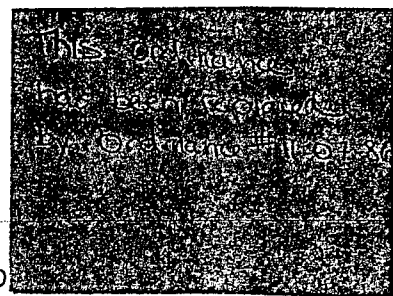


received on 2 day of JULY, 1986 at P.M. 12:11
Carol Baca
County Clerk

GRANT COUNTY
FRANCHISE

ORDINANCE NO. 10-1-86



AN ORDINANCE GRANTING TO GAS COMPANY OF NEW MEXICO OF PUBLIC SERVICE COMPANY OF NEW MEXICO, A CORPORATION, ITS LEGAL REPRESENTATIVES, SUCCESSORS, LESSEES AND ASSIGNS, GRANTEE HEREIN, CERTAIN POWERS, LICENSES, RIGHTS-OF-WAY, PRIVILEGES AND FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN IN THE COUNTY OF GRANT, NEW MEXICO, AS NOW OR HEREAFTER CONSTITUTED, WORKS, SYSTEMS AND PLANTS FOR THE HANDLING, PRODUCTION, MANUFACTURING, TRANSPORTING, STORING, SALE, AND DISTRIBUTION OF GAS INTO, OUT OF AND THROUGH SAID COUNTY, ITS INHABITANTS, AND OTHERS, INCLUDING CUSTOMERS INSIDE, BEYOND AND OUTSIDE THE LIMITS OF SAID COUNTY; AND TO USE THE STREETS, AVENUES, EASEMENTS, RIGHTS-OF-WAY, ALLEYS, HIGHWAYS, ROADWAYS, SIDEWALKS, PATHS, BRIDGES AND OTHER STRUCTURES AND PUBLIC PLACES AND GROUNDS IN SAID COUNTY FOR A PERIOD OF TWENTY-FIVE (25) YEARS; AND PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS HEREIN MENTIONED.

BE IT ORDAINED BY THE GOVERNING BODY OF GRANT COUNTY, NEW MEXICO:

Section I. That the County of Grant, New Mexico (hereinafter called "County", which term includes all areas within said County boundaries, as now existing or hereafter extended) hereby grants to and vests in Gas Company of New Mexico, a division of Public Service Company of New Mexico, a corporation organized and existing under the laws of the State of New Mexico, and duly qualified to do business in the State of New Mexico (hereinafter called the "Company", its legal representatives, successors, lessees and assigns, a franchise and the authority, license, right, power and privilege to maintain, construct, equip, extend, alter, install, remove, change, improve and otherwise establish and operate in the County, works, systems, plants, pipes and all related facilities (including those now in service) as may be necessary or reasonably convenient, to sell, manufacture, store, distribute, convey or otherwise conduct, serve, supply and furnish the inhabitants of the County, whenever the County or its inhabitants may desire to contract therefor, gas for light, fuel, power, heat and any and all other useful purposes, and the said Company is hereby granted passage, right-of-way,

under, in, upon, along and across, and the right to occupy and use in any lawful way during the life of this franchise any and all streets, avenues, easements, rights-of-way, alleys, highways, roadways, sidewalks, paths, bridges, structures and other public places of the County, both above and beneath the surface of the same, as said streets, avenues, easements, rights-of-way, alleys, highways, roadways, sidewalks, paths, bridges, structures and other public places of the County that now or may hereafter exist, for every and any such service, use, effect, and lawful purpose as herein mentioned, provided the company complies with all federal, state and local laws, ordinances and regulations, pertaining to the service rendered under this franchise.

Section II. The Company is hereby authorized, licensed and empowered to do any and all things as may be necessary or reasonably convenient to be done and performed in executing the powers and utilizing the rights, powers and privileges herein mentioned and granted by this franchise, provided the same do not conflict with other authorized pre-existing installations, and provided that all work done in said streets, avenues, easements, rights-of-way, alleys, highways, roadways, sidewalks, paths, bridges, structures and other public places of the County by the Company shall be done diligently, and the Company shall, within a reasonable time, restore as nearly as practicable all places excavated by it to their original condition.

Section III. The Company shall have the right and privilege of transferring this franchise and all rights and privileges granted herein, and whenever the word "Company" appears herein, it shall be construed as including its successors, assigns and lessees so long as any successor, assign or lessee continues to serve the County as a public utility.

Section IV. If the County charges, levies, or collects any "other County taxes", the Company shall charge and collect the full cost of such "other County

taxes" from its customers provided service within the County. As used in this Section, the term, "other County taxes" means and includes any and all franchise, license, privilege, instrument, occupation, excise or revenue taxes and any and all other fees, charges or exactions (except excise taxes imposed by the County and actually collected by the Company from its customers, occupation taxes lawfully assessed and collected on the Company retail sale of appliances, general ad valorem taxes and special assessments for local improvements and except compensatory service fees imposed by ordinance of the County and uniformly imposed and collected from other persons engaging in the same or similar activities) upon all or any portion of the business, revenue, property or activities of the Company located or conducted within the County during the term of this franchise.

Section V. The Company shall indemnify and save harmless the County, its governing body officers, agents and employees from and against any and all claims or obligations caused by the sole negligence of the Company, its officers, agents or employees, contractors or subcontractors in connection with the installation, repair, operation or maintenance of any of the Company's facilities or in any work done as authorized or required by this franchise. The County shall give prompt notice to the Company of any claim or suit arising under this indemnity agreement and the Company or its insurer shall have the option to compromise and defend the same to the extent of their own interest. Nothing in this indemnity agreement shall be construed to depart from the present or future law of New Mexico concerning contribution among or between joint tortfeasors.

Section VI. (a) The Company shall, within thirty (30) days after the passage and approval of this ordinance file in the office of the County Clerk of the County of Grant, New Mexico, a written statement of acceptance duly signed and acknowledged by the proper officer of the Company authorized to execute such acceptance.

(b) In the event such acceptance is not filed within said period, this ordinance and the rights, privileges, powers and franchises granted hereunder shall be terminated and void; PROVIDED, HOWEVER, the County may by resolution extend the time herein for the filing of such acceptance for an additional period.

(c) This ordinance, if accepted by the Company as hereinbefore provided, shall supercede, cancel and be in lieu of any and all other existing or prior grants of rights, permission and authority to the Company or any predecessor companies or assignors of the Company to construct, operate and maintain any system for the sale, manufacture, storage, distribution, conveyance and supply of gas for light, fuel, power, heat or otherpurpose within this County.

Section VII. Except as otherwise provided in paragraph (b) of Section VI, all grants and privileges herein granted and conferred upon the Company, its legal representatives, successors and assigns, shall continue in full force and effect for a period of twenty-five (25) years from the date of this ordinance.

Section VIII. If any section, paragraph, subdivision, clause, phrase, or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this ordinance as a whole or any part of the provisions hereof, other than the part so decided to be invalid or unconstitutional.

Section IX. The County of Grant in granting this franchise surrenders no privileges or rights that it may have of owning or installing any system of light, heat, power, or communication and furnishing the same to the County and the inhabitants thereof.

PASSED this 15th day of October, 1986.

Angel Placencia
Chairman, County Commissioners
Grant County, New Mexico

STATE OF NEW MEXICO
County of Grant
I hereby certify that this instrument
was filed for record on the 3
day of Oct A.D., 1986
at 12:11 o'clock P M. and duly
recorded in book 204 of the records
of County Ordinance
at page 548-9
Witness my hand and seal of office
Carol Baca
County Clerk, Grant Co., N.M.
Herb M. Cole Deputy

ATTEST:
Carol Baca
County Clerk
Grant County, New Mexico