

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0228-22_

SPONSOR: Rickie Nez

TITLE: An Action Relating to the Resources and Development Committee, Naabik'iyati' Committee and the Navajo Nation Council; Approving the Oil and Gas Operating Agreement Between the Navajo Nation and EOG Resources, Inc., for Certain Trust Lands in the Upper Fruitland Chapter and the Nenahnezad Chapter, Navajo Nation (San Juan County, New Mexico)

Date posted: November 23, 2022 at 4:14PM

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Office of Legislative Services
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LEGISLATIVE SUMMARY SHEET

Tracking No. 0228-22

DATE: November 21, 2022

TITLE OF RESOLUTION: PROPOSED NAVAJO NATION COUNCIL RESOLUTION; AN ACTION RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE, NAABIK'ÍYÁTI' COMMITTEE AND THE NAVAJO NATION COUNCIL; APPROVING THE OIL AND GAS OPERATING AGREEMENT BETWEEN THE NAVAJO NATION AND EOG RESOURCES, INC., FOR CERTAIN TRUST LANDS IN THE UPPER FRUITLAND CHAPTER AND THE NENAHNEZAD CHAPTER, NAVAJO NATION (SAN JUAN COUNTY, NEW MEXICO)

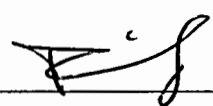
PURPOSE: The purpose of this legislation is to approve the Oil and Gas Operating Agreement between the Navajo Nation and EOG Resources, Inc. for certain trust lands on the Navajo Nation (San Juan County, New Mexico),

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

5-DAY BILL HOLD PERIOD: _____
Website Posting Time/Date: _____
Posting End Date: 11.28.2022
Eligible for Action: 11.29.2022

Resources & Development Committee
Thence
Naabik'iyáti' Committee
Thence
Navajo Nation Council

1 PROPOSED NAVAJO NATION COUNCIL RESOLUTION
2 24th NAVAJO NATION COUNCIL - Fourth Year, 2020

3
4 
5 _____
6 Prime Sponsor *Rick New*

7 TRACKING NO. 0228-22

8
9 AN ACTION

10 RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE,
11 NAABIK'ÍYÁTI' COMMITTEE AND THE NAVAJO NATION COUNCIL;
12 APPROVING THE OIL AND GAS OPERATING AGREEMENT BETWEEN THE
13 NAVAJO NATION AND EOG RESOURCES, INC., FOR CERTAIN TRUST
14 LANDS IN THE UPPER FRUITLAND CHAPTER AND THE NENAHNEZAD
15 CHAPTER, NAVAJO NATION (SAN JUAN COUNTY, NEW MEXICO)

16
17 **BE IT ENACTED:**

18
19 **SECTION ONE. AUTHORITY**

- 20 A. The Navajo Nation Council is the governing body of the Navajo Nation. 2
21 N.N.C. §102 (A).
22 B. The Naabik'iyáti' Committee is assigned proposed resolutions that require final
23 action by the Navajo Nation Council. 2 N.N.C. § 164(A)(9).
24 C. The Resources and Development Committee shall make recommendations to the
25 Navajo Nation Council for final approval for mineral agreements. 2 N.N.C. §
26 501(B)(4)(a).
27

28 **SECTION TWO. FINDINGS**

- 29 A. The EOG Resources, Inc., has requested approval of the EOG Resources, Inc.,
30 Operating Agreement between the Navajo Nation and EOG Resources, Inc.,

1 ("Operating Agreement" or "EOG Resources, Inc. Operating Agreement") for
2 certain trust lands in Upper Fruitland Chapter and Nenahnezad Chapter. The
3 Operating Agreement between the EOG Resources, Inc. and the Navajo Nation is
4 attached as **Exhibit 1**.

5 B. The land survey of the approximately 150,000 acres in the Upper Fruitland and
6 Nenahnezad areas contained in the Operating Agreement is attached as **Exhibit 1-**
7 **A**.

8 C. The Operating Agreement will provide EOG Resources, Inc., the exclusive right to
9 investigate, explore and drill for oil and gas within the acreage at-issue; EOG
10 Resources, Inc., is primarily seeking to produce oil and gases other than helium

11 D. The EOG Resources, Inc., plans on using horizontal drilling rather than vertical
12 drilling which will minimize surface disturbance to the land.

13 E. Under the terms of the Operating Agreement, the Navajo Nation's compensation
14 includes the following: A Bonus Payment of \$7 million five days after the effective
15 date of the Operating Agreement; a \$3 million payment to the Navajo Nation
16 Scholarship Office ten days after the effective date of the Operating Agreement; an
17 annual payment of \$2,000 per producing well to the Navajo Nation Scholarship
18 Office, with the maximum annual payment totaling \$300,000; a payment of \$10/acre
19 per year during the Operating Agreement's Primary Term, which is the first 10
20 years of the Operating Agreement; a payment of \$2/acre per year during the
21 Operating Agreement's Secondary Term which are the years following the Primary
22 Term, for as long as Operating Agreement is producing oil and gas in paying
23 quantities.

24 F. Under the Operating Agreement, the Navajo Nation will receive the following
25 royalty payments: 18.75% for oil; 18.75% for all natural gas liquids and gases excluding
26 helium, carbon dioxide and related gases; 25% for helium, carbon dioxide and related
27 gases; the Nation also has the option to receive its oil royalties "in kind."

28 G. The Upper Fruitland and Nenahnezad Chapters have passed resolutions in support
29 of the EOG Resources, Inc., Operating Agreement between the Navajo Nation and
30 EOG Resources, Inc., which are herein attached as **Exhibits 2 and 3**, respectively.

1 H. The Executive Official Review Document No. 019487 is attached as **Exhibit 4**.

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3 **SECTION THREE. APPROVAL**

4 A. The Navajo Nation hereby approves the EOG Resources, Inc., Operating
5 Agreement between the Navajo Nation and EOG Resources, Inc. for certain trust
6 lands on the Navajo Nation (San Juan County, New Mexico), herein attached as
7 **Exhibit 1**.

8 B. The Navajo Nation hereby authorizes the President of the Navajo Nation to execute any
9 and all documents necessary to affect the intent and purpose of this resolution.