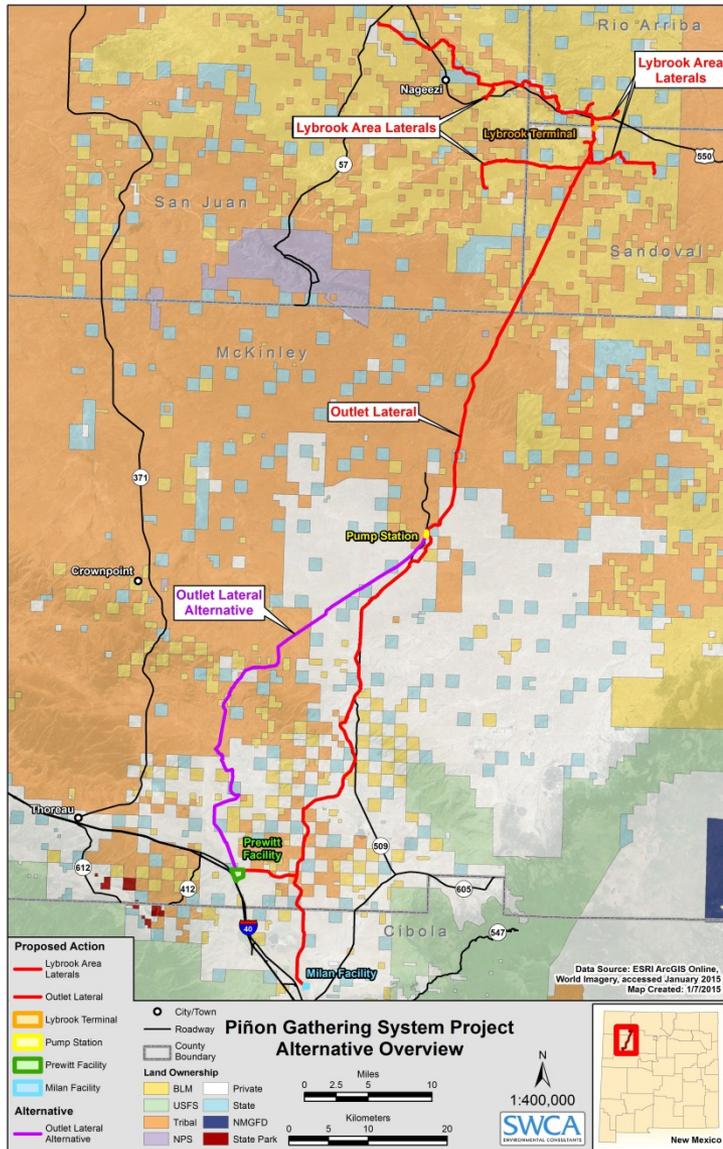


**PRESENTATION OF PROPOSED PROJECT
JANUARY 13, 2015
FARMINGTON, NEW MEXICO**

Piñon Gathering System

PRESENTATION OF PROPOSED PROJECT

- ✓ PURPOSE FOR THE PROPOSED GATHERING SYSTEM
- ✓ PIÑON GATHERING SYSTEM
 - ✓ LACT'S
 - ✓ CRUDE TERMINALS
 - ✓ OUTLET PIPELINE



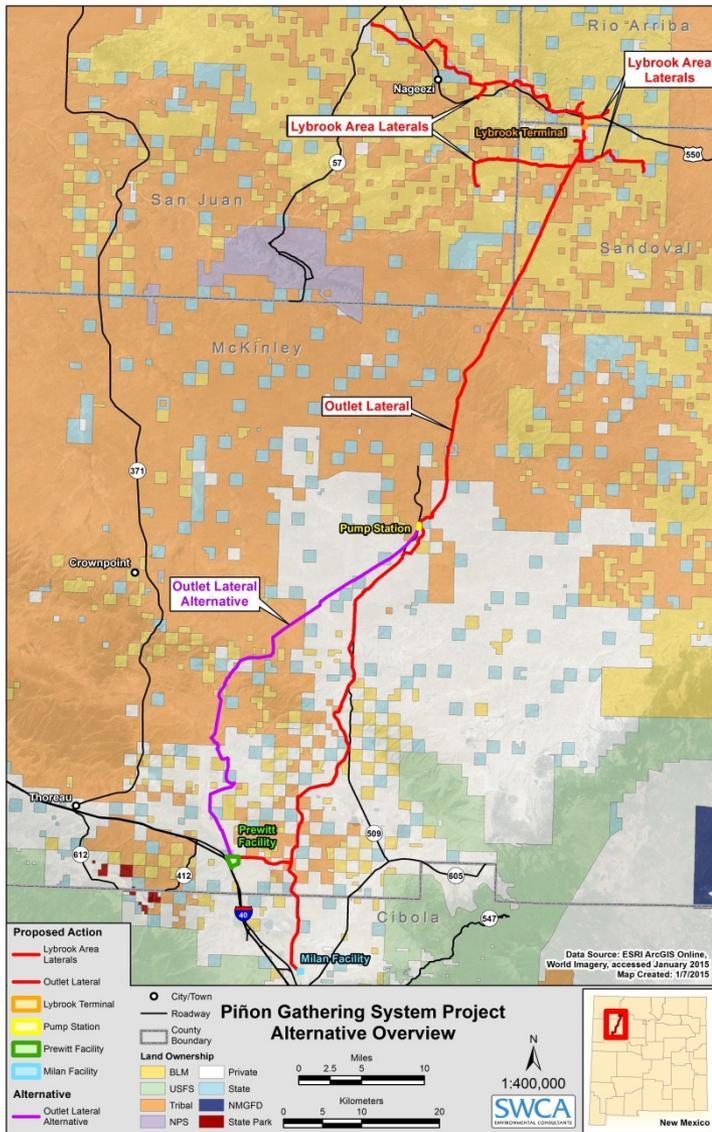
Applicant Objective – THE NEED FOR ADDITIONAL PIPELINE INFRASTRUCTURE

- Current Crude Oil Transportation
 - ✓ Third party producers are trucking crude oil up to 750 miles per trip due to pipeline capacity constraints in the area—many negative impacts, including safety, environmental, and reductions to landowner royalties

- Existing Infrastructure Will Not Handle Crude Oil Transportation
 - ✓ Regional infrastructure is full and aging
 - ✓ Trucking is higher impact, higher risk, higher loss, higher cost,

- Project improves market access and increases landowner royalties and community taxes

PROPOSED ACTION LAND OWNERSHIP MAP



<u>Owner</u>	<u>Est. Disturbed Acres (includes temporary workspace)</u>	<u>Percent</u>
PRIVATE	718	47%
BLM	401	26%
NAVAJO ALLOTTED	286	15%
STATE OF NM	125	8%
<u>NAVAJO NATION – FEE</u>	<u>52</u>	<u>4%</u>
TOTAL	1534	100%

PROPOSED PROJECT: PIÑON GATHERING SYSTEM

➤ LACT's

- ✓ Current plans are to install Lease And Custody Transfer Units (LACTs)
- ✓ LACTs will be set on Producers' well pads or central locations
- ✓ The LACTs will pump crude to the Lybrook crude terminal for operational storage

➤ Crude Terminals

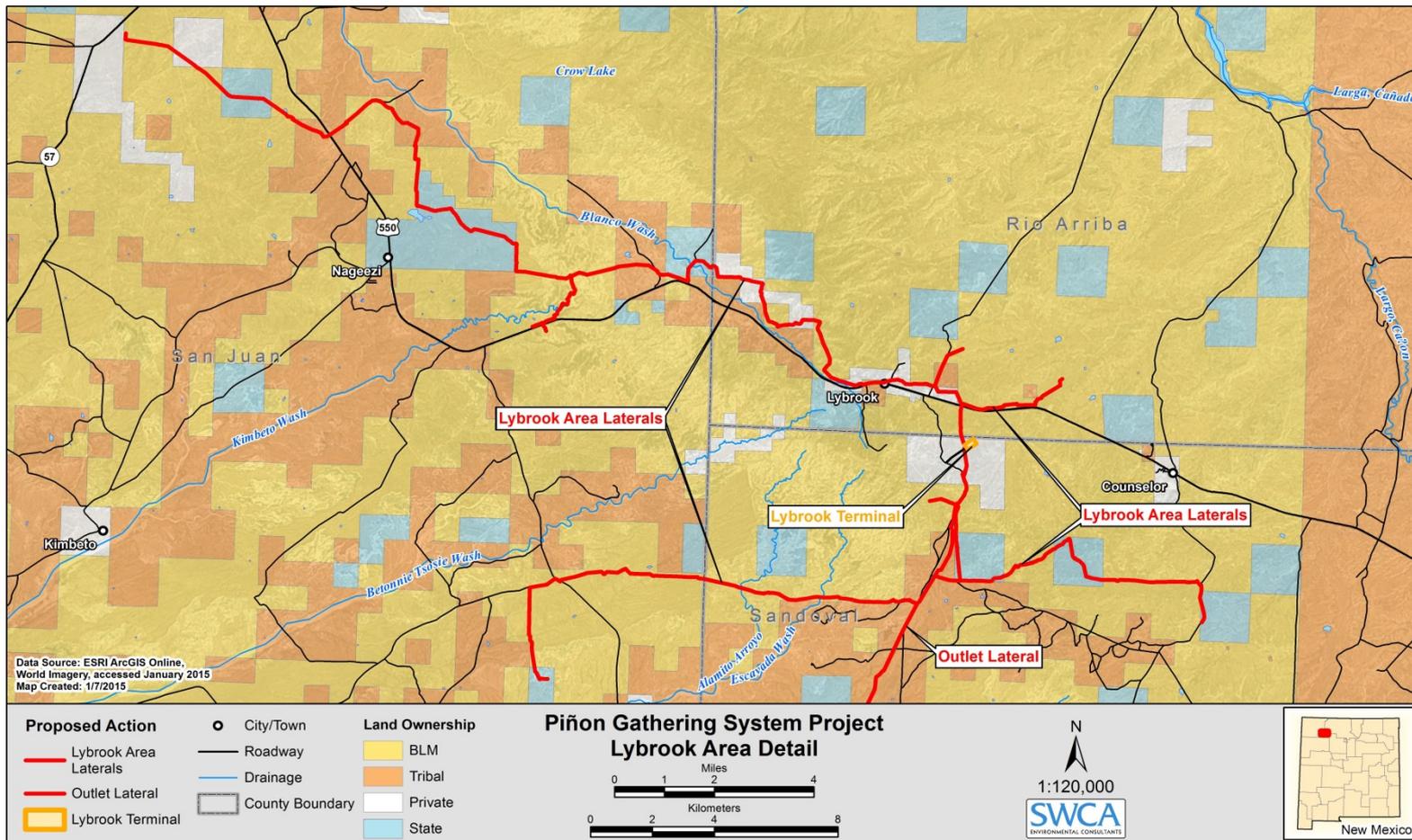
- ✓ Operational crude oil storage
- ✓ Pump crude oil via outlet pipeline to other delivery points

➤ Pipelines

- ✓ Majority of crude will be pipelined to a proposed terminal facility
- ✓ Interconnects with other pipeline system
- ✓ Varying Sizes between 4 and 12 inches

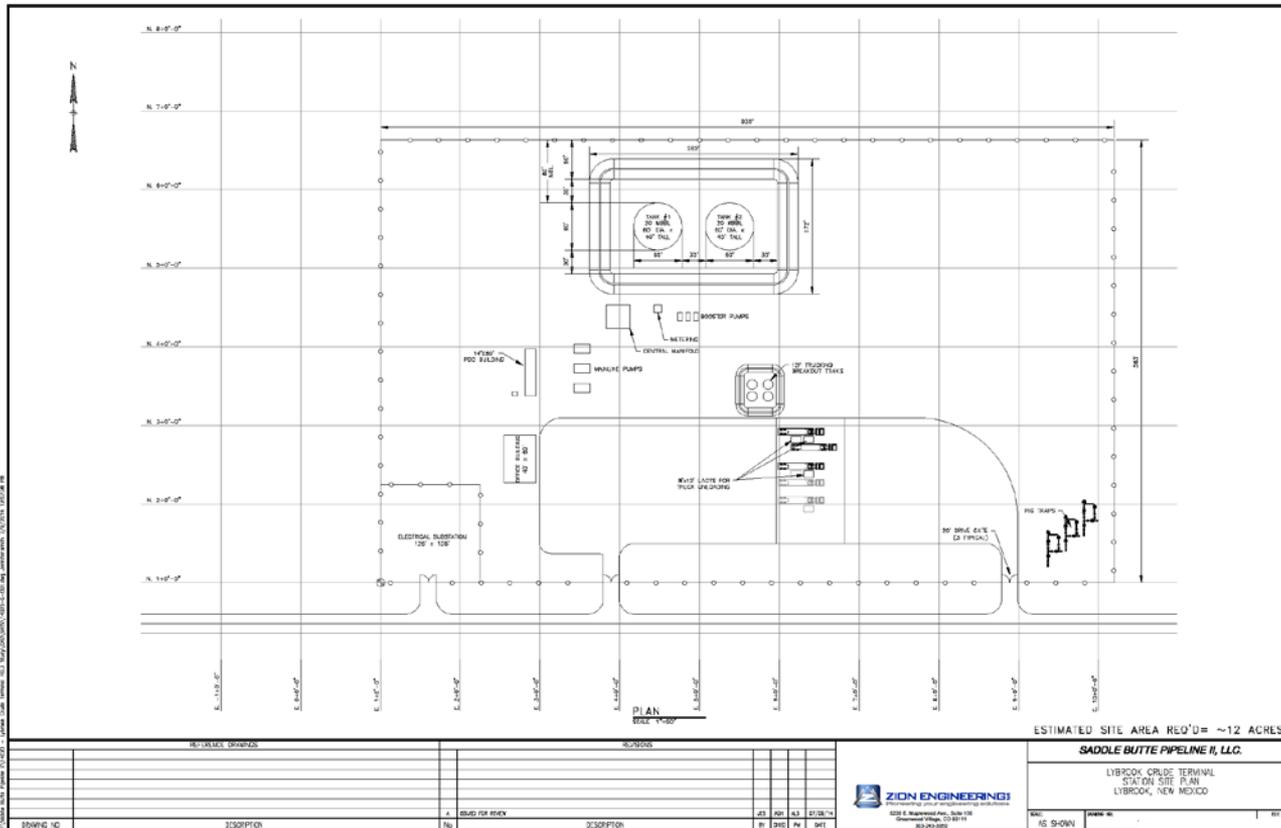
PROPOSED PROJECT: LACTs and Central Locations

- ✓ Current plans are to install Lease And Custody Transfer Units (LACTs)
- ✓ LACTs will be set on well pads or central locations
- ✓ The LACTs will pump crude oil to the crude terminal for operational storage

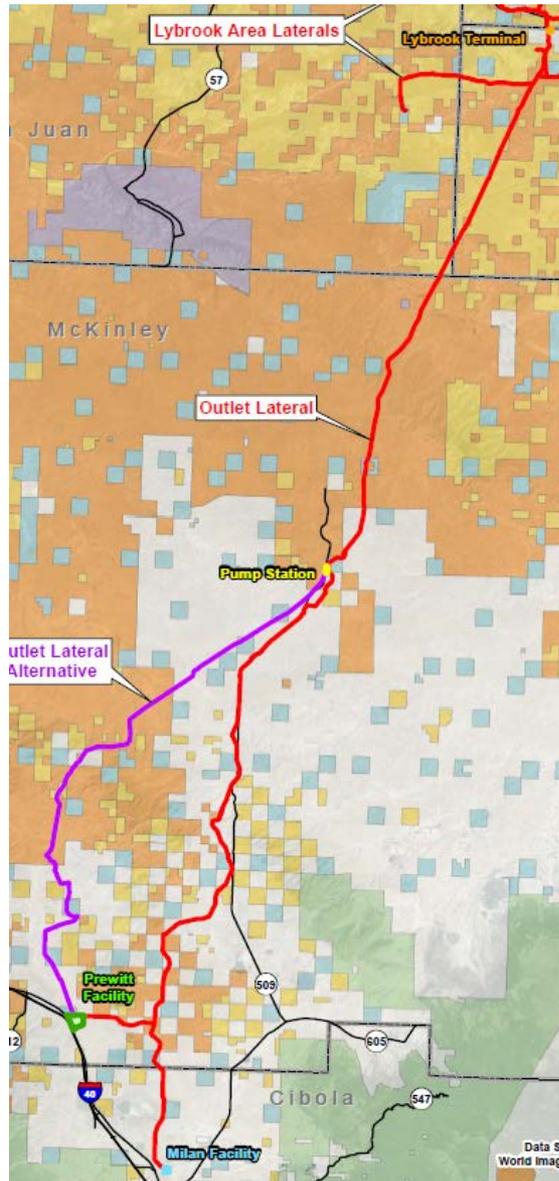


PROPOSED PROJECT: LYBROOK CRUDE TERMINAL

- Lybrook Crude Terminal
 - ✓ Operational crude oil storage
 - ✓ Pump crude oil via pipeline to other delivery points



PROPOSED PROJECT: OUTLET LATERAL PIPELINE



Outlet Lateral Pipeline to Delivery Points

- ✓ Majority of crude oil will be pipelined to several possible rail facility locations
- ✓ Potential interconnects with other pipelines

Resources Identified for Analysis in the Environmental Assessment

- **Air Resources**
- **Soils**
- **Water Resources**
 - ✓ Wetlands
 - ✓ Riparian Areas
- **Upland Vegetation**
 - ✓ Noxious Weeds and Invasives
- **Wildlife**
 - ✓ Special Status Species
 - ✓ Migratory Birds
- **Cultural Resources**
 - ✓ Native American Religious Concerns
- **Paleontological Resources**
- **Special Designations**
 - ✓ Lybrook Fossil Area
- **Visual Resources**
- **Livestock Grazing**
- **Traffic and Transportation**
- **Social and Economic Conditions**
- **Environmental Justice**
- **Public Health & Safety**
- **Others**

PIÑON GATHERING SYSTEM MAP

