

NAVAJO NATION OIL AND GAS COMPANY

GATHERING TARIFF

Applying on

CRUDE PETROLEUM

The rates published in this tariff are in cents per barrel of 42 U.S. Gallons each, for the interstate transportation of crude petroleum by pipeline, subject to the Rules and Regulations attached hereto.

TABLE OF RATES		
FROM	TO	Rates in Cents per Barrel of 42 United States Gallons
Utah, San Juan County Aneth Unit: Lateral Nos. A1 and A2 Lateral Nos. A3 and A4	Aneth Station, San Juan County, Utah	[I] 58.51 [I] 80.47
McElmo Creek Unit		[I] 58.51
Ratherford Unit		[I] 58.51
White Mess Unit		[I] 58.51

Gathering Charge: The rates listed above are for gathering only in San Juan County, Utah.

Issued in compliance with 18 C.F.R. § 342.3 (Indexing).

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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Explanation of Reference Marks:

[I] Increase

SUBJECT	ITEM NO.	PAGE NO.
Acceptance of Delivery.....	7	4
Additives.....	23	8
Applicable Rates from Intermediate Points.....	20	7
Blending of Indirect Products.....	13	6
Common Stream Operation.....	26	9
Definitions.....	1	3
Destination Facilities.....	9	5
Establishment of Quality.....	3	3
Invoices.....	29	9
Liability for Charges.....	16	6
Liability for Losses.....	17	6, 7
Liability for Non-Compliance with Tariff.....	24	8
Liens.....	30	9, 10
Line Fill.....	28	9
Measuring, Testing and Deductions.....	12	5
Nominations.....	4	4
Origination Facilities.....	8	5
Payment Prior to Delivery.....	31	10
Proration.....	25	8, 9
Quantity of Deliveries.....	11	5
Rates Applicable.....	15	6
Scheduling.....	5	4
Segregated Batch Operations.....	27	9
Storage in Transit.....	10	5
Time Limitation of Claim.....	18	7
Volume Transfer Information Charges.....	22	7, 8
Volumetric Adjustment.....	19	7
Warranty of Title.....	2	3

ITEM NO.	SUBJECT	RULES AND REGULATIONS
1	Definitions	<p>“API” means American Petroleum Institute.</p> <p>“Barrel” means forty-two United States gallons.</p> <p>“Carrier” means and refers to [W]Navajo Nation Oil and Gas Company Giant Pipeline Company.</p> <p>“Common Stream” means crude petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with other crude petroleum.</p> <p>“Consignee” means the party to whom a Shipper has ordered the delivery of crude petroleum and indirect liquid products.</p> <p>“Crude Petroleum”, as used herein, means the direct product of oil wells, indirect liquid products of oil or gas wells, or a mixture of the direct product and indirect liquid products.</p> <p>“FERC” means Federal Energy Regulatory Commission.</p> <p>“Indirect liquid products of oil or gas wells”, sometimes referred to as “indirect products” means the liquid products resulting from the operation of gasoline recovery plants, gas recycling plants, or condensate or distillate recovery equipment in gas or oil fields, or a mixture of such products.</p> <p>“Segregated Batch” means crude petroleum having specific identifiable characteristics different from the common steam which is moved through the pipeline so as to maintain its identity.</p> <p>“Shipper” means the party who contracts with the Carrier for transportation of crude petroleum and indirect liquid products.</p> <p>“US” means the United States.</p>
2	Warranty of Title	<p>The act of delivering crude petroleum into Carrier’s pipeline for transportation shall constitute a warranty by Shipper that Shipper has unencumbered title thereto and that unencumbered title shall remain with Shipper until such crude petroleum is delivered out of Carrier’s pipeline.</p>
3	Establishment of Quality	<p>Carrier will from time to time determine the quality of crude petroleum it will regularly gather from certain areas and the quality of crude petroleum it will regularly transport as a common stream between particular origin points and destination points on its trunk pipelines. Carrier will inform all interested persons of such crude petroleum quality upon request by them. The conditions applying to common stream operation are set forth in Item No. 26.</p> <p>Carrier will accept for transportation in a segregated batch crude petroleum that does not meet the common stream quality provided that the conditions set forth in Item No. 27 are met.</p> <p>Crude petroleum quality includes, but is not limited to, whole crude properties such as API gravity, sulfur, S & W, Reid vapor pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.</p> <p>Crude petroleum with a gravity of 34.9° API or less shall not exceed 8.0 pounds per square inch absolute (psia) Reid vapor pressure. Crude petroleum with a gravity of 35.0° API or greater shall not exceed 13.0 psia Reid vapor pressure. Refer to Item No. 13 for blending quality specifications.</p> <p>After giving reasonable notice to persons who may be affected, Carrier may from time to time undertake to gather or transport other or additional qualities of crude petroleum and</p>

		Carrier may from time to time cease to gather or transport particular qualities of crude petroleum.
4	Nominations	<p>All Shippers and Consignees desiring to ship or receive crude petroleum through the pipelines of Carrier shall provide Carrier, in writing, with the following information needed by Carrier to schedule and dispatch each shipment of crude petroleum; the kind, quantity, receipt point, sequence of delivery, delivery point and Shipper of each proposed crude shipment. Nominations must be received by the Final Nomination Deadline. The Final Nomination deadline is 3:00 p.m. (MST) on the fifth (5th) working day (excluding Carrier holidays) before the first day of the month in which Shipper desires to ship.</p> <p>Nominations or changes in nominations received after the Final Nomination Deadline will not be accepted from the Final Nomination Deadline date to the first day of the following month. After the first of the month, changes will be accepted only in writing and only if space is available and the additional or changed nominations do not impair the movement of crude nominated prior to the Final Nomination Deadline.</p> <p>All nominations must contain a final destination point. Barrels which do not have a final destination by the Final Nomination Deadline are the responsibility of the Shipper originally tendering the barrels into the system and may not be able to be shipped. Such barrels will be considered new nominations occurring after the first of the month and are subject to the restrictions contained in the above paragraph.</p> <p>Shipper must also satisfy Carrier that offers to ship are in good faith and that shipments can be transported in conformance with Carrier's tariffs.</p> <p>Carrier shall not be obligated to accept or deliver crude petroleum unless Shipper and Consignee have complied with the provisions of this Item.</p> <p>In the event the total nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably among all shipments according to the proration procedure set forth in Item No. 25.</p>
5	Scheduling	<p>For each calendar month Carrier will establish a sequence for pumping crude petroleum through its trunk lines and will schedule the approximate time when crude petroleum offered for shipment will be received by Carrier at origin points and delivered by Carrier at destination points.</p> <p>Carrier will inform each Shipper of the time within each calendar month when crude petroleum will be received from such Shipper at origin points and Carrier will inform each Shipper or his Consignee of the approximate time within each calendar month when crude petroleum will be delivered to such Shipper or Consignee at destination points.</p> <p>A change in destination point may be made without charge if requested by the Shipper prior to arrival at original destination subject to the rates, rules, and regulations applicable from point of origin to point of destination, provided the current pipeline operations of the Carrier will permit such a change of destination. Such request must be in writing.</p>
7	Acceptance of Delivery	After shipment has arrived at destination and on 24 hours' notice to Shipper or his Consignee, Carrier may begin delivery of such shipment to Shipper or Consignee at its current rate of pumping.

		If a Shipper or Consignee is not able to receive crude petroleum from Carrier at the time when Carrier has scheduled a delivery, and since Carrier does not provide a free storage service, then Carrier shall have the right to sell such crude petroleum to the first available purchaser at the best price obtainable; to use the proceeds thereof to pay pipeline transportation charges as well as other reasonable costs which shall be due as if delivery had been made; and to hold the balance of such proceeds for whomsoever may be entitled hereto.
8	Origination Facilities	Carrier will receive crude petroleum from Shippers at stations on its gathering lines; at leases or plants to which its gathering lines connect; and at origin points on its trunk lines. Crude petroleum will be received only from pipelines, tanks or other facilities which are provided by Shipper. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks and/or metering facilities to be provided by Shipper at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept crude petroleum for transportation unless such facilities have been provided.
9	Destination Facilities	Carrier will deliver crude petroleum to Shipper or his Consignee at destinations on its gathering lines or trunk lines. Crude petroleum will be delivered only to pipelines, tanks, or other facilities which are provided by Shipper or Consignee. Carrier will determine and advise Shippers and Consignees of the size and capacity of pipelines, tanks, or other facilities to be provided by Shipper or Consignee at point of delivery to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept crude petroleum for transportation unless such facilities have been provided.
10	Storage in Transit	Storage of crude petroleum will be provided by Carrier for Shippers who are currently shipping within Carrier's pipeline systems. Storage in transit is subject to Nomination (Item 4) and Invoice (Item 29) rules and other applicable rules and regulations contained herein. Carrier, in its sole discretion, shall determine acceptability of storage volumes based on system capacity and pipeline operations. Storage volumes, if accepted, will be allocated on a "first come, first serve" basis. A minimum volume of ten thousand (10,000) barrels will be accepted for storage. Additional storage volumes will be accepted in thousand barrel increments only. Line fill requirements (Item 28) must be met before storage volumes will be accepted for storage. Volumes will be stored on a calendar month basis only. Volumes must be renominated if storage is desired for more than one month.
11	Quantity of Deliveries	Carrier will not make a delivery of less than 10, 000 barrels of crude petroleum at any destination point on its trunk lines except when necessitated by pipeline operations or except where a smaller delivery is authorized by an individual tariff as may be subsequently issued by Carrier.
12	Measuring, Testing, and Deductions	All measurements and tests shall be determined by Carrier, but Shipper and Consignee or their representatives may be present to witness them. However, failure of a Shipper and Consignee to have a representative present will constitute a waiver, and the Shipper and Consignee shall be bound by the information and data on the tickets. The volume of crude petroleum received and delivered by Carrier will be measured in barrels units by meter or by gauge. Measured volumes at recorded or observed temperatures will be converted to net volumes at 60 degrees Fahrenheit. The volume of impurities in crude petroleum received and delivered by Carrier will be

		<p>measured by physical test in accordance with the latest revision of API Standard 2500 covering the measuring, sampling, and testing of crude oil, such volume of impurities to be deducted from the volume of such receipts and deliveries. Unless specifically authorized by individual tariffs, Shipper shall not tender crude oil to Carrier for transportation in which the total volume of impurities and water exceeds one percent (1%). If such crude oil is received by Carrier for transportation, Shipper shall be liable for any and all costs incurred as a result of such impurities and water.</p> <p>Carrier shall deduct at the point of origin one-tenth of one percent (0.10 of 1%) of all crude petroleum received for transportation, to cover losses incident to pipeline transportation. The net balance of all deductions will be the quantity Carrier is obligated to deliver to the Consignee.</p>
13	Blending of Indirect Products	<p>Indirect liquid products of oil or gas wells will be accepted and transported only under the following conditions:</p> <ol style="list-style-type: none"> 1. Shipper must mix such indirect products with crude petroleum in its facilities prior to entering the Carrier's system. 2. The vapor pressure of the indirect products prior to mixing with crude shall not exceed 25 pounds per square inch absolute (psia) at a temperature of 100° Fahrenheit. 3. The resulting mixture with gravity of 34.9° API or less shall not exceed 8.0 psia Reid vapor pressure. A mixture with gravity of 35.0° API or greater shall not exceed 13.0 psia Reid vapor pressure. 4. Blends will be analyzed using an ASTM D-86 Distillation. Blends will be accepted if they meet or exceed the temperatures established by Carrier at the 10%, 30% and 50% volumes in the D-86 Distillation for the applicable API gravity. 5. Carrier will not accept blends or crude containing any of the following: waste oils, lube oils, crankcase oils, PCB's or Dioxins.
15	Rates Applicable	<p>The rate which shall apply to the transportation of crude petroleum and indirect products shall be the rate in effect on the date crude petroleum and indirect products is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of crude petroleum and indirect products shall be the rules and regulations in effect on the date crude petroleum and indirect products are received by Carrier for transportation.</p>
16	Liability For Charges	<p>The Shipper and Consignee shall be jointly and severally liable for the payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on crude petroleum delivered by Carrier to Consignee. All accrued charges are due on delivery of crude petroleum by Carrier to Consignee.</p>
17	Liability For Losses	<p>Carrier will not be liable for any loss of liquid hydrocarbon while in the possession of Carrier or for any delay in receiving or delivering liquid hydrocarbon, including any damages associated therewith, if caused by any of the following: Act of God, the public enemy, quarantine, authority of law, strikes, riots, requisition by Government, war, the act of Shipper or Consignee, or any other cause not attributable to the negligence or misconduct of Carrier.</p> <p>If such loss of liquid hydrocarbon occurs in a Segregated Batch having only one</p>

		<p>Shipper, then the Shipper and Consignee thereof shall bear the entire loss, damage or delay that occurs.</p> <p>If such loss of liquid hydrocarbon occurs in a Common Stream or in a Segregated Batch having more than one Shipper, then each Shipper of the Common Stream or Segregated Batch so lost shall share such loss in the proportion that the amount of liquid hydrocarbon in the custody of Carrier for the account of such Shipper in such system immediately before the loss occurred, bears to the total amount of liquid hydrocarbon in the custody of Carrier in such system immediately before the loss occurred.</p> <p>In either case, Carrier will be obligated to deliver only that portion of liquid hydrocarbon remaining after such loss. Transportation charges will be made only on quantities of liquid hydrocarbon delivered.</p> <p>If liquid hydrocarbon is lost while in the custody of Carrier due to the negligence or misconduct of Carrier, Carrier may obtain and deliver to the Consignee thereof other liquid hydrocarbon of the same quantity and quality as that which was lost. Carrier shall not, however, be obligated to do so, rather Carrier may compensate Shipper for such loss (less deductions) in money. The dollar value of such loss shall be based upon the market price for liquid hydrocarbon of similar gravity and quality in effect on the date the liquid hydrocarbon was lost.</p>
18	Time Limitation of Claim	As a condition precedent to recovery for loss or delay, claims must be filed in writing with the originating or delivering Carrier within nine (9) months and one (1) day after delivery of the property, or in case of failure to make delivery, within nine (9) months and one (1) day after a reasonable time for delivery has elapsed, and suits shall be instituted against the Carrier only within two (2) years and one (1) day from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid by Carrier.
19	Volumetric Adjustment	Any volumetric difference between receipts from Shipper and delivery to Shipper or Consignee during a current month as a result of scheduling will be adjusted in the following month without any further liability to Carrier, taking into consideration all prior deductions allowed pursuant to the rules and regulations contained herein.
20	Applicable Rates from Intermediate Points	Crude petroleum received from a point on Carrier's lines which is not named in a Local Tariff but which point is intermediate to a point named in a Local Tariff, will be assessed the rate in effect from the next more-distant point named in a Local Tariff. Crude petroleum delivered to a point on Carrier's lines which is not named in a Local Tariff but which point is intermediate to a point named in a Local Tariff will be assessed the rate in effect to the next more-distant point named in a Local Tariff.
22	Volume Transfer Information Charges	<p>Carrier may require payment of charges and fees due, including but not limited to overdue charges, penalties, interest and late payment charges before making delivery of crude petroleum if it appears that the value of crude petroleum remaining in the custody of Carrier for Shipper's account after making such delivery will not exceed the total of such charges and the total of transportation charges as provided in Item No. 16, which will be due from Shipper upon making such delivery.</p> <p>Carrier shall provide non-confidential information on the volumes of crude petroleum sold, exchanged or otherwise transferred (hereinafter collectively referred to as "transfers") in writing by the 15th calendar day of each month to those parties involved in such transfers on the following terms and conditions.</p>

		<p>A party desiring to receive this information must: (1) on or before the Final Nomination Deadline date, notify the Carrier in writing of the kind, quantity, transfer point and parties involved in the transfer; and (2) warrant that it has unencumbered title to the crude petroleum at the time of the transfer.</p> <p>The fee for the information shall be one quarter of one cent (0.25¢) per barrel of crude petroleum transferred. Carrier will invoice parties involved in such transfers who request the information and who do not pay Carrier's transportation charges on the crude petroleum transferred. If payment of such invoices is not received within ten (10) calendar days of the date of such invoices, then any unpaid charges shall bear interest from the date of such invoices until payment is received at the maximum rate allowed by law. Carrier shall not be obligated to provide information on the volumes of crude petroleum transferred unless the party requesting such information has complied with the provision of this Item.</p>
23	Additives	Carrier reserves the right to approve or reject the injection of corrosion inhibitors, viscosity depressants, pour point depressants, drag reducing additives, or other such additives in the crude petroleum to be transported.
24	Liability for Non-compliance with Tariff	Any Shipper or Consignee who does or permits to be done any act, matter or thing which violates the terms of this tariff shall be liable to Carrier for all loss, damages, or injury caused thereby or resulting therefrom.
25	Proration	<p>During any month in which the total nominations submitted for shipment in pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably among all Shippers as described by the following Proration Policy:</p> <p>A. Initial Prorating At such times as Carrier determines that it may be necessary to allocate space in a pipeline segment, Carrier will notify all Shippers of the necessity to prorate the segment. Carrier will also notify each Shipper of its allocated space for the month. The allocation will be determined according to the procedure described in Section B of this Item.</p> <p>B. Allocation Procedures When the nominated volumes for any month exceed the capacity of any one or more segments of the system, the total nominated volumes for the segment(s) will be divided into each Shipper's nominated volume to determine the 'factor' for that Shipper. Each Shipper's allocation for that segment(s) shall be determined by multiplying its 'factor' for that segment(s) by the capacity of the prorated segment. Capacity will be defined as the throughput limit for the prorated segment in barrels per day as determined by Carrier.</p> <p>C. Continued Prorating Carrier will require Shippers to nominate volumes to be shipped in prorated line segment in subsequent months by the First Nomination Deadline. The First Nomination Deadline is 3:00 p.m. (MST) on the twelfth (12th) working day prior to the beginning of the month in which it desires to ship. Space each month will be allocated based on the volume nominated for that particular month. Shippers will be informed of their allocations one (1) day after the First Nomination. All Final Nominations must be received by the Final Nomination Deadline. The Final Nomination Deadline is 3:00 p.m. (MST) on the fifth (5th) working day (excluding Carrier holidays) before the first day of the month in which the Shipper desires to ship. Such nominations are subject to provisions contained in Item 4.</p>

		<p>D. General Carrier requires that all Shippers furnish pumping facilities of sufficient capacity to move and receive crude petroleum at Carrier’s minimum barrel per day pumping rate for such line segment. If the Shipper does not meet this rate (within 2% deviation) by the First Nomination Deadline, and the line segment continues in proration for the following month, Shipper’s nominations for the following month shall be limited to the actual amount shipped by the First Nomination Deadline. In the event that a Shipper meets the rate by the First Nomination Deadline but does not meet the rate (within the 2% deviation) for the remainder of the month, Shipper’s nomination in the following month shall be limited to the actual amount shipped if line segment continues in proration. Volumes injected into Carrier’s pipeline system will be limited to the throughput capacity as determined by Carrier. Lease sites will also be limited to historic production as determined by the Carrier. Shipper must have unencumbered title to all volumes which are nominated. Space allocated to a Shipper may only be used by such Shipper and may not be assigned, sold, or otherwise transferred to another Shipper. Any Shipper violating this provision will not be allowed to ship in the following month if proration continues. If a Shipper fails to use its total allocated space for the month and if such Shipper is unable to provide a reasonable explanation therefore, then such Shipper’s nomination for the following month will be limited to the volume that was actually shipped during the month in which Shipper failed to use its space. This nomination will then be subject to the prorating procedures contained herein. Any undue preference or advantage Shippers may offer, grant, solicit, accept or receive with respect to the allocation of shipping space, may be a violation of Section 41, Title 49, U.S.C.A., and other applicable Laws.</p>
26	Common Stream Operation	Except as provided in Item 27, crude petroleum will be accepted for transportation only on condition that it shall be subject to such changes in quality or characteristics while in transit as may result from the mixture with other crude petroleum in the same common stream and the Carrier shall be under no obligation to make delivery of the identical crude petroleum received, but may make delivery out of its common stream.
27	Segregated Batch Operations	Carrier will accept crude petroleum for transportation in a segregated batch provided that: <ul style="list-style-type: none"> a) Carrier has the facilities to ship and line availability to segregate such crude petroleum while in transit; and b) Carrier shall not be liable to Shipper or Consignee for change in the quality of such grade of crude petroleum while it is in transit; and c) The interface generated between such batches shall be divided equitably between those shipments that precede and follow the interface; and d) The crude petroleum offered for transportation is made available at the origin point of shipment in a quantity that equals or exceeds 10,000 barrels.
28	Line Fill	Each Shipper shall provide its prorata share of crude petroleum as determined by Carrier with respect to each pipeline it has shipped on or proposes to ship on. Carrier shall not be obligated to deliver Shipper’s crude petroleum in such pipeline unless Shipper has provided its prorata share of such line fill.
29	Invoices	Carrier will invoice Shipper each month for gathering charges on Crude Petroleum gathered for Shipper during the previous month. Carrier will invoice Shipper each month for transportation charges on liquid hydrocarbon delivered during the previous month. Such invoices shall be deposited in the U.S. Post Office, postage prepaid, and

		sent to the last address provided to Carrier by Shipper. If payment of such invoices is not received by Carrier by the later of the 25th of the month after the month of delivery of liquid hydrocarbon or ten (10) calendar days after receipt of such invoices, then any unpaid charge shall bear interest from the payment due date until payment is received at the maximum rate allowed by law.
30	Liens	Carrier shall have a lien on all crude petroleum received into Carrier's pipelines. Such lien shall take effect at the point of origin as crude petroleum is received into Carrier's pipelines. Such lien shall secure the payment of any and all gathering charges, transportation charges, fees, and other lawful charges owed to Carrier by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges, whether or not incurred on the crude petroleum in Carrier's pipeline and whether or not invoiced. In the event the value of the crude petroleum in carrier's pipelines is less than the total of all charges owed to Carrier by Shipper, Carrier's lien pursuant to this Item shall be computed as follows: (a) the charges owed to Carrier by Shipper divided by (b) the total of the charges owed to Carrier by Shipper multiplied by (c) the value of the crude petroleum in Carrier's pipelines. Carrier may enforce such lien by any manner referred to in New Mexico Statutes Section 55-7-308, provided that Carrier's sale of such crude petroleum to another Shipper or Carrier, or any other person, after ten (10) days prior notice to Shipper and the solicitation of three (3) bids thereon, shall be deemed commercially reasonable. Such lien shall be in addition to any and all other rights and remedies Carrier has at law or in equity.
31	Payment Prior to Delivery	Carrier may require a Shipper or Consignee to pay gathering charges, transportation charges, fees and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to overdue gathering charges, overdue transportation charges, penalties, interest and late payment charges, before making delivery of crude petroleum if it appears that the value of the crude petroleum remaining in the custody of Carrier for Shipper's account after making such delivery will not exceed the total of all such charges which will be due from Shipper and Consignee upon making such delivery.