

Exhibit 1

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FEDERAL CHARTER OF INCORPORATION

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

TO THE
THE NAVAJO NATION

FORTHE
NAVAJO NATION OIL AND GAS COMPANY
A Federally Chartered Corporation

ARTICLE I. -- Name.

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

ARTICLE II. -- Principal Office and Registered Office.

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

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

ARTICLE III. -- Authority for Charter.

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

ARTICLE IV. -- Status of Corporation.

A. The Corporation is a legal entity wholly-owned by the Navajo Nation, a federally recognized Indian tribe. As an instrumentality of the Navajo Nation, the Corporation is entitled to the privileges and immunities of the Navajo Nation. However, the activities, transactions, obligations, liabilities and property of the Corporation are not those of the Navajo Nation.

1 B. The Corporation shall have the same tax status and immunities under federal law
2 as the Navajo Nation.

3
4 **ARTICLE V. -- Ownership of the Corporation.**

5
6 A. The aggregate number of shares which the Corporation shall have authority to
7 issue is 500,000 shares. The shares shall be of one class only and the par value of each share
8 shall be One Dollar (\$1.00).

9
10 B. All shares in the Corporation shall be owned by the Navajo Nation for the benefit
11 of the Nation and its enrolled members. No individual or legal entity other than the Navajo
12 Nation shall acquire any shares in the Corporation.

13
14 C. The Navajo Nation's shares in the Corporation shall not be sold, transferred,
15 pledged or hypothecated, voluntarily or involuntarily, and any purported sale, transfer, pledge
16 or hypothecation shall be void and of no effect.

17
18 D. All rights of the shareholder of the Corporation shall be exercised by eleven (11)
19 shareholder representatives, composed of one member from each of the eleven (11) standing
20 committees of the Navajo Nation Council or their successor committees, in accordance with
21 this Charter and applicable tribal law; provided that the Directors of the Corporation shall
22 be elected as provided in Article XI of the Charter. Each standing committee shall select its
23 own shareholder representative.

24
25 **ARTICLE VI. -- Period of Duration.**

26
27 The period of the Corporation's duration is perpetual, or until this Charter is revoked or
28 surrendered by Act of Congress, pursuant to 25 U.S.C. § 477, as amended.

29
30 **ARTICLE VII. -- Corporate Purposes.**

31
32 The purposes for which the Corporation is organized are:

33
34 A. To own and operate, directly or through subsidiary corporations, joint ventures,
35 associations, partnerships or otherwise, any oil and/or gas production, operating, refining,
36 drilling, or marketing business; and any motor or fossil fuel, distributing, trucking, jobber,
37 wholesale, or retailing and related business.

38
39 B. To form subsidiary corporations and to enter into and form partnerships, joint
40 ventures, associations, and other business arrangements.

41
42 C. To conduct activities in all phases of the oil and gas industry either within or
43 outside of Navajo Indian Country.

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

3 E. To pursue the above purposes for the benefit of the Navajo Nation government,
4 and to return all dividends and distributions of profit to the Navajo Nation government to be
5 devoted to essential governmental functions.
6

7
8 **ARTICLE VIII. -- Corporate Powers.**

9 The Corporation is authorized:

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

12 B. To have a corporate seal which may be altered at the discretion of the Board of
13 Directors.
14

15 C. To buy, sell, lease and otherwise acquire and maintain buildings, offices, shops
16 and other appurtenances proper and necessary for the carrying on of said business.
17

18 D. To carry on its business either within or without Navajo Indian Country.
19

20 E. To guarantee, purchase, hold, assign, mortgage, pledge or otherwise dispose of
21 capital stock of, or any bonds, securities or other evidences of indebtedness created by any
22 other corporation or organization that is in existence under the laws of the United States, any
23 state, Indian tribe, nation, government or country, and to exercise all the rights, privileges and
24 powers of ownership.
25

26 F. To enter into and make contracts of every kind and nature with any person, firm,
27 association, corporation, municipality, nation, Indian tribe, state or body politic, without the
28 approval of the Navajo Nation or the Secretary of the Interior, except when the use of trust
29 or federally-restricted Indian property requires such approval.
30

31 G. To purchase, take by gift or bequest, acquire, own, lease, manage, operate, deal
32 in and dispose of real and personal property of all kinds and descriptions, wherever situated.
33

34 H. Subject to the limitations imposed by Article V of this Charter, to incur debts and
35 raise, borrow and secure the payment of any money in any lawful manner, including the issue
36 and sale or other disposal of bonds, indentures, obligations, negotiable and transferrable
37 instruments and evidence of indebtedness of all kinds, whether secured by mortgage, pledge,
38 deed of trust or otherwise, without the approval of the Navajo Nation or the Secretary of the
39 Interior, except when the use of trust or federally-restricted Indian property requires such
40 approval.
41
42
43

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

5
6 J. To apply for, purchase or acquire by assignment, transfer or otherwise, and to
7 exercise, carry out and enjoy any license, power, authority, franchise, concession, right or
8 privilege which any government or authority or any corporation or other public body may be
9 empowered to enact, make, or grant, and, subject to the limitations imposed by Article V of
10 this Charter, to pay for and to appropriate any of the company's assets to defray the necessary
11 costs, charges and expenses thereof.

12
13 K. To sue and be sued in its Corporate name to the extent provided in Article XVI
14 of this Charter, and to that extent only.

15
16 L. To employ or appoint employees, attorneys and agents of the Corporation and
17 define their duties and fix their compensation.

18
19 M. To lend money for its corporate purposes, invest and reinvest its funds and take
20 and hold real and personal property as security for the payment of funds so loaned and
21 invested.

22
23 N. To sell, convey, mortgage, pledge, lease, exchange, transfer or otherwise dispose
24 of all or any part of its corporate property or assets to the extent permitted by Article IX(F)
25 of this Charter.

26
27 O. To adopt bylaws for the regulation of the internal affairs of the Corporation
28 consistent with this Charter, without the approval of the Navajo Nation Council or the
29 Secretary of the Interior.

30
31 P. To pay pensions and establish pension plans, pension trusts, profit-sharing plans,
32 and other incentive plans for any or all of its directors, officers and employees.

33
34 Q. To acquire the assets and rights and to assume the obligations and liabilities of
35 Navajo Nation Oil and Gas Company, Inc., a corporation chartered under the laws of the
36 Navajo Nation, through merger as provided in Article XVII of this Charter, by assignment
37 or through any other means lawful under the laws of the Navajo Nation.

38
39 R. To obtain a certificate of authority to transact business outside of Navajo Indian
40 Country in any state as a foreign corporation, and to comply with applicable state law
41 governing foreign corporations.
42

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

3
 4 ARTICLE IX. -- Limitations on Corporate Powers.

5 The Corporation shall have no power.

6
 7 A. To expressly or by implication enter into any agreement of any kind on behalf of
 8 the Navajo Nation.

9
 10 B. To pledge the credit of the Navajo Nation.

11
 12 C. To dispose of, pledge, or otherwise encumber real or personal property of the
 13 Navajo Nation.

14
 15 D. To waive any right, privilege or immunity of, or release any obligation owed to,
 16 the Navajo Nation.

17
 18 E. To enter into any sublease or other encumbrance or instrument respecting lands
 19 leased to the Corporation by the Navajo Nation without the express written approval of the
 20 Navajo Nation Council.

21
 22 F. To sell, lease, exchange or otherwise dispose of all or substantially all of the
 23 Corporation's assets, other than in the usual and regular course of its business, without the
 24 prior written consent of the Navajo Nation Council. Prior to any such proposed sale or
 25 disposition, the Corporation shall give reasonable notice to the Navajo Nation Council. The
 26 shareholder's consent to any such proposed sale or disposition shall be in the form of a
 27 resolution of the Navajo Nation Council, duly adopted in accordance with applicable tribal
 28 law.

29
 30
 31 ARTICLE X. -- Shareholder Action.

32
 33 A. Annual Meeting. The annual meeting of the shareholder shall be held on the first
 34 Wednesday of May, beginning with the year 1997, at the hour of 10:00 a.m., or at some other
 35 time specified by the Chairperson of the Board for the purpose of the transaction of any
 36 business that may come before said meeting. The Chairperson of the Board or the President
 37 of the Corporation, in his absence, shall preside over the shareholder's meetings. If the day
 38 fixed for the annual meeting shall be a legal holiday within the Navajo Nation, such meeting
 39 shall be held on the next succeeding business day. To the extent authorized by applicable
 40 law, the Corporation may, under such rules and procedures as the Navajo Nation Council
 41 may lawfully prescribe, make an annual report to the Navajo Nation Council or its authorized
 42 standing committee in lieu of holding an annual meeting.

1 B. Special Meetings. Special meetings of the shareholder, for any purpose or
 2 purposes, unless otherwise prescribed by applicable law, may be called by the President of
 3 the Corporation or by the Board of Directors, and shall be called by the President of the
 4 Corporation at the request of the Speaker of the Navajo Nation Council on behalf of the
 5 shareholder representatives. Special meetings shall require written notice stating the place,
 6 day and hour of the meeting and the purpose or purposes for which the meeting is called.
 7 Such notice shall be delivered not less than ten (10) nor more than thirty (30) days before the
 8 date of the meeting, either personally or by mail, to each of the directors of the Corporation,
 9 to the Speaker of the Navajo Nation Council, and to the President of the Navajo Nation. Any
 10 business in addition to that specified in the notice of the meeting may be transacted at any
 11 special meeting of the shareholder with the consent of the Navajo Nation Council.

12
 13 C. Voting. At all meetings of the shareholder, whether an annual meeting or a special
 14 meeting, the shareholder representatives shall sit in their capacity as representatives of the
 15 sole shareholder and not as members of the Navajo Nation Council. Matters within the scope
 16 and legal authority of the shareholder under this Charter shall only be discussed and decided
 17 by the shareholder representatives present at a shareholder meeting duly called as provided
 18 in this Charter. On any issue or question presented to the shareholder, a vote shall be taken
 19 of those shareholder representatives present, if a quorum is present. The presence or absence
 20 of a quorum shall be determined with reference to the quorum requirements of the Navajo
 21 Nation Council itself. All of the stock owned by the Navajo Nation shall be voted in the
 22 manner decided by a majority of those shareholder representatives present.

23
 24 D. Quorum. Seven shareholder representatives shall constitute a quorum for any
 25 meeting of the shareholders.

26
 27 ARTICLE XI. -- Board of Directors.

28
 29 A. Management Authority. The business affairs of the Corporation shall be managed
 30 exclusively by its Board of Directors. The Navajo Nation shall have no authority to direct
 31 the business affairs of the Corporation, except through its status as the sole shareholder of
 32 the Corporation and as provided in this Charter.

33
 34 B. Number. The initial Board shall consist of nine (9) Directors, but the number of
 35 directors may thereafter be increased or decreased at any time by a duly adopted resolution
 36 of the shareholder. The Board may elect a Chairperson from its membership. The
 37 Chairperson shall preside at Board meetings. The President of the Corporation shall assume
 38 the duties of the Chairperson in the absence of the Chairperson. The Secretary/Treasurer of
 39 the Corporation shall serve as Secretary/Treasurer for the Board.

40
 41 C. How Elected. A Board of Directors to succeed the initial Board shall be elected
 42 within twelve (12) months following the effective date of this Charter. The Agency Councils
 43 shall nominate five (5) Directors and the President of the Navajo Nation shall nominate four

(4) Directors. The list of the nine nominees shall be presented to the Economic Development Committee of the Navajo Nation Council or any successor committee for its recommendations to the Government Services Committee of the Navajo Nation Council ("Committee") for its final confirmation at a duly scheduled meeting of the Committee at which a quorum is present. The Committee shall consider and vote on each nominee individually, and a majority vote in favor of a nominee shall constitute confirmation of the nominee as a Director. The Committee may for any reason table any nomination for consideration at the next duly scheduled meeting of the Committee. If any nominee is rejected by vote of the Committee, the Committee shall so notify the Agency Council(s) or the President of the Navajo Nation as appropriate, who shall make a new nomination for consideration by the Committee in conformity with the procedures established by this paragraph. Whenever any vacancy shall occur in the Board of Directors by death, resignation, removal or otherwise, the same shall be filled without undue delay. Depending upon the Board position vacated, a new Director shall be nominated by the President of the Navajo Nation or the appropriate Agency Council to maintain the representation established by this paragraph. The nominee shall be confirmed in conformity with the procedures established by this paragraph.

D. Term of Office. Three of the Directors initially elected by the Government Services Committee of the Navajo Nation Council shall be confirmed for terms of one (1) year each; three shall be confirmed for terms of two (2) years each; and three shall be confirmed for terms of three (3) years each. After the expiration of the initial term as Director, each successor Director shall be confirmed for a term of three (3) years.

E. Initial Board of Directors. The Initial Board of Directors of the Corporation shall consist of the following persons, who shall serve until their successors are elected as provided in paragraph C of this Article:

| <u>Name</u> | <u>Address</u> |
|---------------------------------------|---|
| Louis Denetsosie, Esq. Chairperson | P.O. Box 2544 Window Rock, AZ 86515 |
| Larry S. Hansen Vice-Chairperson | Salt Lake City Business Unit 474 West 900 North Salt Lake City, UT 84103-1494 |
| Marjorie Irvin Secretary/Treasurer | Northern Agency Council P.O. Box 7839 Newcomb, NM 87455 |
| Gilene Begay | Chinle Agency Council P.O. Box 1416 Kayenta, AZ 86033 |

Raphael Martin Eastern Agency Council
P.O. Box 402
Church Rock, NM 87311

Bennie Silversmith Ft. Defiance Agency Council
P.O. Box 1037
Window Rock, AZ 86515

Vacant (3)

F. Qualifications of Directors.

1. At all times the majority of the Directors shall be enrolled members of the Navajo Nation, and all non-member Directors shall be respected individuals with substantial experience in positions of responsibility in business or government. All directors nominated by the President of the Navajo Nation under Paragraph C of this Article XI shall have substantial experience in positions of responsibility in the oil and gas industry.

2. No employee of the Bureau of Indian Affairs shall be eligible to serve as a Director during the time of such employment.

3. No more than one-third (1/3) of the Directors may serve concurrently on the Board of Directors of the Corporation and on any other board of a corporation owned by the Navajo Nation.

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

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

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

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

H. Directors' Meetings. A regular meeting of the Board of Directors shall be held following the annual meeting of the shareholder. Special meetings of the Board of Directors may be called by the President of the Corporation after consultation with the Chairperson of the Board or in his absence the Vice-Chairperson, and shall be called by the President or the Secretary/Treasurer upon the request of three (3) or more Directors.

I. Notice of Meetings. Notice of meetings, other than the regular annual meeting shall be given by service upon each Director in person, or by mailing to the last known post office address of the Director, at least ten (10) days before the date therein designated for such meeting, including the day of mailing, of a written or printed notice thereof specifying the time and place of such meeting, and the business to be brought before the meeting. No business other than that specified in such notice shall be transacted at any special meeting. At any meeting at which every elected member of the Board of Directors shall be present, although held without notice, any business may be transacted which might have been transacted if the meeting had been duly called.

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

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

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

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

6
 7 N. Presumption of Assent. A Director who is present at a meeting of the Board of
 8 Directors at which action on any corporate matter is taken shall be presumed to have assented
 9 to the action taken, unless such dissent shall be entered in the minutes of the meeting or
 10 unless the Director shall file a written dissent to such action with the person acting as the
 11 secretary of the meeting before the adjournment thereof or shall forward such dissent by
 12 registered or certified mail to the Secretary/Treasurer of the Corporation immediately after
 13 the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted
 14 in favor of such action.

15
 16 O. Liability of Directors. A Director shall not be personally liable to the Corporation
 17 or its shareholder for monetary damages for breach of fiduciary duty as a director unless:

18
 19 1. The Director has breached or failed to perform the duties of the director's
 20 office as provided in paragraph G of this Article XI, and

21
 22 2. The breach or failure to perform constitutes willful misconduct or
 23 recklessness.

24 25 ARTICLE XII. — Officers.

26
 27 A. Number and Positions. The officers of the Corporation shall be the President, the
 28 Vice-President, and the Secretary/Treasurer. Any two or more offices may be held by the
 29 same person, except the offices of President and Secretary/Treasurer may not be held by the
 30 same person at the same time. The Board of Directors may by resolution add additional
 31 officer positions at any time and appoint persons to fill such positions until the annual
 32 election is held as provided in this Charter.

33
 34 B. Election. All officers of the Corporation shall be elected annually by the Board
 35 of Directors at its meeting held immediately after the annual meeting of the shareholder, and
 36 unless expressly provided otherwise in a written contract of employment shall hold office for
 37 the term of one year or until their successors are duly elected.

38
 39 C. Initial Officers. The initial officers of the Corporation shall consist of the
 40 following persons, who shall serve until the first annual meeting of the Board or until their
 41 successors are elected and shall qualify:
 42
 43

| | <u>Name and Office</u> | <u>Address</u> |
|----|------------------------|-------------------------------|
| 1 | | |
| 2 | President | Louis Denetsosie, Esq. |
| 3 | | P.O. Box 2544 |
| 4 | | Window Rock, AZ 86515 |
| 5 | | |
| 6 | Vice President | Larry S. Hansen |
| 7 | | Salt Lake City Business Unit |
| 8 | | 474 West 900 North |
| 9 | | Salt Lake City, UT 84103-1494 |
| 10 | | |
| 11 | Secretary/Treasurer | Marjorie Irwin |
| 12 | | Northern Agency Council |
| 13 | | P.O. Box 7839 |
| 14 | | Newcomb, NM 87455 |

15

16 D. Duties of Officers. The duties and powers of the officers of the Corporation shall

17 be provided in the Bylaws.

18

19 E. Compensation. The officers shall receive such expense reimbursement, salary or

20 compensation as may be determined by the Board of Directors.

21

22 F. Resignation and Removal of Officers. Any officer may resign at any time by

23 giving written notice to the President of the Corporation, and such resignation shall be

24 effective on the date specified in the notice. Unless expressly provided otherwise in a written

25 contract of employment, any one or more of the officers may be removed with or without

26 cause, at any time by a vote of the Board of Directors, at any special meeting called for that

27 purpose, or at the annual meeting.

28

29 G. Vacancies. All vacancies in any office shall be filled by the Board of Directors

30 without undue delay, at its regular meeting or at a meeting specially called for that purpose

31 for the unexpired portion of the term.

32

33 **ARTICLE XIII. -- Indemnification.**

34

35 A. The Corporation shall indemnify any person against reasonable expenses actually

36 and necessarily incurred by such person who was or is a party, or is threatened to be made

37 a party to any threatened, pending or completed action, suit or proceeding, whether civil,

38 criminal, administrative or investigative, by reason of the fact that such person is or was a

39 director, officer, employee or agent of the Corporation if:

40

41 1. Such person acted in good faith and in a manner such person reasonably

42 believed to be in, or not opposed to, the best interests of the Corporation; and

43

1 2. Such person did not act, fail to act, or refuse to act willfully or with gross
2 negligence or with fraudulent or criminal intent; and
3

4 3. Any legal fees paid or any settlements made are reasonable, provided that
5 with respect to any criminal action or proceeding the Corporation shall not be liable to
6 indemnify for any criminal fine for which such person is personally liable; and
7

8 4. The person seeking indemnification did not act beyond the scope of his or
9 her employment or office.
10

11 B. By action of the Board of Directors, notwithstanding any interest of the Directors
12 in the decision to purchase and maintain insurance, the Corporation may purchase and
13 maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf
14 of any person who is or was a director, officer, employee or agent of the Corporation, or is
15 or was serving at the request of the Corporation as a director, officer, employee or agent of
16 another corporation, partnership, joint venture, trust or other enterprise, against any liability
17 asserted against such a person and incurred by such a person in any such capacity, or arising
18 out of that person's status as such, whether or not the Corporation would have the power or
19 would be required to indemnify that person against such liability under the provisions of this
20 Article or of the Navajo Nation Corporation Code.
21

22 **ARTICLE XIV. -- Dividends.**
23

24 A. The Board of Directors may declare dividends from the surplus profits of the
25 Corporation whenever, in its opinion, the condition of the Corporation's affairs will render
26 it expedient for such dividends to be declared; Provided that no distribution may be made if
27 either:
28

29 1. The Corporation would not be able to pay its debts as they become due in
30 the usual course of its business, or
31

32 2. The Corporation's total assets would be less than the sum of its total
33 liabilities.
34

35 B. All dividends declared by the Board of Directors shall be paid to the Navajo
36 Nation as the sole shareholder.
37

38 **ARTICLE XV. -- Reports to Shareholder**
39

40 A. The Corporation shall maintain its financial records in conformity with generally
41 accepted accounting principles;
42

1 B. The Board of Directors of the Corporation shall, no less frequently than on a semi-
 2 annual basis, report in writing to the shareholder representatives on the financial and
 3 operating condition of the Corporation, including the assets and liabilities of the Corporation
 4 and the official actions of the Corporation's officers. The content of the report shall be
 5 determined jointly by the Chairperson of the Board of Directors and the Executive Director
 6 of the Division of Economic Development of the Navajo Nation.

7
 8 C. The financial and operating records of the Corporation shall at all reasonable times
 9 be open to inspection by the shareholder representatives.

10
 11 D. The Corporation shall, within 120 days following the close of the Corporation's
 12 fiscal year, submit to the shareholder representatives an audited financial statement showing
 13 the status of the Corporation as of the last day of the Corporation's fiscal year.

14
 15 **ARTICLE XVI. -- Claims against the Corporation.**

16
 17 A. The Corporation is an instrumentality of the Navajo Nation and is entitled to all
 18 of the privileges and immunities of the Navajo Nation, except as provided in this Article
 19 XVI. The Corporation and its directors, officers, employees and agents while acting in their
 20 official capacities are immune from suit, and the assets and other property of the Corporation
 21 are exempt from any levy or execution, provided that, notwithstanding any other provision
 22 of law, including but not limited to the Navajo Sovereign Immunity Act, 1 N.M.C. § 551, *et*
 23 *seq.*, the Board of Directors may waive the defenses identified in this Article, in conformity
 24 with the procedures established in this Article, in order to further the purposes of the
 25 Corporation. Any waiver of the defenses identified in this Article must be express and must
 26 be agreed to by the Board of Directors prior to the time any alleged cause of action accrues.

27
 28 B. The Corporation is hereby authorized to waive, as provided in this Article XVI,
 29 any defense of sovereign immunity from suit the Corporation, its directors, officers,
 30 employees, attorneys or agents may otherwise enjoy under applicable federal, state or tribal
 31 law, arising from any particular agreement, matter or transaction as may be entered into to
 32 further the purposes of the Corporation, and to consent to alternative dispute resolution
 33 mechanisms such as arbitration or mediation or to suit in tribal, state and/or federal court.
 34 The Corporation is authorized, in conformity with 13 C.F.R. § 124.112(c)(1) (1992), to
 35 designate United States federal courts to be among the courts of competent jurisdiction for
 36 all matters related to the Small Business Administration's programs including but not limited
 37 to 8(a) Program Participation, loans, advance payments and contract performance.

38
 39 C. The Corporation is hereby authorized to waive, as provided in this Article XVI,
 40 any defense the Corporation, its directors, officers, employees, attorneys or agents may
 41 otherwise assert that federal, state or tribal law requires exhaustion of tribal court remedies
 42 prior to suit against the Corporation in a state or federal court otherwise having jurisdiction
 43 over the subject matter and the parties.

1 D. Any waiver by the Corporation authorized by Paragraph A, B or C of this Article
 2 XVI shall be in the form of a resolution duly adopted by the Board of Directors, upon thirty
 3 (30) days written notice to the Navajo Nation Council of the Board's intention to adopt the
 4 resolution. The resolution shall identify the party or parties for whose benefit the waiver is
 5 granted, the agreement or transaction and the claims or classes of claims for which the waiver
 6 is granted, the property of the Corporation which may be subject to execution to satisfy any
 7 judgment which may be entered in the claim, and shall identify the court or courts in which
 8 suit against the Corporation may be brought. Any waiver shall be limited to claims arising
 9 from the acts or omissions of the Corporation, its directors, officers, employees or agents,
 10 and shall be construed only to effect the property and income of the Corporation.
 11

12 E. Nothing in this Charter, and no waiver of the Corporation's sovereign immunity
 13 pursuant to this Article shall be construed as a waiver of the sovereign immunity of the
 14 Navajo Nation or any other instrumentality of the Navajo Nation, and no such waiver by the
 15 Corporation shall create any liability on the part of the Navajo Nation or any other
 16 instrumentality of the Navajo Nation for the debts and obligations of the Corporation, or shall
 17 be construed as a consent to the encumbrance or attachment of any property of the Navajo
 18 Nation or any other instrumentality of the Navajo Nation based on any action, adjudication
 19 or other determination of liability of any nature incurred by the Corporation. The acts and
 20 omissions of the Corporation, its directors, officers, employees and agents shall not create
 21 any liability, obligation or indebtedness either of the Navajo Nation or payable out of assets,
 22 revenues or income of the Navajo Nation.
 23

24 F. Nothing in this Charter, and no action taken by the Corporation pursuant to this
 25 Charter, shall be construed as permitting, recognizing, or granting any state any regulatory
 26 jurisdiction or taxing jurisdiction over the property or activities of the Corporation or its
 27 employees located within the boundaries of Navajo Indian Country.
 28

29 ARTICLE XVII. -- Merger. 30

31 A. The Corporation is authorized to merge with Navajo Nation Oil and Gas
 32 Company, Inc., a Navajo Corporation, which is wholly-owned by the Navajo Nation, on the
 33 terms provided in this Article. In the event of such a merger, the Navajo Corporation shall
 34 comply with all applicable provisions of the Navajo Nation Corporation Code governing
 35 merger with a foreign corporation. This Corporation shall follow the procedures established
 36 by this Article or as may otherwise be established by federal law. A merger conducted in
 37 conformity with this Article shall not require the approval of the Secretary of the Interior.
 38

39 B. The Board of Directors of this Corporation shall by resolution approve a plan of
 40 merger setting forth the details of the proposed merger. The Board shall by resolution direct
 41 that the plan of merger be submitted to a vote at a meeting of the shareholder representatives.
 42 The plan of merger shall provide that this Corporation is to be the surviving corporation

1 following the proposed merger, and shall not include or be deemed to require any
2 amendment of this Charter.

3
4 C. Upon approval of the plan of merger by the shareholder representatives of this
5 Corporation as provided in this Article and by the Navajo Corporation as provided in the
6 Navajo Nation Corporation Code, Articles of Merger shall be executed by each corporation
7 by its Chairperson of the Board, President or Vice-President and by its Secretary/Treasurer.
8 The executed Articles of Merger shall be filed with the Secretary of the Interior and as
9 required by the Navajo Nation Corporation Code. The merger shall become effective as to
10 this Corporation upon delivery of the Articles of Merger to the Secretary of the Interior and
11 shall be effective as to the Navajo Corporation as provided in the Navajo Nation Corporation
12 Code.

13
14 D. When the merger has become effective as to both corporations, this Corporation
15 and the Navajo Corporation shall become a single corporation, which shall be this
16 Corporation and which shall be governed by this Charter.

17
18 E. The surviving corporation shall have all the rights, privileges, immunities and
19 powers of a corporation organized under 25 U.S.C. § 477 as specified in this Charter. This
20 Corporation shall acquire all the rights and be subject to all the liabilities and obligations of
21 this Corporation and of the Navajo Corporation, as provided in Navajo law.

22 23 ARTICLE XVIII. -- Seal.

24
25 The seal of the Corporation shall be as follows:

26
27 Navajo Nation Oil and Gas Company
28 Navajo Nation
29

30 ARTICLE XIX. -- Dissolution.

31
32 A. After issuance of this Charter by the Secretary of the Interior and ratification by
33 the Navajo Nation Council, the Corporation may be dissolved only as provided in this
34 Article.

35
36 B. The Corporation may be dissolved by the act of the Corporation as follows:

37
38 I. The Navajo Nation Council acting as shareholders' representative at a duly
39 called meeting may require the Board of Directors to adopt, or the Board of Directors, on its
40 own initiative and upon its determination that dissolution is advisable, shall adopt, a
41 resolution recommending that the Corporation be dissolved and directing that the question
42 of dissolution be submitted to a vote at a meeting of the shareholder representatives, which
43 may be either an annual or special meeting.

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

5
6 3. At the shareholder representatives meeting, a vote shall be taken on a
7 resolution to dissolve the Corporation.

8
9 4. Upon adoption of the resolution, a statement of intent to dissolve shall be
10 executed by the Corporation by its President or Vice-President and by its Secretary/Treasurer
11 and verified by one of the officers signing the statement, and shall be delivered to the
12 Secretary of the Interior.

13
14 5. Upon filing with the Secretary of the Interior of the statement of intent to
15 dissolve, the Corporation shall cease to carry on its business, except insofar as necessary for
16 the winding up thereof, but its corporate existence shall continue until this Charter is revoked
17 by act of Congress.

18
19 6. After filing the statement of intent to dissolve, the Corporation shall
20 immediately cause notice thereof to be mailed to each known creditor of the Corporation;
21 shall proceed to collect its assets, convey and dispose of such of its properties as are not to
22 be distributed in kind to its shareholder; pay, satisfy and discharge its liabilities and
23 obligations and do all other acts required to liquidate its business and affairs; and, after
24 paying or adequately providing for the payment of all its obligations, distribute the remainder
25 of its assets, either in cash or in kind, to its shareholder.

26
27 7. By resolution of the Board of Directors or by resolution adopted by the
28 Navajo Nation Council at any time prior to revocation of this Charter by act of Congress, the
29 Corporation may revoke voluntary dissolution proceedings. Written notice of the revocation
30 shall be filed with the Secretary of the Interior. Upon filing the notice of revocation of
31 voluntary dissolution proceedings, the revocation shall be effective and the Corporation may
32 again carry on its business.

33
34 8. If voluntary dissolution proceedings have not been revoked, when all debts,
35 liabilities and obligations of the Corporation have been paid and discharged, or adequate
36 provision has been made therefor, and all of the remaining property and assets of the
37 Corporation have been distributed to the Navajo Nation and the Secretary of the Interior shall
38 take all actions necessary to obtain an act of Congress revoking this Charter and dissolving
39 the Corporation.
40
41

1 ARTICLE XX. - Amendments.

2
3 A. The authority to petition for amendments to this Charter is vested in the Navajo
4 Nation Council, but such amendments shall have no legal effect until approved by the
5 Secretary of the Interior and ratified by the Navajo Nation Council in accordance with 25
6 U.S.C. § 477, as amended, and in accordance with applicable tribal law.

7
8 B. The Board of Directors may request the Navajo Nation Council to petition the
9 Secretary of the Interior for amendments to this Charter, but the final decision on submitting
10 any such petition shall be made by the Navajo Nation Council.

11
12 CERTIFICATE OF APPROVAL

13
14 I, [Signature], Assistant Secretary - Indian Affairs, by virtue of the
15 authority granted to the Secretary of the Interior by the Act of June 18, 1934 (48 Stat. 984,
16 25 U.S.C. § 477), as amended, and delegated to me by 209 D.M. 8.1, do hereby approve this
17 Federal Charter of Incorporation for use by the Navajo Nation and its enterprise, the Navajo
18 Nation Oil and Gas Company. It shall become effective upon ratification by the Navajo
19 Nation Council, PROVIDED, that nothing in this approval shall be construed as
20 authorizing any action under this document that would be contrary to Federal law.

21
22
23
24
25
26
27
28
29
[Signature]
Assistant Secretary - Indian Affairs

Washington, D.C.

Date: DEC 23 1997

Exhibit 2

Exhibit 2

NAVAJO NATION OIL AND GAS COMPANY

A Federally Chartered Corporation

BYLAWS

Amended January 27, 2013

Preamble

These Bylaws, effective on the date stated in the Certification below, shall supersede and replace all other bylaws and resolutions of the Board of Directors that have amended the bylaws, as of such effective date. These Bylaws are designed to supplement and explain related provisions in the Company's Federal Charter of Incorporation ("Charter"), without extensive duplication or inconsistency. In the event of any perceived inconsistency between these Bylaws and such Charter, the provisions of the Charter shall prevail.

Article I - Corporate Offices

Section 1.1 The principal office of the Navajo Nation Oil and Gas Company (the "Corporation") in the Navajo Nation shall be located in or near Window Rock, Navajo Nation (Arizona).

Section 1.2 The registered office of the Corporation required to be maintained in the Navajo Nation may be, but need not be, identical with the principal office of the Corporation, and the address of such registered office may be changed from time to time by the Board of Directors.

Article II - Shareholder

Section 2.1 Shareholder Representatives. Pursuant to resolution CJA-4-97 (Jan. 21, 1997) of the Navajo Nation Council which approved the Federal Charter of Incorporation, the Federal Charter of Incorporation issued by the Secretary of the United States Department of the Interior on December 23, 1997, and resolution CF-22-98 (Feb. 5, 1998) of the Navajo Nation Council, which ratified the Federal Charter of Incorporation, the Navajo Nation is and shall be the sole owner of shares of stock in the Corporation (the sole "shareholder"). The sole shareholder shall be represented by representatives appointed from each of the standing committees of the Navajo Nation Council ("shareholder representatives") or their successors. Each standing committee shall have the discretion for appointing its shareholder representative.

Section 2.2 Place of Meetings. All meetings of the shareholder representatives shall be held at the principal office of the Corporation, or at such other place within or outside the Navajo Nation, as may be necessary and as shall be specified or fixed in the notices or waivers of notice thereof.

Section 2.3 Annual Meeting. The annual meeting of the shareholder representatives shall be held on the first Wednesday of May, beginning at the hour of 10:00 a.m., at the principal office of the Corporation, or at some other time and place specified by the Chairperson of the Board, after completion and approval of the Corporation's annual audit.

Section 2.4 Special Meetings. Special meetings of the shareholder representatives, for any purpose or purposes may be called by the President of the Corporation after consultation with the Board of Directors or by a majority of the Board of Directors, and shall be called by the President of the Corporation at the request of a majority of the shareholder representatives.

Section 2.5 Notice of Meetings. Written notice of any annual or special meeting of the shareholder representatives shall be given to each shareholder representative and each Director of the Corporation, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, and shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail to each shareholder representative and each Director of the Corporation.

Section 2.6 Quorum. A majority of the shareholder representatives shall constitute a quorum for any meeting of the shareholder representatives.

Section 2.7 Stock Certificates. The certificates of stock shall be numbered and registered in the order in which they were issued. They shall be bound in a book and shall be issued in consecutive order therefrom, and in the margin thereof shall be entered the name of the sole shareholder owning the shares therein represented, with the number of shares and the dates thereof. They shall be signed by the Secretary/Treasurer of the Corporation and sealed with the seal of the Corporation.

Article III - Directors

Section 3.1 Authority. The Board of Directors shall provide high level governance and oversight of the Corporation, subject to the restrictions of the Charter and applicable law.

Section 3.2 Number. The Board of Directors shall consist of nine (9) directors, until such time as the Restated Charter is approved and ratified by the Navajo Nation Council. Directors shall be nominated, recommended and confirmed in accordance with Section 3.15 of these Bylaws and Article XI of the Charter.

Section 3.3 Term. The terms of the initial Directors will be staggered from one (1) to three (3) years as appropriate. Thereafter, each successor Director shall serve a term of three (3) years as determined by the Nominations Committee of the Board of Directors, except those replacing a Board member under Section 3.12, whose term shall coincide with that of the Board member being replaced. Unless a Board member is removed or resigns or otherwise vacates his or her position as a Board member, such Board member shall serve as such, and be entitled to all of the rights and subject to all of the duties of a Board member, including the right to vote on

matters properly coming before the Board, until the end of his or her term or until his or her successor is confirmed in accordance with Section 3.15, whichever occurs later.¹

Section 3.4 Annual Meetings. An annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholder representatives.

Section 3.5 Regular Meetings. Regular meetings shall be held at least once a quarter at the place, day and time as determined by the Board of Directors.

Section 3.6 Special Meetings. Special meetings may be called by the President of the Corporation after consultation with the Chairperson or, in his absence, the Vice Chairperson, and shall be called by the Chairperson or President upon the request of three (3) or more Directors, one of whom may include the Chairperson.

Section 3.7 Notice of Meetings: Waiver.

a. Notice of meetings shall be given by service upon each Director in person, or by mailing to the last known street or post office address of the Director, at least ten (10) days but no more than thirty (30) days, before the date therein designated for such meeting, including the day of mailing, of a written or printed notice thereof specifying the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. No business other than that specified in such notice shall be transacted at any special meeting.

b. Notice of any regular or special meeting of the Board of Directors may also be given by other reliable and verifiable means, such as facsimile, telephone, e-mail or other electronic communication when deemed feasible and appropriate by the Chairperson of the Board.

c. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

d. At any meeting at which every member of the Board of Directors shall be present, although held without notice, any business may be transacted which might have been transacted if the meeting had been duly called.

¹ This bylaw is in conformity with general corporation law, a proper interpretation of the Navajo Corporation Code, and the best interest of the Corporation. See 5 N.N.C. § 3100 (B) (Navajo Nation Corporation Act is "based upon the American Bar Association's Model Business Corporation Act. . ."); Model Business Corporation Act, § 8.05 (e) ("Despite the expiration of a director's term, he continues to serve until his successor is elected and qualifies . . ."); 7 N.N.C. § 204 (c) (Navajo choice of law provision authorizing reference to state and federal law); 2 Fletcher, Cyclopedia of the Law of Private Corporations, § 344 ("Directors or other officers of a corporation elected or appointed for a certain time hold over after the expiration of their term until their successors are elected or appointed."); Scarda v. C.I.R., 250 F.2d 429, 434 & n.7 (10th Cir. 1957). See also 53-11-36, N.M.S.A. ("Each director shall hold office for the term for which he is elected and until his successor has been elected and qualified.").

e. The Board, upon majority vote of members present at any meeting at which a quorum is present, may make such amendments to the agenda of such meeting as it deems proper, prudent, and in the Corporation's best interest

Section 3.8 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The Chairperson (or, in his or her absence, any Board member acting in the Chairperson's stead) shall be counted in determining the presence or absence of a quorum of the Board.

Section 3.9 Voting. Each Director has one vote at any meeting of the Board of Directors and a majority of the quorum carries any issue. The Chairperson (or, in his or her absence, any Board member acting in the Chairperson's stead) shall be entitled to vote on any matter decided by the Board.

Section 3.10 Meeting Options. Members of the Board of Directors or any committee designated thereby may participate in a meeting of the Board or committee by means of a conference telephone call or similar communications equipment by which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 3.11 Action Without Meetings. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting by orally polling the Directors or by a consent in writing, setting forth the action so taken, signed by all of the Directors, and the polling or consent shall have the same effect as a regular vote.

Section 3.12 Resignation; Removal.

a. Any Director may resign at any time by giving written notice to the Chairperson of the Board, and such resignation shall be effective on the date specified in the notice.

b. Any one or more of the Directors may be suspended by the Board of Directors or removed with cause (as defined in Appendix A to these Bylaws) at any time by a vote of the shareholder representatives at the annual meeting or any special meeting called for that purpose. For purposes of removal of any Director, the Board of Directors and shareholder representatives shall comply with the "Standards and Procedures for the Removal of Members of the Board of Directors," attached hereto as Appendix A.

Section 3.13 Vacancy. Whenever any vacancy in any Board of Directors position shall occur by death, resignation, removal or otherwise, a replacement shall be nominated and confirmed for the unexpired portion of the term in accordance with Section 3.15 of these Bylaws and Article XI(C) of the Charter.

Section 3.14 Compensation. The Directors shall be reimbursed for expenses reasonably incurred and paid such reasonable compensation as set forth in the Travel Policies and Procedures, which may be changed by resolution from time to time. Any Director who performs

extraordinary services on behalf of the entire Board may be paid a reasonable sum for services as determined and approved by the Board.

Section 3.15 Nominations. Candidates for the Board of Directors shall possess the qualifications set forth in Section 3.16. The Nominations Committee of the Board of Directors shall receive and screen all candidates and recommend up to three successful candidates to the Navajo Nation President or the appropriate Agency Council, as the case may be. The Navajo Nation President or appropriate Agency Council shall then recommend one Nominee to the Resources and Development Committee and such Nominee shall be confirmed by the Naa'bik'iyáti' Committee of the Navajo Nation Council. The Naa'bik'iyáti' Committee shall consider and vote on each Nominee individually, and a majority vote in favor of a Nominee shall constitute confirmation of the Nominee as a Director. If any Nominee is not accepted by the Resources and Development Committee or Naa'bik'iyáti' Committee, the respective party shall so notify the Chairperson of the Corporation's Board of Directors, and the Nominations Committee of such Board in coordination with the Navajo Nation President or appropriate Agency Council shall make a new recommendation for consideration in conformity with this Section 3.15 and Article XI of the Charter.

Section 3.16 Qualifications.

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

b. No Director shall be an employee of the federal or Navajo Nation government. No Director shall be a public official of the Navajo Nation as defined in 2 N.N.C. § 3742 (S) (2008), as amended, including without limitation Navajo Nation Council delegates, Chapter officials, grazing committee members, commissioners, land board members, farm board members, or school board members. No Director shall be a director (or commissioner) of any other Navajo Nation owned enterprise, industry, authority or corporation. The requirements of Paragraphs (a) and (b) of this Section 3.16 shall not apply to any consecutive renominations or confirmations of the Board members serving as of the date (July 28, 2011) of these amendments to the Bylaws.

c. The Nominations Committee of the Board of Directors (or its successor committee) shall conduct appropriate due diligence, including without limitation background and credit checks on any person nominated and/or confirmed or seated as a member of the Board to ensure compliance with the requirements of this Section 3.16 and Article XI(F) of the Charter. The Nominations Committee shall not nominate:

i. any person who has been convicted or entered a plea of *nolo contendere* in any court of a felony or misdemeanor, including without limitation those involving dishonesty or moral turpitude, extortion, embezzlement, theft, violation of fiduciary duty, bribery, perjury, or fraud; provided, that any misdemeanor shall be limited to the last ten (10) years of such person's history, and, provided further, that the Nominations Committee shall have discretion to waive any misdemeanor upon presentation of reasonable evidence or justification;

ii. any person who violates the principles of the Navajo Nation Ethics in Government Law Act, 2 N.N.C. § 3741 *et seq.*, provided any such violation shall be limited to the last ten (10) years of such person's history, and, provided further that the Nominations Committee shall have discretion to waive any such violation upon presentation of reasonable evidence or justification;

iii. any person who has declared bankruptcy or been adjudicated bankrupt; has sought appointment of a receiver, trustee, or similar official for all or any substantial part of his or her assets; has made a general assignment for the benefit of creditors; or has been the subject of a proceeding commenced by others in the nature of bankruptcy or insolvency that either has resulted in an order of relief against such person or, if pending, has remained undischarged, undismissed, or unbonded for a period of sixty days (together, "Bankruptcy"); provided, however, that any Bankruptcy shall be limited to the last seven (7) years of such person's history, and, provided further, that the Nominations Committee shall have discretion to waive any Bankruptcy upon presentation of reasonable evidence or justification; or

iv. Any person who has been previously removed for cause from the Board of Directors of this Corporation or of any wholly-owned Navajo Nation enterprise, authority or corporation.

d. The Board of Directors shall have the right not to seat any person nominated and confirmed in violation of the above requirements or who refuses to cooperate reasonably in any due diligence, in which cases such person shall be deemed to have been properly removed for cause and the Board shall so notify the shareholder representatives. The shareholder representatives shall have the right to remove any Director who violates the above requirements after having been seated.

Section 3.17 Duties and Responsibilities.

a. Directors shall have the rights and responsibilities of directors of similar for-profit private corporations under general corporation law, unless those rights and responsibilities are inconsistent with Navajo Nation law, or the Corporation's Charter or these Bylaws. Those rights and responsibilities should be pursued and exercised in accordance with the primary purpose of the Corporation, to create and increase corporate profit and shareholder gain. Directors should provide leadership to accomplish these goals in two basic ways, decision-making and oversight. Such decision-making should focus on policies, strategic goals, and actions taken (often by resolution) on specific matters of singular significance to the Corporation, such as changes in the Charter or Bylaws, authorization of dividends, mergers, major new directions and capital investments.

- b. The overall responsibilities of the Directors include:
- i. Formulating, reviewing, monitoring, and amending, with management, as appropriate, fundamental operating, financial and other corporate plans, strategies and objectives;
 - ii. Selecting, evaluating and fixing the compensation of the President and evaluating and fixing the compensation of other corporate officers;
 - iii. Approving and implementing succession plans for the President;
 - iv. Evaluating the performance of the Corporation and taking action, including changing corporate plans, strategies and objectives and replacing the President, when appropriate;
 - v. Adopting policies of corporate conduct and monitoring compliance with those policies and with applicable laws and regulations, as well as the adequacy of accounting, financial and other internal controls;
 - vi. Evaluating the performance of the President and evaluating and determining the incentive pay of the President or other corporate officers who may be entitled such incentive pay under contract or otherwise; provided, however, that only those Board members who were confirmed and seated during a substantial portion of the rating period shall have the right to vote on such performance evaluation or incentive pay.
 - vii. Reviewing the process of providing appropriate financial and operational information to decision makers (including Board members) and shareholders; and
 - viii. Evaluating the overall effectiveness of the Board and its composition.

c. Other policies and standards of conduct of the Board of Directors are set forth in the attached Appendix B and are incorporated herein by reference.

d. In fulfilling its duties, the Board of Directors or its authorized delegate shall have the right to access corporate key executives and legal counsel. Directors have the right to inspect the Corporation's books and records, other relevant data and the facilities during regular business hours with notice to the Chairperson and the President and with due regard for the proper functioning of the Corporation, if reasonably necessary for the performance of their duties, to be given reasonable notice of all meetings in which the Director is entitled to

participate, and to be given copies of the minutes of the Board and all Committees thereof. These rights are accompanied by a duty not to disclose or to misuse such information.

Section 3.18 Persons Nominated But Not Yet Confirmed to the Board of Directors. The Board of Directors may, but is not required to, invite persons who have been selected, but not yet confirmed, to attend a Board meeting, work session or other function. If such an invitation is made and accepted, the Corporation may reimburse such person for his or her actual expenses reasonably incurred for such attendance, but such person shall not be entitled to the per diem stipend or honorarium to which confirmed Board members are entitled under these Bylaws. The Board shall keep in mind the need to maintain confidentiality and to satisfy its other duties to the Corporation in deciding whether to extend such invitation to such persons and in limiting such person's participation in such meeting, session or other function. Such person shall not be entitled to participate as a member of any Board committee until confirmed.

Article IV- Committees

Section 4.1 The Board of Directors may establish such committee or committees thereof by majority vote at a duly called meeting if deemed expedient and in the best interest of the Corporation. Each committee shall have two or more members and shall serve at the pleasure of the Board of Directors. Such committee or committees may be given all or any part of the authority of the Board of Directors, except no such committee may exercise the authority of the Board of Directors in reference to the following matters under 5 N.N.C. § 3315(A) (2005) or any other matter where the exercise of such authority would violate the Corporation's Charter, these Bylaws, or any applicable law:

- a. Submission to the members of any matter that requires an act of the members of the Board of Directors;
- b. Filling vacancies on the Board of Directors or on any committee of the Board of Directors;
- c. Adoption, amendment or repeal of bylaws; or
- d. Fixing compensation of Directors.

Section 4.2 The Board of Directors, with or without cause, may dissolve any such committee or remove any Director from the committee at any time. The designation of any such committee and the delegation of authority shall not operate to relieve the Board of Directors or any Director of any responsibility imposed by law.

Section 4.3 Each committee shall keep their own minutes and records of meetings. Each committee shall submit periodic reports to the Board of Directors.

Article V - Officers of the Board of Directors

Section 5.1 Officers of the Board of Directors. At its regular meeting immediately following the annual meeting of the shareholder, the Board shall elect a Chairperson, Vice Chairperson, Secretary and/or such other officers of the Board from its membership as the Board deems necessary or desirable in its discretion. Such officers shall serve until the next election of such officers or their replacement, resignation, removal, or event causing a vacancy in any such office.

Section 5.2 Duties and Responsibilities. The duties and responsibilities of the officers shall be as follows:

a. Chairperson. The Chairperson shall preside at all meetings of the Board of Directors and of the shareholder representatives. The Chairperson shall also perform such duties assigned by the Board of Directors.

b. Vice Chairperson. The Vice Chairperson shall perform such duties assigned by the Chairperson or the Board of Directors.

c. Secretary. The Secretary shall ensure that accurate minutes of meetings are taken, recorded and approved and that copies of the final approved minutes and resolutions are maintained in the corporate records.

Section 5.3 Other Duties. All officers of the Corporation shall faithfully perform any other function directed by the Board of Directors.

Section 5.4 Resignation; Removal. Any officer may resign at any time by giving written notice to the Chairperson of the Board and such resignation shall be effective on the date specified in such notice. The Chairperson may resign at any time by giving written notice to the President of the Corporation with a copy to all members of the Board of Directors and such resignation shall be effective on the date specified in such notice. The Board of Directors, by a majority vote, may remove any officer at any time with cause, as defined in Appendix A of these Bylaws, or without cause, at any special meeting duly called for that purpose or at its regular meeting immediately following the annual meeting of the shareholder.

Section 5.5 Vacancy. Any vacancy in any officer position shall be filled for the unexpired portion of the term by the Board of Directors without undue delay at its next regular meeting or at a meeting specially called for that purpose.

Article VI - Officers of the Corporation

Section 6.1 Officers of the Corporation. Officers of the Corporation shall include a President, Vice President(s), and Secretary/Treasurer ("corporate officers").

Section 6.2. Duties and Responsibilities. The duties and responsibilities of the corporate officers shall be as follows:

a. President. Until further action by the Board, the President shall also serve as the Chief Executive Officer ("CEO") of the Corporation, and shall, subject to the oversight of the Board of Directors, have general supervision, direction and control of the business and employees of the Corporation. The President shall:

- i. attend all meetings of the Board of Directors and shareholder representatives;
- ii. present a report of the condition of the business of the Corporation at each annual meeting of the shareholder representatives and Board of Directors;
- iii. cause to be called meetings of the shareholder representatives in accordance with Article II, Sections 2.3 to 2.5 of these Bylaws, and of the Directors in accordance with Article III, Sections 3.4 to 3.7 of these Bylaws;
- iv. have authority to expend, contract and purchase goods and services that are included in the annual budget approved by the Board. The President may delegate such authority to subordinate officers and employees as he deems proper in his sole discretion. The President together with the Vice President of Finance and in consultation with the Chairperson of the Board shall have authority to expend up to Five Hundred Thousand Dollars (\$500,000.00) for unbudgeted expenditures. The President, Vice President of Finance and other corporate officers must be bondable and the Corporation shall secure and maintain such surety and/or other bond in such amount or amounts as the Secretary/Treasurer of the Corporation or the Board of Directors deems appropriate;
- v. see that the books, reports, statements and certificates required by the statutes are properly kept, made and filed according to law;
- vi. sign all notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn by the Secretary/Treasurer; and
- vii. enforce these Bylaws and perform all the duties incident to the position and office, and those which are required by law.

b. Vice President(s). During the absence or inability of the President of the Corporation to render and perform such duties as stated hereinabove or as otherwise specified by the Board of Directors, the Vice President of the Corporation, if one has been elected by the Board of Directors, or the most senior of the Vice Presidents, if there are more than one, shall assume such duties of the President, unless prohibited from doing so by the Corporation's

Charter, the Corporation's Bylaws, or applicable law. The Board of Directors may, if in its discretion it deems it advisable, elect other Vice Presidents along functional lines, including without limitation any or all of the following: Executive Vice President, Vice President of Finance, Vice President of Exploration and Production, Vice President of Retail/Wholesale Operations, etc.

- c. Secretary/Treasurer. The Secretary/Treasurer shall:
- i. keep or cause to be kept the minutes of meetings of the Board of Directors and of the shareholder representatives in appropriate books;
 - ii. give and serve all notice of the Corporation;
 - iii. be custodian of the records and of the seal, and affix the latter when required;
 - iv. keep the stock book in the manner prescribed by law, so as to show at all times the amount of capital stock, the manner and the time the same was paid in, the number of shares outstanding and the amount paid thereon; and keep such stock book open daily during business hours at the office of the Corporation, subject to the inspection of the sole shareholder of the Corporation, the Board of Directors, the Audit Committee, or any member thereof, and permit such shareholder to make extracts from said book to the extent and as prescribed by law;
 - v. sign all certificates of stock;
 - vi. present to the Board of Directors at their meetings all appropriate communications addressed to the Secretary/Treasurer officially by the President or any officer or the sole shareholder of the Corporation;
 - vii. have the care and custody of and be responsible for all the funds and securities of the Corporation, and deposit any such funds in the name of the Corporation in such bank or banks, trust company or trust companies or safe deposit vaults as the Board of Directors may designate. Thus, the Secretary/Treasurer must be bondable, and the Corporation shall secure and maintain such surety or other bond in such amount or amounts as the President of the Corporation or the Board of Directors deems appropriate;
 - viii. sign, make and endorse in the name of the Corporation all checks, drafts, warrants and orders for the payment of money and pay out

and dispose of same and receipt therefor, under the direction of the President or the Board of Directors;

- ix. exhibit at all reasonable times the books of account to any Director or the sole shareholder of the Corporation upon application at the office of the Corporation during business hours;
- x. render a statement of the condition of the finances of the Corporation at each regular meeting of the Board of Directors, and at such other times as shall be required, and a full financial report, at the annual meeting of the sole shareholder;
- xi. keep at the office of the Corporation correct books of account of all its business and transactions and such other books of account as the Board of Directors may require; and
- xii. attend to all correspondence and perform all duties incident to the office of Secretary/Treasurer.

Section 6.3 Other Duties. All officers of the Corporation shall faithfully perform any other function directed by the Board of Directors.

Section 6.4 Resignation; Removal.

a. Any officer may resign at any time by giving written notice to the President of the Corporation and such resignation shall be effective on the date specified in such notice. Subject to any applicable contract provisions, the President of the Corporation may resign at any time by giving written notice to the Chairperson of the Board, and such resignation shall be effective on the date specified in the notice.

b. The Board of Directors, by a majority vote, may remove any corporate officer at any time with cause at any special meeting duly called for that purpose or at its regular meeting immediately following the annual meeting of the shareholder. For purposes of removal of any officer, "cause" shall include any violation of any fiduciary duty owed by an officer to the Corporation, any actual or apparent conflict of interest, sexual harassment (as defined in the Corporation's personnel policies) of, or misconduct involving any employee or officer or Director of the Corporation, carrying on a close personal or sexual relationship with, any employee or officer or Director of the Corporation not a spouse of such officer, conviction of any crime involving moral turpitude or fraud, breach of confidentiality of Board discussions, including but not limited to those conducted in executive session, disclosure of any privileged communication, abuse or violation of the Corporation's Charter, Bylaws or policies and procedures, violation of any employment of other contract between the Corporation and such officer, or other serious or persistent misconduct. Absent exigent circumstances as determined by the Board, the officer shall be informed in writing of the specific grounds for removal and shall be given a reasonable opportunity to respond in person or through counsel before a decision to remove is made.

Section 6.5 Vacancy. Any vacancy in the office of the President shall be filled by the Board of Directors without undue delay at its regular meeting or at a meeting specially called for that purpose. Vacancies in other corporate officer's positions shall be filled by the President of the Corporation.

Article VII - Financial Affairs

Section 7.1 Fiscal Year. The Board of Directors may, upon recommendation of the President of the Corporation and in its discretion, change the Corporation's fiscal year in the best interest of the Corporation.

Section 7.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 7.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by persons designated and authorized by resolution of the Board of Directors. The amounts, terms and the identities of the authorized signors shall be updated annually or as necessary by resolution of the Board of Directors.

Section 7.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 7.5 Dividends. The Board of Directors may declare dividends from the net profits of the Corporation for the preceding fiscal year, whenever in its opinion, the condition of the Corporation's affairs will render it expedient for such dividends to be declared and paid to the Navajo Nation; provided that no dividend may be made if:

- a. Payment of such dividend would, in the judgment of the Corporation, cause a risk that the Corporation would become out of compliance with any loan covenant or other contractual obligation, or would risk the loss or diminution of value of a substantial Corporate opportunity; or
- b. The Corporation would not be able to pay its debts as they become due in the usual course of its business, or
- c. The Corporation's total assets would be less than the sum of its total liabilities; or
- d. The Corporation is insolvent or would become insolvent upon payment of such dividend; or
- e. The Corporation's net assets would be reduced below its stated capital.

Article VIII - Seal

Section 8.1 The Board of Directors has adopted the following seal for the Corporation:

Navajo Nation Oil and Gas Company
[Reserved]

Section 8.2 The Board of Directors may change the Corporation's seal consistent with Article XVIII of its Charter, by majority vote at any special meeting duly called for that purpose.

Article IX - Amendments to Bylaws

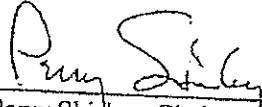
Section 9.1 The Board of Directors may amend the Corporation's Bylaws in any manner not inconsistent with the Corporation's Charter or applicable law. The Corporation's Bylaws may be amended by an affirmative vote of the Board of Directors at any regular meeting or at a special meeting called for that purpose, provided that notice by reliable and verifiable means such as facsimile, telephone, e-mail, or other electronic communication or by written notice to the Board member's last known post office address, shall have been sent to each member of the Board in accordance with Section 3.7 of these Bylaws before the date of such annual or special meeting which notice shall summarize the amendments which are proposed to be made in such Bylaws. Only such changes as have been summarized in the notice shall be made. If, however, all Board members shall be present at any regular or special meeting, these Bylaws may be amended by a unanimous vote, without any previous notice.

CERTIFICATION

The foregoing Amended Bylaws of the Corporation were adopted by the Board of Directors of the Corporation on January 27, 2013, at a duly called meeting in Window Rock, AZ at which a quorum was present, by a vote of 6 in favor, 3 opposed and 0 abstained.

Attest:

Secretary


Perry Shirley, Chairman
Board of Directors

APPENDIX A

Standards and Procedures for the Removal of Members of the Board of Directors

- I. Overview.
 - A. All members of the Board of Directors ("Board") of the Corporation are required and expected to comply with the Corporation's Charter, Bylaws and all applicable policies and procedures at all times.
 - B. The Board is ultimately responsible for the overall governance of the Corporation. Good governance can on occasion be undermined by an individual director or directors. Removal is unlikely to be a first response, unless an action by a director is deemed to be so serious as to undermine confidence in the Board or be so detrimental to the best interest of the Corporation. Thus, removal is an essential sanction for misbehavior by a director.
 - C. This Appendix A to the Bylaws outlines the standards and procedures governing the removal of a director from the Board.
- II. Summary of the Charter and Bylaws Applicable to Removal.
 - A. Charter – Article XI(M): Board members may be removed with cause by shareholder representatives.
 - B. Bylaws – Section 3.12: Board members may be removed for cause by shareholder representatives.
- III. Cause for removal of a director shall include the following:
 - A. Violation of the Corporation's Charter, Bylaws, rules and regulations or policies and procedures.
 - B. Violation of or refusal to sign the Oath of Office and Confidentiality Agreement.
 - C. Conviction of any crime, including but not limited to those involving moral turpitude or fraud.
 - D. Civil or criminal malfeasance.
 - E. Violation of any fiduciary duty identified in Appendix B to the Bylaws.
 - F. Breach of confidential corporate information or Board decision or discussion.
 - G. Breach of the principles of the Navajo Nation Ethics in Government Act.
 - H. Any actual or apparent conflict of interest.
 - I. Theft or misuse of corporate funds.
 - J. Abuse of power.
 - K. Obstructive, destructive, demoralizing or unethical behavior.
 - L. Frequently disrupting Board meetings or causing discord among the directors.
 - M. Knowingly providing false information about the Corporation to any person.

- N. Physically harming or threatening to harm any employee, officer or director of the Corporation.
 - O. Sexual or other harassment of any employee, officer or director of the Corporation.
 - P. Misconduct, including carrying on a close personal or sexual relationship, with any non-spousal employee, officer or director of the Corporation.
 - Q. Any other serious or persistent misconduct.
 - R. Negligence of Board duties and responsibilities, including failure to attend three (3) consecutive meetings without reasonable cause in the discretion of the Chairperson of the Board.
 - S. Illegal or other activity reflecting negatively on the Corporation, including without limitation use, possession, sale, distribution or abuse of illegal drugs and alcohol.
- IV. On or after the date of adoption of this Appendix A, a member of the Board may be removed pursuant to the following procedures.
- A. Any director or Executive Officer of the Corporation (the "Complainant") may file a signed, written complaint (the "Complaint") against a Board member (the "Accused Director") alleging specific facts constituting grounds for removal from the Board. The Complaint shall be filed with Chairperson, or if the Chairperson is the Accused Director, to the Vice Chairperson, of the Board.
 - B. Promptly upon receipt of the Complaint, the Chairperson shall refer the Complaint to the full Board and send notice to the Accused Director of the allegations made in the Complaint.
 - C. At its next regular meeting or at a special meeting called for this purpose, the full Board, excluding the Accused Director, shall consider the Complaint and determine whether it alleges facts, which if true, may constitute grounds for removal. If so, the matter should be referred to a neutral, respected and independent person or entity for any investigation of the factual allegations of the Complaint that the Board deems worth of further investigation. If the factual allegations of the Complaint are uncontroverted or conceded, such independent investigation shall not be required.
 - D. If an independent investigation is deemed advisable, the Board shall engage, or direct management to engage, the services of an investigator, who shall investigate any disputed factual allegations of the Complaint and relevant surrounding circumstances and who shall make findings, conclusions and recommendations in a written report (the "Report"). Such Report shall be presented to the Chairperson, or, if the Chairperson is the Accused Director, to the Vice Chairperson, of the Board.
 - E. Promptly upon receipt of the Report, the Chairperson (or Vice Chairperson, as appropriate) shall serve on all Directors, including the Accused Director, notice of

a meeting (the "Meeting") of the Board of Directors at which the Complaint and Report shall be considered and at which the full Board, excepting the Accused Director, shall make a decision regarding removal of the Accused Director.

- F. At the Meeting, all Directors, including the Accused Director, shall be provided with the Complaint and Report, if any, and shall be afforded ample opportunity to read the same prior to substantive discussion of the Complaint and Report, if any. The full Board, excepting the Accused Director, shall conduct such preliminary discussions as it deems appropriate, establish procedures for conducting the Meeting to ensure appropriate communications with and input from the Accused Director, and conduct the remainder of the Meeting in substantial conformity with such procedures. In no event will the Meeting be conducted in a trial-type manner, and the Accused Director shall not be entitled to representation or the attendance of legal counsel. The Board shall excuse from the Meeting the Accused Director after hearing from the Accused Director and other persons prior to the Board's deliberations and decision on the Complaint and Report.
- G. At the Meeting, the Board may request additional information or documents from the Accused Director, any investigator, Complainant, or other person prior to making a decision, and may adjourn or continue the Meeting for such purpose on majority vote of the Board.
- H. The Accused Director shall not participate as a member the Board or participate in the Board's deliberations or vote related to the Complaint, except to the extent the Board deems it appropriate to permit the Accused Director to respond to the allegations.
- I. If the Board decides that the Accused Director should be removed, the Board by an affirmative majority vote of those directors present, will take the following action against the Accused Director:
 - 1. Suspension.
 - 2. Notice to the Accused Director of such suspension.
 - 3. During suspension, the Accused Director will:
 - a. Be removed from all committees of the Board.
 - b. Not be permitted to attend any Board or committee meetings.
 - c. Not be permitted to collect any stipend or other compensation or expenses from the Corporation.
 - d. Not represent himself or herself as a member of the Board.
 - e. Not participate in any activity sponsored by the Corporation.
 - f. Refrain from discussing his or her disciplinary matter, except through appropriate channels permitted under the Corporation's Charter, Bylaws or these procedures.

- J. Shortly after the Meeting, the Chairperson of the Board will submit a formal request on behalf of the Board to the shareholder representatives to remove the Accused Director from the Board.
- K. The shareholder representatives shall be requested to convene a special meeting for the sole purpose of considering the removal of the Accused Director from the Board, giving due deference to the findings of the independent investigation and any further findings of the Board itself.
- L. The adoption of these procedures shall not affect the validity of any Board action or investigation regarding alleged misconduct of a Board member taken or completed prior to the adoptions of these procedures.

APPENDIX B

Board Responsibilities and Standards of Conduct

- I. Directors have both collegial responsibilities and individual responsibilities. These are summarized below:
 - A. Boardroom responsibilities.

To “direct” implies bringing experience and relationships to the Corporation to promote its best interest. It implies becoming informed, participating, asking questions and applying considered business judgment to matters coming before the Board as a whole.

Primary consideration should be given to economic considerations. However, Directors must appreciate public expectations, and take into consideration law, public policy and ethics. Directors may consider the effect of their actions on other constituencies, but law does not require it; the law only requires attention to the interests of the Corporation.
 - B. Individual responsibilities.

Each director must individually become familiar with the Corporation’s business and competitive environment to be effective. This includes the Corporation’s principal operational, financial and other plans, strategies and objectives; the results of operations and the financial condition of the corporation; and its competitive standing in the industry. Directors must be able to make individual evaluations of management performance and to join with other Directors to formulate challenges and rewards for management.

Thus, the Corporation must ensure systems for the timely dissemination of information to the Board, such as current objectives and plans; financial statements, with appropriate breakdowns; systems of controls; material litigation; and regulatory matters. Directors should review minutes and reports of committees in advance of Board meetings.
- II. The baseline standard of the performance of a director’s duties requires that the director act in good faith and in the manner the director reasonably believes to be in the best interest of the Corporation. “Good faith” implies honesty, fair dealing and no personal benefit. A director’s “reasonable belief” is an objective test, based on a rational analysis of the situation after consideration of sufficient and reliable information.
- III. The Directors act as fiduciaries of the Corporation, and are subject to traditional fiduciary standards of conduct, primarily the duties of care, loyalty and candor. The duty of care requires a time commitment and regular attendance at duly called meetings. It also requires that the director inform himself or herself of the facts so that decisions are made

prudently. The director has a right to rely on others, where a reasonable person would do so, but must make inquiries if conditions suggest a need for further information. The duty of loyalty requires that a director not involve himself or herself in an apparent or real conflict of interest or appearance of impropriety. The director must make business opportunities initially available to the Corporation. Documentation of disclosures of potential conflicts should be preserved in minutes and otherwise, and independent advice should be obtained in appropriate instances. Finally, the duty of candor requires that all relevant information be fairly presented to the shareholder, and that the Board never mislead or misinform the shareholder.

The business judgment rule protects Directors from liability if a decision turns out bad, where the director acted on an informed basis, in good faith and in the honest belief that the decision was in the Corporation's best interest. Directors must always comply with applicable law, which, in the Navajo Nation, includes standards imposed under Navajo custom and tradition. If a director has a strongly held view that a Board decision is not in conformity with all applicable laws and/or standards or that the disclosures to the shareholder are misleading or false, such director must first encourage correction action, register a formal dissent for preservation in the Corporation's records if no corrective action is taken, and consider resigning in appropriate instances.

- IV. Each director, by accepting his or her position as a member of the Board of Directors, affirms his or her understanding that he or she sits as such in a fiduciary capacity in relation to the Corporation, and agrees to confirm his or her conduct to the most exacting fiduciary standards, including without limitation the duties to act in the best interest of the Corporation, to refrain from self-dealing, to act in the best interest of the Corporation, and to maintain the confidentiality of the Corporation's data, plans, strategies, personnel matters, financial status and reports, and similar confidential or proprietary matters, subject to the requirements of applicable Navajo and federal law. Violations of these standards shall constitute grounds for civil, or, in some instances, criminal actions in the courts of the Navajo Nation or the United States of America.