

NAVAJO NATION OIL AND GAS COMPANY

Request for Proposals: Insurance Brokerage Services

Louis Denetsosie, Chief Executive Officer

David Rubenking, Chief Financial Officer

Elsie Charles, Director of Human Resources

Board Members

Lennard Eltsosie, Chairperson

Diandra Benally, Vice-Chairperson

Janna Blanter, Secretary

Wilson Groen, Member

Darel Nakai, Member

Phillip Winner, Member

Albert Damon, Member

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I. INTRODUCTION.

The Navajo Nation Oil and Gas Company (the “Company or “NNOGC”) is a wholly owned economic arm and instrumentality of the Navajo Nation, a federally recognized Indian tribe with a Reservation that covers approximately 27,000 square miles of lands located in the States of Arizona, New Mexico and Utah. The Company is federally chartered as a Section 17 Corporation under the Indian Reorganization Act (“IRA”), 25 U.S.C. § 5124 (formerly 25 U.S.C. § 477), and was created by the Navajo Nation in part to exercise ownership and control over vast Navajo Nation oil, gas and helium resources on the Navajo reservation. The Company has since grown into a fully integrated oil and gas company, with upstream, midstream, and also downstream operations under the retail brand Navajo Petroleum. The Company holds significant assets in the public trust on behalf of the Navajo Nation and Navajo people.

II. BACKGROUND

Historically, the Company has been provided its insurance through the Navajo Nation’s Risk Management Department utilizing an insurance broker hired by the Navajo Nation. Several of the policies are provided to the Nation and insurance premiums are allocated to the various enterprises of the Nation using methodologies that have not been disclosed. NNOGC’s premiums have risen dramatically over the past few years without adequate explanation.

The Company is interested in pursuing its own insurance policies utilizing an insurance broker with extensive experience in upstream, midstream, and downstream oil and gas operations and risk management programs, and is issuing this Request for Proposals (“RFP”) for such purpose.

III. COMPANY OVERVIEW

As a federal corporation organized under Section 17 of the IRA, NNOGC shares in the privileges and immunities of its sole shareholder, the Navajo Nation, including sovereign immunity. NNOGC is the sole member of three subsidiary limited liability companies (“LLCs”) which have yet to be capitalized and made fully operational: Exploration and Production, LLC, Running Horse Pipeline, LLC, and Navajo Petroleum, LLC. These companies also share in the privileges and immunities of NNOGC. Currently, NNOGC holds all of the Company’s assets and operates the LLCs as divisions of NNOGC. Through its Exploration and Production (“E&P”) division, NNOGC is primarily focused upon exploration and production activities in the Paradox and San Juan Basins. Resolute Aneth, LLC, a subsidiary of Resolute Energy Corporation, is the operator of the Greater Aneth Field, which accounts for approximately 96% of the total oil and gas production for the Company. Activities are primarily in the Paradox and San Juan Basins on the Navajo Nation.

Through its Running Horse Pipeline division, NNOGC gathers and transports all of the crude oil from the Greater Aneth Field along with most of the other crude oil produced in southeastern Utah. The system consists of three 80,000 barrel tanks, 87 miles of 16” mainline and 38 miles of gathering lines within the Greater Aneth Field. Additionally, Running Horse Pipeline has built a crude oil truck loading facility at the terminus of the mainline which provides

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an optional method of transporting oil from the Four Corners area to alternative competing markets where higher sales prices may be realized.

Through its Navajo Petroleum division, NNOGC strives to provide competitively priced fuel, in-store retail merchandise and excellent customer service at the Company's Chevron and Navajo Petroleum stores. The downstream business unit convenience store services are all located on the Navajo Nation, in Window Rock (AZ), Kayenta (AZ), Chinle (AZ), Blue Gap (AZ), Tohatchi (NM) and Tse Bonito (NM).

IV. ENGAGEMENT SUMMARY AND DESCRIPTION

Upon selection by the Company's Board of Directors, the successful firm will immediately begin providing insurance brokerage and risk management advisory services under a consulting services agreement with the Company. NNOGC and its three wholly owned LLCs will be the named insureds on the various policies, as applicable.

V. SCOPE OF SERVICES

- Property and Casualty
- Boiler and Machinery
- Environmental/Pollution
- General and Excess Liability
- Control of Well and other coverages unique to the oil and gas industry
- Employed Lawyers
- Directors and Officers Liability

VI. SPECIAL REQUIREMENTS

At a minimum, the successful firm and its principals will have substantial and special knowledge, expertise and experience providing insurance brokerage services to clients in the oil and gas industry, including upstream, midstream and downstream technical risk assessment based on, *e.g.*, age, purpose, nature and location of infrastructure, environmental factors, etc. Experience with indigenous groups, tribes and/or tribal enterprises is desirable but not required. The Company recognizes Navajo and Indian preference in contracting selection and specifically complies with the requirements of the Navajo Nation Business Opportunity Act ("NBOA"), 5 N.N.C. § 201 *et seq.* If applicable, preference will be given to firms on the Source List of Certified Navajo Businesses kept by the Business Regulatory Department who meet the minimum qualifications of the RFP.

VII. PROPOSAL TIMETABLE

Proposals are required to be submitted no later than July 31, 2017. The NNOGC Board of Directors nonetheless retains the right to accept late submissions, in its sole discretion, subject to compliance with applicable law. The following schedule shall apply, unless otherwise modified by NNOGC, in accordance with applicable law:

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July 17, 2017: Issuance of Request for Proposals
July 31, 2017: Proposals Due
August 7, 2017: Selection of Successful Firm
August 8, 2017: Commencement of Services

VIII. GENERAL CONDITIONS

A. Limitations. This Request for Proposal (RFP) does not commit the Company to award a contract, to pay any costs incurred in the preparation of the contract in response to this request, or to procure or contract for services or supplies. The Company expressly reserves the right to reject any and all proposals or to waive any irregularity or information in any proposal or in the RFP procedure and to be the sole judge of the responsibility of any proposer and of the suitability of the materials and/or services to be rendered. The Company reserves the right to withdraw this RFP at any time without prior notice. Further, the Company reserves the right to modify the Scope of Services, the RFP schedule described above, and other provisions of this RFP.

B. Award. The Company may ask RFP finalists to present oral presentations regarding their firms and any special expertise in the necessary areas. All finalists may be required to participate in negotiations and submit such price, technical, or other revisions of their proposals as may result from negotiations. The Company also reserves the right to award the contract without discussion, based upon the initial proposals. Accordingly, each initial proposal should be submitted on the most favorable terms from a price and a technical viewpoint.

C. Modifications to RFP Requirements. Any changes to the RFP requirements will be made by written addenda by the Company and shall be considered part of the RFP. Upon issuance, such addenda shall be incorporated in the agreement documents, and shall prevail over inconsistent provisions of earlier issued documentation.

D. Verbal Agreement or Conversation. No prior, current, or post award verbal conversations or agreement(s) with any officer, agent, or employee of the Company shall affect or modify any terms or obligations of the RFP, or any contract resulting from this RFP.

E. Pre-contractual Expenses. Pre-contractual expenses, ***which are not chargeable to the Company***, are defined as expenses incurred by proposers and the selected firm in: preparing proposals in response to this RFP; submitting proposals to the Company; negotiations with the Company on any matter related to proposals; other expenses incurred by a contractor or proposer prior to the date of award of any agreement. In any event, the Company shall not be liable for any pre-contractual expenses incurred by any proposer or selected firm. Proposers shall not include any such expenses as part of the price proposed in response to this RFP. The Company shall be held harmless and free from any and all liability, claims, or expenses whatsoever incurred by, or on behalf of, any person or organization responding to this RFP.

F. Signature Authority. The proposal will also provide the following information: name, title, address and telephone number of an individual with authority to bind the firm and

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also who may be contacted during the period of proposal evaluation. The proposal shall be signed by an official authorized to bind the brokerage firm and shall contain a statement to the effect that the proposal is a firm offer for at least a sixty (60) day period.

G. Term. The initial period of the contract will be for one year, with the option to extend the contract upon agreement and execution by the Parties of an amendment in writing.

IX. PROPOSAL CONTENT AND ORGANIZATION

A. Transmittal Letter. The transmittal letter should include the name, title, address, phone number, and original signature of an individual with authority to negotiate on behalf of and to contractually bind the firm, and who may be contacted during the period of proposal evaluation. Only one transmittal letter needs to be prepared to accompany all copies of the technical and cost proposals.

B. Table of Contents. A listing of the major sections in the proposal and the associated page numbers.

C. Introduction. In this section, the proposer should demonstrate an adequate understanding of the brokerage's role and relationship with the Company.

D. Technical Approach. This should include:

1. A brief description of the firm, including the year the firm was established, type of organization of firm (partnership, corporation, etc.), and any variation in size over the last five years, along with a statement of the firm's qualifications for performing the subject consulting and brokerage services.
2. A brief description of the firm's experience with similar organizations and similar work.
3. An organizational chart depicting the individuals or team proposed by the firm, a summary of their qualifications including requisite certifications, and experience of each member proposed to provide services.

E. Consultant and Subcontractor Staff. The proposal must describe the qualifications and experience of each professional who will participate in providing services, including a resume for each member of the team. A manager must be designated, and an organizational chart showing the manager and all supporting staff must be included.

F. Consultant Qualifications and References. The proposal must include a list of references for similar clients. References should include client contact names, addresses, and phone numbers, descriptions of the type of work performed, approximate dates on which the work is completed and professional staff who performed the work. If a subcontractor is proposed, two to three similar qualifications and references should be provided for the subcontractor.

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G. Cost Proposal. The cost proposal shall describe in detail applicable brokerage fees, flat rates, hourly rates, reimbursement of expenses, etc.

H. Number of Copies. The proposer must provide four (4) bound copies and one (1) unbound original (suitable for reproduction) of all submittals in response to this Request for Proposals. All copies should be sealed, and should indicate on the outside whether the submitter is on the Source List of Certified Navajo Businesses and, if so, whether submitter is Priority #1 or #2.

I. Submittal. The Proposal should be hand delivered or submitted via courier (*e.g.*, Federal Express, UPS) to:

Navajo Nation Oil and Gas Company
Attn: David Rubenking, CFO
Elsie Charles, Director of Human Resources
50 Narbono Circle West
St. Michaels, AZ 86511

X. PAYMENT SCHEDULE

Payments shall be made in accordance with the contract terms.

XI. CONTACT PERSON

The successful firm will report directly to the Chief Financial Officer, David Rubenking, and any questions about the Request for Proposals should be directed to Mr. Rubenking or Ms. Charles at (928) 871-4880 or drubenking@nnogc.com or echarles@nnogc.com.