajo Nation Air Quality Control Program Activity Application must be submitted to NNEPA Air Quality Operating Permit Program.
4. ***Navajo Nation Pesticide Act:***
 - a. Before applying any chemicals, contact the NNEPA Pesticide Program at 928/871-7815/7810/7892 to attain a pesticide use permit (PUP) to ensure the product is in compliance and appropriately applied by a certified and licensed applicator. The PUP must be approved by the Water Quality Navajo Pollution Discharge Elimination Program – Pesticide, PWSSP, Air Quality and Navajo Fish and Wildlife.

- If there are any questions, contact Rita Whitehorse-Larsen at 928/871-7188. Thank you.

164 EOR 003799 NNOGC NGP Dry Mesa ROW renewal
Page 3 of 3
5/29/2015



NAVAJO NATION DEPARTMENT OF JUSTICE


ETHEL B. BRANCH
(ACTING) ATTORNEY GENERAL

DEPUTY ATTORNEY GENERAL

MEMORANDUM

TO: Paul W. Spruhan, Assistant Attorney General
Labor & Employment Unit
Department of Justice

FROM:


Ethel Branch, Attorney General
Office of the Attorney General

DATE: June 16, 2015

SUBJECT: **Temporary Delegation of NRU Assistant Attorney General**

Antoinette Flora, Acting Assistant Attorney General of the Natural Resources Unit is on emergency leave effective June 16, 2015. In an effort to provide uninterrupted legal services to the Navajo Nation, I am hereby delegating you to serve as Acting Assistant Attorney General of the Natural Resources Unit until Ms. Flora returns on Monday, June 22, 2015. You shall have the authority to administrator the NRU, handle administrative matters and surname NRU documents.

If you have any questions on how to handle any particular matter, please free to consult with me or any of the Assistant Attorney Generals. Thank you.

xc: Rodgerick Begay, Acting Deputy Attorney General, Office of the Attorney General
Stanley M. Pollack, Assistant Attorney General, Water Rights Litigation Unit
Kandis Martine, Assistant Attorney General, Human Services & Government Unit
Cynthia Avery, Office Specialist, Office of the Attorney General

**THE
NAVAJO
NATION**

THE DIVISION OF NATURAL RESOURCES

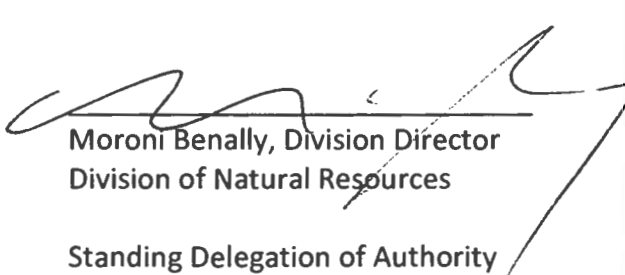
Land, Water, Power, and Quality of Life

Ben Shelly
President

Rex Lee Jim
Vice-President

MEMORANDUM

TO: All Department Managers
Division of Natural Resources

FROM: 
Moroni Benally, Division Director
Division of Natural Resources

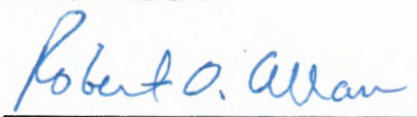
SUBJECT: Standing Delegation of Authority

DATE: March 9, 2015

Please be advised that in the event that either I, as Executive Director of the Division of Natural Resources, or Ms. Evangeline Curley-Thomas, Deputy Executive Director, Division of Natural Resources, are not in the office or otherwise unavailable, Mr. Robert O. Allan, Principal Attorney, Division of Natural Resources, shall be delegated authority as the Acting Division Director of the Division of Natural Resources. This is a standing delegation of authority until further notice.

Please cooperate with Mr. Allan in this standing delegation of authority. Should you have any questions, please contact me.

ACKNOWLEDGED:


Robert O. Allan, Principal Attorney
Division of Natural Resources

Document No. 003799Date Issued: 04/20/2015**EXECUTIVE OFFICIAL REVIEW**Title of Document: RoW Assgmt Dry Mesa 4" NGP - NNOGCContact Name: DRAPER, HOWARD *Esther Kee*Program/Division: DIVISION OF NATURAL RESOURCESEmail: howarddraper@frontiernet.netPhone Number: (928) 871-6490☐ **Business Site Lease**

			Sufficient	Insufficient
1. Division:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Controller:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
(only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review)				
3. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

1. Division:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

1. Office of Management and Budget:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Controller:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Navajo Housing Authority Request for Release of Funds**

1. NNEPA:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Lease Purchase Agreements**

1. Office of the Controller:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
(recommendation only)				
2. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Grant Applications**

1. Office of Management and Budget:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Controller:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

1. Division:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Relinquishment of Navajo Membership**

1. Land Department:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Elections:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

DIVISION OF
NATURAL RESOURCES
MAY 29 2015

☐ **Land Withdrawal or Relinquishment for Commercial Purposes**

Sufficient Insufficient

1. Division: _____ Date: _____ ☐ ☐
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases**

1. NLD _____ Date: _____ ☐ ☐
2. F&W _____ Date: _____ ☐ ☐
3. HPD _____ Date: _____ ☐ ☐
4. Minerals _____ Date: _____ ☐ ☐
5. NNEPA _____ Date: _____ ☐ ☐
6. DNR _____ Date: _____ ☐ ☐
7. DOJ _____ Date: _____ ☐ ☐

☐ **Rights of Way**

1. NLD _____ Date: _____ ☐ ☐
2. F&W _____ Date: _____ ☐ ☐
3. HPD _____ Date: _____ ☐ ☐
4. Minerals _____ Date: _____ ☐ ☐
5. NNEPA _____ Date: _____ ☐ ☐
6. Office of the Attorney General: _____ Date: _____ ☐ ☐
7. OPVP _____ Date: _____ ☐ ☐

☐ **Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease**

1. Minerals _____ Date: _____ ☐ ☐
2. OPVP _____ Date: _____ ☐ ☐
3. NLD _____ Date: _____ ☐ ☐

☐ **Assignment of Mineral Lease**

1. Minerals _____ Date: _____ ☐ ☐
2. DNR _____ Date: _____ ☐ ☐
3. DOJ _____ Date: _____ ☐ ☐

☒ **ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)**

1. NLD *[Signature]* Date: *21 April 15* ☒ ☐
2. F&W *[Signature]* Date: *4/29/15* ☒ ☐
3. HPD *[Signature]* Date: *5/1/15* ☒ ☐
4. Minerals *[Signature]* Date: *5/11/15* ☒ ☐
5. NNEPA *[Signature]* Date: *5-29-2015* ☒ ☐
6. DNR *[Signature]* Date: *5-29-2015* ☒ ☐
7. DOJ *[Signature]* Date: *6/10/15* ☒ ☐
8. OPVP *[Signature]* Date: *6-17-2015* ☒ ☐

☐ **OTHER:**

1. _____ Date: _____ ☐ ☐
2. _____ Date: _____ ☐ ☐
3. _____ Date: _____ ☐ ☐
4. _____ Date: _____ ☐ ☐
5. _____ Date: _____ ☐ ☐



NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT REVIEW REQUEST FORM



DOJ	
6/2/15 @ 11:21am	DATE / TIME
<input type="checkbox"/> 7 Day Deadline	
DOC #: 003799	
SAS #:	
UNIT: NRW	

RESUBMITTAL

*** FOR NNDJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. ***

CLIENT TO COMPLETE

DATE OF REQUEST: June 2, 2015 ENTITY/DIVISION: DNR
 CONTACT NAME: H. Draper / K Bin DEPARTMENT: Navajo Land Dept.
 PHONE NUMBER: 86477 E-MAIL: hldraper@frontiernet.net

TITLE OF DOCUMENT: Approving a Grant of ROW Assignment & Renewal to NNOGC Exploration and Production LLC, for continued operation & maintenance of dry mesh 4" Natural Gas Pipeline & Dehydrator station on Navajo Tribal Trust lands.

DOJ SECRETARY TO COMPLETE

DATE/TIME: 6/2/15 12pm REVIEWING ATTORNEY/ADVOCATE: Trini Chee 6/11/15

DATE/TIME OUT OF UNIT: 6/10/15

DOJ ATTORNEY / ADVOCATE COMMENTS

- Rtd. doc. to P.R. of c. to have land user's consents document attached. 6/10/15: Doc. resub. w/ corrections. No land users are identified

REVIEWED BY: (PRINT)	DATE / TIME	SURNAMED BY: (PRINT)	DATE / TIME
<u>[Signature]</u>	<u>6/9/15</u>	<u>Paul Skutumpah</u>	<u>6/16/15</u>
DOJ Secretary Called: <u>Rayla Bial</u>	<u>6/10/15</u>	for Document Pick Up on <u>6/16/15</u> at <u>4:00pm</u>	By: <u>KG</u>
PICKED UP BY: (PRINT)	DATE / TIME:		

NNDJ/DRRF-July 2013

because the project is Renewal & the project is w/in existing ROW & there will not be any surface disturbance except for routine maintenance which will be contained w/in the ROW premises. I made changes to the proposed RDC Psh. by deleting a paragraph & deleting exhibit "D". Doc. is, therefore, legally sufficient. Trini Chee / 6/10/15

**PROPOSED RESOLUTION OF
THE RESOURCES AND DEVELOPMENT COMMITTEE
OF THE NAVAJO NATION COUNCIL**

**Approving a Grant of Right of Way Assignment and Renewal to NNOGC
Exploration and Production LLC, for Continued Operation and Maintenance of
Dry Mesa 4" Natural Gas Pipeline and Dehydrator Station on Navajo Tribal Trust
Lands in Apache County, State of Arizona**

WHEREAS:

1. 2 N.N.C. Section 501 (B)(2), authorizes the Resources and Development Committee of the Navajo Nation Council has the authority to grant final approval for all land withdrawals, non-mineral leases, permits, licenses, rights of way, surface easements and bonding requirements on Navajo Nation lands and unrestricted (fee) land. This authority shall include subleases, modifications, assignments, leasehold encumbrances, transfers, renewals, and terminations; and

2. NNOGC Exploration and Production LLC, Post Office Box 4439, Window Rock, Arizona 86515, has submitted a Right of Way Renewal application (attached as Exhibit "A") for continued operation and maintenance a 4" O.D. natural gas pipeline, dehydrator station and meter run to transport natural gas produced in Apache County, State of Arizona. The right of way had been granted to Rim Southwest Corporation and NNOGC Exploration and Production LLC, purchased all interest pursuant to their agreement with Rim Southwest Corporation dated August 1, 2012 which is attached on Exhibit "A"(1); and

3. The right-of-way is situated across Navajo Nation Trust Lands in Sections 5, 6, 8, 9, Township 40 North, Range 29 East, Apache County, Arizona. Said right of way will be 12,936.76 feet in length, 30 feet in width, and 8.91 in acres. The location is more particularly described on the attached map attached hereto and incorporated herein as Exhibit "B"; and

4. All environmental studies and cultural resources inventories have been completed and said reports are attached hereto and incorporated herein; and

5. It is and existing right of way and no additional land is involved.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Resources and Development Committee of the Navajo Nation Council hereby approves the Grant of Right-of-Way Assignment and Renewal to Seeley Oil Company for continued operation and maintenance of Anasazi Pipeline on, over and

across Navajo Nation Trust Lands, San Juan County, New Mexico. The location is more particularly described in Exhibit "B".

2. The Resources and Development Committee of the Navajo Nation Council hereby approves the Right-of-Way, subject to, but not limited to, the terms and conditions attached hereto as Exhibit "C" and incorporated herein by reference.

3. The Resources and Development Committee of the Navajo Nation Council hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to affect the intent and purpose of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Resources and Development Committee of the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of ___ in favor, ___ opposed and ___ abstained, this ___ day of _____, 2015.

Chairperson
Resources and Development Committee

Motion:

Second:

1	NAME
2	
3	
4	
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**PROPOSED RESOLUTION OF
THE RESOURCES AND DEVELOPMENT COMMITTEE
OF THE NAVAJO NATION COUNCIL**

**Approving a Grant of Right of Way Assignment and Renewal to NNOGC
Exploration and Production LLC, for Continued Operation and Maintenance of
Dry Mesa 4" Natural Gas Pipeline and Dehydrator Station on Navajo Tribal Trust
Lands in Apache County, State of Arizona**

WHEREAS:

1. Pursuant to 2 N.N.C. Section 501 (B)(2), the Resources and Development Committee of the Navajo Nation Council has the authority to grant final approval for all land withdrawals, non-mineral leases, permits, licenses, rights of way, surface easements and bonding requirements on Navajo Nation lands and unrestricted (fee) land. This authority shall include subleases, modifications, assignments, leasehold encumbrances, transfers, renewals, and terminations; and

2. NNOGC Exploration and Production LLC, Post Office Box 4439, Window Rock, Arizona 86515, has submitted a Right of Way Assignment and Renewal application (attached as Exhibit "A") for continued operation and maintenance a 4" O.D. natural gas pipeline, dehydrator station and meter run to transport natural gas produced in Apache County, State of Arizona; and

3. The right-of-way is situated across Navajo Nation Trust Lands in Sections 5, 6, 8, 9, Township 40 North, Range 29 East, Apache County, Arizona. Said right of way will be 12,936.76 feet in length, 30 feet in width, and 8.91 in acres. The location is more particularly described on the attached map attached hereto and incorporated herein as Exhibit "B"; and

~~4. Navajo Land Department staff of the Division of Natural Resources has obtained the necessary consents of the affected land users (grazing permittees) which are attached hereto and incorporated herein as Exhibit "C"; and~~

4. 5. All environmental studies and cultural resources inventories have been completed and said reports are attached hereto and incorporated herein, and

5. 6. It is an existing right-of-way and no additional land is involved.
NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Resources and Development Committee of the Navajo Nation Council hereby approves the Grant of Right-of-Way Assignment and Renewal to NNOGC Exploration and Production LLC, for continued operation and maintenance of Dry Mesa Pipeline on, over and across Navajo Nation Trust Lands, Apache County, Arizona. The location is more particularly described in Exhibit "B".

From Southwest Corporation
dated August 1, 2012
attached as Exhibit A-1

2. The Resources and Development Committee of the Navajo Nation Council hereby approves the Right-of-Way, subject to, but not limited to, the terms and conditions attached hereto as Exhibit ~~"B"~~ "C" and incorporated herein by reference.

3. The Resources and Development Committee of the Navajo Nation Council hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to effect the intent and purpose of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Resources and Development Committee of the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of ___ in favor, ___ opposed and ___ abstained, this ___ day of April, 2015. —, 2015.

Chairperson
Resources and Development Committee

Motion:
Second: