

**OSAGE MINERALS COUNCIL
REGULAR MEETING
OSAGE COUNCIL CHAMBERS
PAWHUSKA, OKLAHOMA
AUGUST 15, 2014
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:04 A.M.

OPENING PRAYER

Councilman Talee Redcorn gave the opening prayer and the reading of deceased Osages.

ROLL CALL

Minerals Council Secretary Dena Cosby called the roll. Osage Minerals Council Members present were Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Talee Redcorn, Everett Waller, Andrew Yates. A quorum was declared.

Visitors to the meeting were Ray McClain, Marlene McClain, Nona Roach, Bob Jackman, Sheri Mashburn, Patricia S. Bright, Randle White, Jinx Geurin, Tim Dowd, Don Williams, Jamie Sicking, Claude Millsap, Brad Fox, David Meneely, Jay Adams, Mary Johnson, Randy Dildine, Tim Penney, Teresa Bates Rutherford, Beverly Brownfield, Stephanie Penn, Sandra Akins, Rosemary Wood, Rhonda C. Wallace, Charles Pratt, Linda Heskett, Julie Wilson, Gene Bowline, Danette Daniels, Shane Matson and Susan Forman.

MINERALS MATTERS – Charles Hurlburt, Supervisory Petroleum Engineer

CHARLES HURLBURT: Thank you for having me, today. I've got some notes about what's been going on for the last few weeks. In our Lease Management group, Halcon's oil concession expired August 1. Clear Mountain, the successor to Encana, as far as the concession goes, other people on the leases but the concession was notified that they need to submit \$1.5 Million by August 19, and as things continue, this may be brought up again Wednesday. May need some action or to report to you that they paid. I don't anticipate that they will, but in case they do. Chaparral is paying a penalty for some amended reports. This goes with the leases that Barry Sparks brought up. Basically, they had turned in one particular lease of zero production, and it had some production on it. They filed an amended report, and we fined them some money for that. I don't remember if this Council's gotten through this or not. With the prior Council, we talked about it some, that late charges go to the Council, to the Tribal Trust account. Fees go to one of our accounts, and we use them for things like paper and so forth. Fines go to the Treasury, and...

CHAIRMAN WALLER: Your treasurer or ours?

CHARLES HURLBURT: The United States Treasury. You don't get any benefit of it. We don't get any benefit of it, which is one reason why we try to get the same effect other ways. But anyway, that's as far as that goes. In addition, in just regular work, Lease Management got 42 oil and gas assignments that went to the Superintendent that were approved; they did 125 Division Orders; got two new oil and gas leases; terminated four oil and gas leases and they're preparing the lease sale to be mailed out August 2. They are verifying that all the tracts are available. As of today, they're still doing the verifying that as of today, we have 20 tracts that are available for lease. Other tracts were offered or were nominated, but if someone has lease on it, we can't accept...

CHAIRMAN WALLER: How many were that?

CHARLES HURLBURT: I believe there were over 60, but by the time I actually saw the list, it had been paired down to 22.

CHAIRMAN WALLER: Yes, sir.

CHARLES HURLBURT: And one of those that wanted oil and gas, and somebody else already had the gas. In sub-surface, my group, we got approved 22 permits. We have received in the last two weeks, something like 200. So, we'll be showing a lot of activity, even if we don't get another permit application for six weeks, we'll be busy. Most of them are workovers, well over 80% of them that have been workovers. But we are seeing some drilling as well, and people were trying to get in under the deadline. We changed some of our requirements.

CHAIRMAN WALLER: Yes, you did.

CHARLES HURLBURT: And, I think a lot of people were trying to get a year or two ahead, because we got a lot of the same kind of requests from the same companies. So, I don't know how much of this is going to be done right away. I think they're trying to bank a list of valid permits. In our Field Operations, we got four of our Petroleum Engineering Technicians, although now they call them Engineering Technicians Petroleum (PET) is easier to say. They've completed their six-week BLM training. The group inspected 37 tracts of land for primary term and production. They gauged seven tanks; they witnessed eight tank strappings; they did 16 lease inspection letters for non-compliance, and in addition to that, they issued letters with fines. It says fine letters here, but it is letters that we issued fines for three different leases.

COUNCILMAN CHESHEWALLA: Charles, did you say eight tanks gauged for the month?

CHARLES HURLBURT: Eight? No seven gauged tanks for the month, eight tank strappings.

COUNCILMAN CHESHEWALLA: OK. Eight tank strappings.

CHARLES HURLBURT: Yeah, and I don't think I have anything else to report, unless you all need me to answer questions.

COUNCILMAN YATES: On the Hominy Creek concession with Cold Mountain Resources, I understood that their deadline was July 31 to make that \$1.5 Million. What's changed since then?

CHARLES HURLBURT: OK. Andrew, I'm doing this from memory. So, you know, as far as...They came to the Council, Clear Mountain, and asked for extra time. They got extra time, and I don't think we got any money out of it.

COUNCILMAN CRUM: I remember no vote to give any time to them.

CHARLES HURLBURT: Well, my boss just handed me a copy of the letter dated August 6, where we demanded that they pay a bunch of money.

COUNCILMAN CRUM: \$1.6, something like that.

CHARLES HURLBURT: Yeah.

SUPERINTENDENT PHILLIPS: It was due July 31.

COUNCILMAN YATES: Our understanding was, if they needed a special meeting to give them any kind of extension or approve a sale, that we were willing to do that, but that was the last we heard from them.

SUPERINTENDENT PHILLIPS: And we haven't heard anything, either.

COUNCILMAN YATES: So, when it said the 31st, I just felt like they defaulted on that concession.

SUPERINTENDENT PHILLIPS: So we have to go in and notify them again, and give them a date that this is it.

CHARLES HURLBURT: And this letter is demanding payment that is due them.

COUNCILMAN CRUM: They came back to us and told us they weren't going to be able to come up with the funds. Like a second meeting around with them. Kind of a follow-up meeting.

CHARLES HURLBURT: Well, they were still trying to make a sale.

COUNCILMAN CRUM: They weren't going to come up with it.

CHAIRMAN WALLER: Yes, Galen.

COUNCILMAN CRUM: I have a question for Charles, going back to the lease sale nominations. In the past, I understood the process, not for the lease sale, somebody would check to see that the lease was on the books was being made available, before they nominated those. I've been alarmed that two-thirds of them were incorrect.

CHARLES HURLBURT: Well, I can't explain why. I haven't talked to the folks that did it. In past years, I can talk about what has happened before. If people didn't realize, for example, there was a concession, there's no lease, but it's under an option under concession, we might get a nomination and send the money back. This isn't a good thing, and it's kind of what happened here, just listening back and forth. This is not any sort of official thing, but I think they were working on among other things a good amount concession. You know, is it going to be available? If not, well...

COUNCILMAN CRUM: May I continue? Yeah, we knew it wouldn't be, because they had until after the deadline, until you come up with the money. But, one of the things that bothers me is like, normally, they wait to the last minute to nominate, and those folks might, of those forty people that got rejected, might want someplace else. They obviously had interest. It doesn't necessarily mean it was their only choice, and so our records are inaccurate when we accept them, and then the deadline goes by. You know, not let them pick again, right? So, I guess it shows again how bad we need a computer system that actually tells us which ones are open, and which ones aren't. It looks like it's a real high percentage of...

CHARLES HURLBURT: And I can't tell you who did it. You know, it may have been one company that offered 80, and they got 20 of them, rejected 60, I don't know.

COUNCILMAN CRUM: OK.

CHAIRMAN WALLER: Councilwoman Boone.

COUNCILWOMAN BOONE: Thank you, Mr. Chairman. You mentioned that you changed some of your requirements. Can you be a little more specific than that?

CHARLES HURLBURT: Yes, ma'am. I believe that Superintendent made a report on that, a little bit as well. Starting August 12th, any drilling permit that is submitted has to have sufficient information for us to finding of no significant impact. Basically, they have to have an environmental assessment.

COUNCILWOMAN BOONE: OK.

CHARLES HURLBURT: We had a series of meetings. Again, that's...

SUPERINTENDENT PHILLIPS: That's fine, you go ahead.

CHARLES HURLBURT: OK. Well, we had a series of four meetings with a variety of people, including the Osage Producers Association, but also including the contractors and just individuals, producers, and I think some of the Council may have set in on some of these meetings, where our environmental specialist explained what we needed and why we needed, you know, the regulatory and statutory background for that, and presented a template, a fill-in-the-blank template that has been sent out to everybody that asked for it, as far as I know, right now. I sat in all four of those sessions, and a lot of questions reached particularly about workover permits. It sounded to a lot of people, just talking to them afterwards, the letter sounded like we were telling them they have to do an EA every time they want to do a job or well, and we sat down over the course of these four meetings and just back-and-forth with the lessees. But, primarily, we've got a list of actions that require permits and some of them, definitely, are going to require an EA, basically, all wells being drilled. Some of them may require an EA where there's a controversial or potential environmental problem. Most of them we believe we can do the lesser documentation, which is a categorical exclusion. It's just a two-page 12-question questionnaire that we fill out.

COUNCILMAN CHESHEWALLA: Like the wells that have been there for 50 or 75 years on the same location?

CHARLES HURLBURT: 50 years, you can figure any workover.

COUNCILMAN CHESHEWALLA: Um-hmm. Because they've already had, especially the new wells, they've already had the legal stuff that they've had to go through.

CHARLES HURLBURT: Right now, the ones that you're considering, whether it's going to be a problem or not, would be conversion to salt water disposal, potential damage to fresh water, and to a lesser extent, frack jobs, and that's not because we think there's a problem only because in the public eye, fracking creates problems.

COUNCILMAN CHESHEWALLA: Yeah. Especially with the horizontal projects that's going on. Nobody really knows about that.

CHARLES HURLBURT: Yeah. One of the questions on this questionnaire is this a controversial action. Almost all of ours, we can say 'no', except maybe one group or one small group doesn't want it to happen.

COUNCILMAN CHESHEWALLA: Or you mean one big group...

CHARLES HURLBURT: But, you know, that would be the only reason, in my view, that we'd do a frack job. We'd have to do an EA on that. Almost everything else, we've found a way to incorporate in the list of categorical exclusions. I'm not the expert on this, but basically, the BIA, the Department of Interior and on up the ladder have lists and they have these kind of actions that are not significant, unless there's a special case, and one of the things that we are allowed to do with this umbrella is operations and maintenance of these visiting facilities. So most workovers fall under maintenance and existing facilities.

COUNCILMAN CHESHEWALLA: Charles, would you see a problem, say like on a workover or like on a plugging, or like a squeeze job, especially on those old ancient completions up north, once they go pumping on them, next thing you know the entire room is percolating around this towards, the mud's coming out in the pond.

CHARLES HURLBURT: That's a problem right now, and it was a problem a year ago, when we had the old policy.

COUNCILMAN CHESHEWALLA: But whatever this works going on, and that starts, is everything going to have to shut down?

CHARLES HURLBURT: No. I don't believe so. The requirement we have is to make Federal decisions to issue the permit. If we issue the permit in good faith, and bad things happen, then we've got to correct it. But I don't think anybody could challenge us for the permit lease not done properly.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN BOONE: And somewhat...My next question would be, when was the template sent out to our oil producers?

CHARLES HURLBURT: Within the last week, I can get you an exact date, because I got a copy of it.

COUNCILWOMAN BOONE: Yeah, I'd like to have a copy of it. I didn't know there were meetings going on. I would've liked to attended. But I didn't know about them.

CHARLES HURLBURT: OK. That's the other thing I...

SUPERINTENDENT PHILLIPS: You bet. You go for it, Charles.

CHARLES HURLBURT: We're setting up another meeting for a larger group, and that larger group...I'm not even looking at my boss. I already know you're invited.

COUNCILWOMAN BOONE: OK.

CHARLES HURLBURT: That's one of the reasons we want to get some other lessees involved. First couple of these meetings are scary for a lot of people, because we didn't know what was going to be done. By the fourth meeting, it was a lot calmer, and I think most of the lessees that were there, they don't like it. In fact, I don't like making it sound like they're happy about it, but they can live with what we told them about it, I think. Once we start finding out that they can't, then we've got a problem. Then, we'll have to figure out a Plan C or D, or whatever it is.

COUNCILWOMAN BOONE: Alright. Thank you.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: We had a conversation a couple of weeks ago. One of the things that I think I recall the blank EA was started back in the late 1970s for our entire county.

CHARLES HURLBURT: We had been operating on that EA, which was approved in 1979.

COUNCILMAN REDCORN: So, what's the difference between that EA and have everyone else have to do an EA?

CHARLES HURLBURT: Well...

COUNCILMAN REDCORN: I guess I'm confused on what...

CHARLES HURLBURT: Sure. The current EA, you know, that programmatic EA was done in 1979, and so it's 30 years old? 35? And, by coincidence, I was copying it for somebody before the meeting today, and it had a list of the last ten years, the number of drilling permits. Well the last year started in 1968. A lot of the information is not bad information. It's out of date. Yeah, litigation. We have tried to update that, and there are issues with cumulative impact on that level in the programmatic levels, anything in the county.

And, so, we just couldn't come up with a way to get a Fonzie, finding a way of getting no impact. Oh, I'm shutting up.

CHAIRMAN WALLER: No. Just keep going.

COUNCILWOMAN BOONE: We really shouldn't be talking about anything we have current litigation on.

CHAIRMAN WALLER: Yes. Thank you. That's going to be what I'm going to ask Robin, next, because our Council feels like this arena that we're going in to, we're going to have some Executive Sessions, and there's a reason for that, and I want our shareholders to know why it's pretty close to our chest, from now on, OK?

ADMINISTRATIVE MATTERS – Superintendent Robin Phillips

CHAIRMAN WALLER: And with that, Robin, go right ahead.

SUPERINTENDENT PHILLIPS: The only other thing that I would like to say, is to include on this report is that the last, the consultation meeting with Mr. Black. Mr. Black asked for a non-production report, because it continues to come up. These leases are out there, and there's no production being reported. What we have done is we've pulled up a non-production report for the past six months, and we are implementing a letter that is going to the companies know that our records reflect that there's no production, and for them to show cause as to why we shouldn't go in and cancel the lease per lack of production. One of the reasons why we did that is because of what we experienced with Barry Sparks. That, basically, is going to put additional work on the staff to go back in and amend all of those reports for those couple of years that they're claiming there wasn't any and there was something. The report shows that there wasn't. So that is the penalty that is being assessed...

CHAIRMAN WALLER: OK.

SUPERINTENDENT PHILLIPS: ...because they should have reported correctly. They certify each month, according to the regulations. So we are doing that. So, hopefully, we'll be able to do a better job with keeping track of our records, as far as, you know, non-production.

CHAIRMAN WALLER: And then, I think sales needs to be issued, here, that they're holding it without the sales.

SUPERINTENDENT PHILLIPS: That'll be the next thing. As a new Superintendent, I'm learning Osage and I'm seeing those little things that are different from where I'm came from before. So, all I can do is just start implementing and addressing things that were more accountable. Of course, the accountability is coming back to the companies as well, because they are responsible for providing us with certified reports.

CHAIRMAN WALLER: Federal documents that are being sent to us certified.

SUPERINTENDENT PHILLIPS: Certified saying there's no production. There is production.

CHAIRMAN WALLER: I'd like Councilwoman Erwin.

COUNCILWOMAN ERWIN: I have a question. Is Encana still doing business here in the Osage? Did they not sell out or go on?

CHARLES HURLBURT: They sold the existing leases to one company and all rights under the concession title to Clear Mountain. We've already talked about that.

COUNCILWOMAN ERWIN: OK. So Clear Mountain is here, but they're not really here, because they haven't paid up.

CHARLES HURLBURT: Yeah.

COUNCILWOMAN ERWIN: OK. Thank you.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: Thank you, Chairman. Thank you. The comments you're making, Ms. Phillips, on the companies out there that are not showing production, I don't see how it's tied with an EA, say a company that's doing their work at...it's not...

SUPERINTENDENT PHILLIPS: It's not been labeled to the EA.

COUNCILMAN REDCORN: OK.

SUPERINTENDENT PHILLIPS: No. The EA notification that was sent out to all the producers basically said the drilling of new wells will require environmental assessment, and we provided them with a template to help them. I mean, this is not something that was just in the making. They've been working on it for a while.

COUNCILMAN REDCORN: I wanted to say there's been some more activity that could fall under having to do with some of these exchanges...

SUPERINTENDENT PHILLIPS: He's identified what will and what won't.

COUNCILMAN REDCORN: So, it's BIA seeing a little more activity on EA development other than drilling activity. Other operations besides drilling activity. Could you clarify that for me?

SUPERINTENDENT PHILLIPS: Yes.

CHARLES HURLBURT: We listed a dozen or more actions that we get permits for. Drilling wells, re-drilling of plugged wells, deepening an existing well, plugging the well, a whole lot of workovers, everything from casing repair to adding new stimulation jobs, plug backs. We just kind of brainstorm what do we see, and then we went down the list and, I don't know if this is actually up into the management level yet, but the environmental guy and I went down the list and we tried to agree 'this would, this would,' and the only thing that clearly would, every time would be drilling a new well. Re-drilling a well, maybe. Maybe not.

COUNCILMAN REDCORN: Just in the interim, between the last meeting and now, I chatted with the folks out there, and am really curious what's going on inside in Pawnee, Kay County and same type of operations going on, the same type of impacts. However, the Osage we're seeing a different hoop our customers are going to have to jump through to pretty much do the same thing. The difference is that they're across the river.

CHARLES HURLBURT: There's another very important difference, and you said it. The Oklahoma Corporation Commission handles it. There's no Federal action. NEPA is triggered by Federal actions, or what they call Federal NEXUS, and if there is no Federal NEXUS, you don't have to jump through this particular hoop.

COUNCILMAN REDCORN: But valuation of the leases in the Osage County is in the per view of the Minerals Council. I don't think the Bureau can make a determination. I preferred the operation of this is this one over here, you represent all citizens of the United States. So any dealings going back and forth, it's my understanding that if the Department of Interior cannot be involved and exchange for value of

property in Osage and Kay County. Help me understand, if I'm wrong, but in that per view, it would behoove this Minerals Council needs to make some decisions that some of the actions that are proposed devalues our assets. We have attorneys in the field. What are your thoughts on that?

CHARLES HURLBURT: I don't really quite understand the question.

COUNCILMAN REDCORN: Would you like to take that one, Ms. Phillips?

SUPERINTENDENT PHILLIPS: Well, I don't know if I can answer that question, I mean...go ahead.

CHARLES HURLBURT: This isn't a matter of exercising our discretion. It's a Federal law applies to Federal actions, including Federal permits. It's called the National Environmental Policy Act. So, we're not making a valuation determination. We're trying to comply with the law.

COUNCILMAN REDCORN: I guess my question is, is the added steps you're requiring now or looking to require will add an additional cost, and if you've done these type of things that Charles and I had this conversation, you put those on the side of cost, and then you look at what the return it will give you, you can make a comparison, and if the return is good, you proceed with it. However, if you continue adding costs and value coming in is the same, then it becomes less and less attractive. That's my question to the Bureau. Have you had that conversation among yourselves and the Interior to see that if there's a value going to be felt by our ownership?

DEPUTY SUPERINTENDENT HALE: Again, I don't think we have the discretion to not comply with the Federal law, if the Nation has concerns about costs that result from that Federal law, then the appropriate form for that would be to go to Congress.

COUNCILWOMAN ERWIN: I think what he's asking is selecting enforcement of the law. Are they doing the same thing across the river?

DEPUTY SUPERINTENDENT HALE: If they're a Federal permit...

SUPERINTENDENT PHILLIPS: It's Indian land.

COUNCILWOMAN ERWIN: Is that what we're asking?

COUNCILMAN REDCORN: Yes. Fee-simple property.

SUPERINTENDENT PHILLIPS: If it's a Federal action.

COUNCILMAN REDCORN: Fee simple in Pawnee County.

CHAIRMAN WALLER: Yes. Councilwoman Boone.

COUNCILWOMAN BOONE: I have a question for the Superintendent. It's my understanding that Devon has prepared a letter and said they are leaving Osage County. Is that true?

SUPERINTENDENT PHILLIPS: I haven't seen a letter.

COUNCILWOMAN BOONE: No letter has been written by Devon and sent to the Bureau.

SUPERINTENDENT PHILLIPS: I haven't seen it.

COUNCILWOMAN BOONE: Thank you.

CHAIRMAN WALLER: Yes.

SUPERINTENDENT PHILLIPS: When I came over here from the Anadarko Agency, of course, you know we have the Bureau of Land Management, as opposed to Charles that reviews the APDs, and at that point, they were saying something to the fact that all Federal lands, Indian lands were going to need an environmental assessment document. So, the Bureau of Land Management, and I know the Eastern Oklahoma Regional Office and Southern Plains Region gave money to an environmental impact statement that is being performed for the entire state of Oklahoma, Texas and Kansas, and it will include Osage County. So, it's something that just didn't happen. This has been thought of, for quite some time, now, that it needs to be done.

COUNCILWOMAN ERWIN: But if it's not restricted or Indian land, who enforces it?

SUPERINTENDENT PHILLIPS: They don't have to do the action, because it's not a Federal action

COUNCILWOMAN ERWIN: Oh, they don't have to do it. I see.

SUPERINTENDENT PHILLIPS: If by chance...

COUNCILWOMAN ERWIN: NEPA?

SUPERINTENDENT PHILLIPS: Yes. That's what Jeanine was saying. If it is a Federal action, it's going to be taken by the Department of Interior, then it's required.

CHAIRMAN WALLER: Mandated.

SUPERINTENDENT PHILLIPS: It's required. It's regulation, and we've been working off of the...And the only other thing I wanted to add for the Minerals is during the consultation meeting, it was brought up that the letter to the restricted surface owners implied that this was the amount that they had to accept. That letter has been revised, and what we're doing is provided them with a letter that basically says this is the appraisal, and so forth, this is what the Agency has determined, but it is up to you to either use this or you can use it for the point of negotiations. So that letter is good as of yesterday.

CHAIRMAN WALLER: Any other questions? Yes, Councilman.

COUNCILMAN CRUM: I have a nuts and bolts question on that. It came up with a report I had from a restricted land owner who had started making an agreement with a producer, and then the producer learned that the couple had been a restricted landowner, they quit talking to them. They asked us to make a deal. I was wondering if, perhaps, they do that, are they now expired going through the BIA, first, before they make a deal with the restricted landowner, or could they have continued on with the original negotiation?

SUPERINTENDENT PHILLIPS: They could continue on. We should be...the Agency with the letter we are sending to the landowners, basically will say this is what the going rate is. This is what we would get for you, but if you want to get more, go for it.

COUNCILMAN CHESHEWALLA: We've always had that choice.

COUNCILMAN CRUM: Yeah. I'm trying to get something specific on this. Of course, I can't look into the mind of the producer that's doing this. But, it makes me wonder if they were going to get a better deal by going through the BIA and then thinking that the restricted landowner that goes by the BIA says, 'I was going to get \$7,000,' and the BIA says it's worth \$5,000, I'll take \$5,000. Maybe that was just the case to the producer deal, and that's all speculation, but I can pass it on to the people they can go ahead and make the deal, as long as the producer will make the deal. Alright. Thank you.

CHARLES HURLBURT: This isn't a correction. I just want to be sure that everybody understands this. We've run across this once or twice in the past where a person that had owned restricted land and makes a deal with an oil company and the oil company pays them directly, we're going to go ask for damages. If they're paying for restrictive damages, they need to go through the Agency to do that. It's not a big deal. They just write the check to us on behalf of so-and-so.

COUNCILMAN CRUM: So, it could have been legitimate saying we're not going to write a check to you, because we had it on the part of the producer.

CHARLES HURLBURT: And...

COUNCILMAN CRUM: I suspected it could be but I wanted to find out.

CHARLES HURLBURT: I realize that's kind of picky, but somebody losing a whole well site worth the damages on the oil company's side, they're going to be standing back pretty far.

COUNCILMAN CRUM: I understand. Thank you.

CHAIRMAN WALLER: Councilman Yates.

COUNCILMAN YATES: My other question was if you do do a transaction, negotiate outside the Agency, do you have to go back through the Agency to get your payment and let them know, and have them cut you a check, and then have it done?

SUPERINTENDENT PHILLIPS: The payment should come through the Agency. But we want to make sure, I think one of the consultation meetings, it was somebody that made a comment that the way that our letter read, was like you've got to accept this, and what we're trying to say is, no, we're giving you information as to what we would accept. Either you can accept it, or ask for more. That's what we're doing. But the money's like Charles said, and do have to come through the Agency. Settlement has to be in our records to show there was a settlement and distributed.

CHAIRMAN WALLER: OK.

COUNCILWOMAN RED CORN: Then, do you set the amount, first, then?

SUPERINTENDENT PHILLIPS: What I'm doing, we're doing is giving them the going rate for that well site for the size and so forth, and you can either accept it and use it for the point of negotiations.

COUNCILWOMAN RED CORN: Then you don't send that to the buyer?

SUPERINTENDENT PHILLIPS: I don't send anything to the producer.

COUNCILWOMAN RED CORN: OK.

SUPERINTENDENT PHILLIPS: Because it goes to the...

COUNCILWOMAN RED CORN: Because it puts the restricted land owner at a disadvantage if you say that.

SUPERINTENDENT PHILLIPS: The producer doesn't get a letter from us.

COUNCILWOMAN RED CORN: OK.

SUPERINTENDENT PHILLIPS: The producer shouldn't get a letter from us.

CHAIRMAN WALLER: Well, do you know what they pay owners for non-restrictive property?

SUPERINTENDENT PHILLIPS: We know what we're accepting in that area, yes, and we have prepared...

COUNCILWOMAN RED CORN: Is there a difference?

SUPERINTENDENT PHILLIPS: And we have prepared the amount of money that we're getting on the eastern side, what they're getting on the western side, as well, what they're paying on that side.

COUNCILWOMAN ERWIN: So you actually know what a non-Indian is getting when they side that non-disclosure statement, the oil company, what they get for damages?

SUPERINTENDENT PHILLIPS: I don't know...

CHAIRMAN WALLER: She just said she did.

CHARLES HURLBURT: Yeah. Stephanie, can I answer that?

CHAIRMAN WALLER: I got a question from the Council.

COUNCILWOMAN RED CORN: I just wanted to know what the going rate is based on.

CHAIRMAN WALLER: Yes, ma'am, if you will ask it.

COUNCILWOMAN RED CORN: To Ms. Phillips.

SUPERINTENDENT PHILLIPS: OK. Hang on a second. We know what is the going rate that we're receiving in that area for us, and I know what the going rate for the Anadarko and Concho areas are receiving as well. That's what we're giving to the individuals on that.

CHAIRMAN WALLER: On the restrictive properties?

SUPERINTENDENT PHILLIPS: On the restrict properties.

COUNCILWOMAN RED CORN: In the Anadarko Basin or are you talking about here?

SUPERINTENDENT PHILLIPS: Both.

CHAIRMAN WALLER: Both.

SUPERINTENDENT PHILLIPS: What we did, during a consultation meeting, it was asked whether or not we're getting the going rate on the Indian lands, and so we checked with Concho and Anadarko to see what they were getting on that side, and that's what we're using. We're making sure we're all getting the amounts in the same range. Yes.

CHAIRMAN WALLER: When I was actually in the field, we would go to the last closest rig that's come out of that area and what they pay, and try to go from there. Now we're trying to bring in the Anadarko Basin and the rest of it. I'd still like to know if you know whether the guy's next to me is getting or the big rancher, because I have three wells. I tell you what, that's an elderly aunt. Let's take care of her.

SEVERAL COUNCILMEMBERS: Mm-hmm.

CHAIRMAN WALLER: That's my Council, and I'm really looking at you guys.

COUNCILMAN REDCORN: I have just a comment on that. I think we need to maybe take a look at this thing, in fact, because there's a lot of things that cause some concerns, and we've got a lot of land development in Southern Osage, which I think has different motives as far as damages, and we've dealt with this before, and I think we want to be cognizant to some of these things that can get out of hand, and I think it's happened down in that region, previously. Negotiations have happened between those companies, and that's my feeling. I remember dealing with that before. My question would be #1, Anadarko is Trust Property down there. This is restricted. So, are there any -isms or nuances between Restricted and Trust that #1, it's tribally-owned property and not individually-owned but it belongs to the entire Osage population? Is there a difference that you're going to use to value?

COUNCILMAN YATES: By nature, they're going to have a bigger rig, down there, because it's deeper country. They're going to be a bigger area, bigger drilling rig, more crews, more everything. So, what's the difference?

SUPERINTENDENT PHILLIPS: Well, during a consultation meeting, somebody on the Minerals Council asked, 'Are we getting the same as everybody else?' and that question was asked, and so, anyway at that point, we need from the Anadarko Agency, I went back to the Anadarko Agency, as well as Richard contacted Southern Plains, and we know that Pawnee County is under the Pawnee Agency, and they have some production leases under the Pawnee Agency. So, we checked with the Southern Plains Region, and we've gotten an idea as to what everybody's being paid. So, what we want to do, we want to make sure in Pawnee County, the same company that's doing business in Pawnee County and paying for well site location is paying the same for Osage County. That's what I want to do. I'm not asking for anything more than what you're paying the person next door. So, if, by chance, if we weren't able to know what a non-Indian is being paid, but at this point, we need to know what is being paid on Indian lands within the great State of Oklahoma. That's what I've done.

CHAIRMAN WALLER: And then, I think, on the same concept, is the fact that, you realize that we were already about the great Nation of the Osage.

SUPERINTENDENT PHILLIPS: That's fine. I think that's great. That's why I'm here.

CHAIRMAN WALLER: You gave your speech. I thought I'd give mine.

SUPERINTENDENT PHILLIPS: OK.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: I think I may be able to shed some on how these consultation meetings work. It was brought to me by a constituent that the perception was that many of our restricted landowners had to accept what the BIA said, and that's all they got. So, I brought it up at a meeting before the last one just to throw it out there. How did your letter read? Are you making sure they understand they can do just like what you said that they've adjusted the letter that they sent out on with it? And, also, I asked her to find out whether the numbers, that her perception was true that they were getting far less than what the non-Indian landowners did. So, as Robin's relating, it's tougher to find out what the non-Indians are getting. Plus, I also was throwing in there like Talee was getting to, that we didn't want to be a part of the inflation circle. We want a fair amount for our people, but we didn't want to be part of the 'gun to the head' that somebody held to somebody given that they paid. We want them to be in the 'norm'. So, I think what could happen is they reported that back in the last consultation meeting what she just told here. When we set the agenda for the next one, we can revisit this, and say, 'How did you do on getting this,' and she already reported it in the meeting today that she went through the letters. Maybe we can try to find a way, maybe is the Corporation Commission or somebody on other lands reporting what they pay for damages. Is there some way to get non-Indian reports that are coming? So, I shouldn't have let it all happen.

COUNCILWOMAN ERWIN: I just want to make a comment. I have a friend that's an attorney/C.P.A. He works over in Pawnee County and he told me he can't give it to me in writing that they get \$25,000 per horizontal well. Now, you don't have to answer that. I'm just telling you what he told me. I can't prove it one way or the other. I don't even know if it comes close what we're getting here.

SUPERINTENDENT PHILLIPS: Pawnee County?

COUNCILWOMAN ERWIN: Yes, ma'am.

CHAIRMAN WALLER: Yes.

COUNCILMAN REDCORN: One question. I've just witnessed a couple of these, previously, and do our restricted landowners have a friend when they set in there in negotiation, because I've kind of witnessed. I'm kind of curious whose side are you on in the negotiation. I say I witnessed it. So, my question is, let's say, you sent a letter out, and it is clear they don't have to accept it. Now, they're coming in to your office. What are you doing to ensure that the comfort level of this person going into the consultation meeting is comfortable having to make that discussion?

SUPERINTENDENT PHILLIPS: Besides telling them what the going rate is?

COUNCILMAN REDCORN: Right.

SUPERINTENDENT PHILLIPS: If they would like for me to go out there and talk to them and be there with the company, I don't have a problem with that.

COUNCILMAN REDCORN: OK.

SUPERINTENDENT PHILLIPS: If they don't – Right now, at this point, the other issues that are going on over at the Osage Agency, we deal with the Tribe on the purchases of interests that are not whole, like a half-interest and so forth. We're dealing with the Tribe. I'm working with the shareholder or the landowner at that point, and making sure that they get what they want, because that's my Trust responsibility at that point. So, if they want to come in and talk to me and say, 'Hey, I've got this going on. You've given me this \$25,000 for...', I don't know how big of a tract that is, Stephanie, is it three acres? Do you know?

COUNCILWOMAN ERWIN: No, I don't know. He was just telling me...

SUPERINTENDENT PHILLIPS: And of course, it depends on the size.

COUNCILWOMAN ERWIN: Well I know that you pay damages for the acreage and everything, but...

SUPERINTENDENT PHILLIPS: Yeah.

COUNCILWOMAN ERWIN: ...he was telling me for hope.

SUPERINTENDENT PHILLIPS: OK.

COUNCILWOMAN ERWIN: So that's different, you pay for holding, you pay for damages and everything else. I mean there's a long list that you pay for.

SUPERINTENDENT PHILLIPS: So, if by chance they were to come in to me and say, 'I've got this from you, what do you think?' I would look at that individual like my mother or my father, and I'd basically say, 'I would ask for more'. That's what I would say.

CHAIRMAN WALLER: When does your field man show up and talk to your restricted Osages when you have a lease coming in, and a well, being drilled?

CHARLES HURLBURT: OK. Let me take a shot at this, and I feel a little embarrassed, because I'm talking to the guy who told me how it worked, back in the day. We have a well drilled on restricted land. The field man will go out and measure the damage, you know, get a good description of the damage that occurred. They send out a plat, I say send it to the Superintendent. A plat of the damage, along with an estimate of what similar damage has gone forth in the recent past. This is attached to the letter that we've been talking about. The landowner says, 'We think it's worth 'x'. If you want more, tell us 'no', and we'll negotiate'.

DEPUTY SUPERINTENDENT HALE: And we never talked to the field man about that. We talk to him, but we don't talk to him about that. That's y'all's department.

CHARLES HURLBURT: As far as a formal negotiation consultation between the field man and the landowner, I'm not going to say it doesn't happen, but it'll be over a cup of coffee, somewhere where it's informal. But, at that point, if the landowner says, 'Yes, we think your amount is right,' then we make the written claim as the regulations require.

DEPUTY SUPERINTENDENT HALE: If that doesn't happen, then we'll have an on-site arbitration between the lessee and Superintendent or our Branch Chief and the oil company.

CHAIRMAN WALLER: ...the person that you decide the landowners...

CHARLES HURLBURT: If that don't work...

CHAIRMAN WALLER: Is there any other questions?

COUNCILWOMAN RED CORN: I have one.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN RED CORN: I would like to ask Ms. Phillips to provide us with a chain of command of your employees, and I would like to know who pays the salaries of the gaugers, just people like that whom you oversee.

SUPERINTENDENT PHILLIPS: OK. Chain of command and you want who pays salaries?

COUNCILWOMAN RED CORN: Mm-hmm. Like, do the gaugers, people like that, come under the Superintendent?

SUPERINTENDENT PHILLIPS: It comes under Field Ops. Everything, of course, is under the Superintendent's office...

COUNCILWOMAN RED CORN: So then...

SUPERINTENDENT PHILLIPS: ...responsible...

COUNCILWOMAN RED CORN: That's what I'd like to know, and then, who pays their salaries?

SUPERINTENDENT PHILLIPS: OK. I can give you a chain of command, because we know we provide the same to Eastern Oklahoma Regional Office. It's a line of succession. If I'm not there, whomever comes in next.

COUNCILWOMAN RED CORN: And the other thing I would like to have for, in here, is a map that we can look at of, when we're talking about different areas, we can point to them and know exactly what we're talking about.

CHAIRMAN WALLER: Updated version.

COUNCILWOMAN RED CORN: Yes.

CHARLES HURLBURT: Who's got what areas?

COUNCILWOMAN RED CORN: A big one. I've got a big one at the museum.

COUNCILWOMAN ERWIN: Can you bring it over?

CHAIRMAN WALLER: I have one other question for the Superintendent. I went to an Osage Task Commission meeting. I was asked a couple of questions that the Council had been asked before in '05 to come up with a few documents. The first one is how much are we paying on our Gross Production, which Mr. Swan handles that. We would like to see how it is actually spent at the state level, and do you folks receive a budget item like that from them at all?

SUPERINTENDENT PHILLIPS: No. Fawn asked me about that, and I referred her back to Jim, because I had never seen anything.

CHAIRMAN WALLER: That's all I need to know.

COUNCILWOMAN RED CORN: Chairman Waller.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN RED CORN: When we were on the 1st Minerals Council, we met with the Governor, and we asked for an accounting of the Gross Production Tax and when it was paid back, and how much from when we started paying it, and at the one meeting, Mrs. Boone, you said that we did get an accounting.

COUNCILWOMAN BOONE: We did.

COUNCILWOMAN RED CORN: Was that the 2nd Minerals Council?

COUNCILWOMAN BOONE: No, we got it during the 1st, and our accountant went over it.

COUNCILWOMAN RED CORN: Then you know exactly when it is then. Would you take a look at it?

COUNCILWOMAN BOONE: I imagine our accountant knows where it is. I mean the worst case scenario would that it would be in archives at this point and time.

COUNCILWOMAN RED CORN: OK.

CHAIRMAN WALLER: We'll research that. I want to check with the Superintendent. Maybe there's a shortcut to this from the Federal side, and if we're going to look into that, I notice my Tax Commission's here and it's also Federally mandated how that money comes back to this reservation. OK. Just wanted you folks know it's OK with that. Yes, Council.

COUNCILWOMAN BOONE: Two comments. We used to be able to get a report out of the Tax Commission that showed the school system and exactly how much they got. My son that sits on the School Board just brought this up the other day. Most schools, as we all know, are experiencing budget cuts and he expressed

to me he was glad that the 1906 allowed that Gross Production Tax to be filtered through the schools. He said that the problem with that is the Gross Production Tax that they receive is subtracted from what they would have normally received from the State.

CHAIRMAN WALLER: Through the State Impact dollars or the actual number?

COUNCILWOMAN BOONE: Whatever the actual...

CHAIRMAN WALLER: Whatever it was...

COUNCILWOMAN BOONE: Yeah. That's the way I understood.

CHAIRMAN WALLER: Well, and I'd also want you to go back home and ask them, how come they're getting this second highest amount. Ask them who's getting the first.

COUNCILWOMAN BOONE: I believe I know the answer to that.

CHAIRMAN WALLER: OK. Thank you. Yes, ma'am. Thank you, Robin. We appreciate you. Is there any other...

SUPERINTENDENT PHILLIPS: The only other thing I was going to let you know is that we've got a position that's out there that closed actually yesterday. It's an Accounting Technician 567, and we've got four more positions that will be advertised being a Cartographer and two Royalty Assistants, but that's really not filling with Field Ops. I think we'll have probably one more PET that we'll advertise in a Program Assistant at Field Ops.

CHAIRMAN WALLER: Any other questions?

Motion to go into Executive Session by Councilman Crum, Second by Councilwoman Red Corn.

MOTION PASSED: JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, EVERETT WALLER-YES.

EXECUTIVE SESSION – 11:03 A.M.

*** * * * ***

1:21 P.M. – Motion to come out of Executive Session by Councilwoman Boone, Second by Councilman Cheshewalla.

MOTION PASSED: GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, EVERETT WALLER-YES.

CHAIRMAN WALLER: I would like to go under Old Business.

COUNCILWOMAN ERWIN: Can we make some motions?

CHAIRMAN WALLER: Let's go ahead and entertain those motions for now.

COUNCILWOMAN ERWIN: I'd like to make a motion to accept the advice of the attorney for the action he recommended. I don't know if we'll have to figure that out or not.

COUNCILMAN CRUM: And support our producers.

COUNCILWOMAN BOONE: Yeah, I second.

CHAIRMAN WALLER: Any more discussion?

COUNCILMAN REDCORN: For clarification, I need a description of who...

COUNCILWOMAN ERWIN: Tim Dowd.

COUNCILMAN REDCORN: Tim Dowd, and what's the purpose?

COUNCILWOMAN BOONE: Monitor.

COUNCILMAN YATES: Authorize the Council, legal counsel to monitor the situation and is afforded the producers.

CHAIRMAN WALLER: Anymore? Call for the question.

MOTION PASSED: STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, EVERETT WALLER-YES.

CHAIRMAN WALLER: Is that all the resolutions?

COUNCILWOMAN ERWIN: That's all the actions we're going to take. We'll wait for feedback on the rest of it.

OLD BUSINESS

Copies of Records Discussion: Councilwoman Boone

CHAIRMAN WALLER: Old Business, Councilmember Boone, Copies of Records Discussion.

COUNCILWOMAN BOONE: I would like to reiterate that in the beginning of this third term, Council people need to get copies of everything, and that hasn't happened yet. So I just want to restate the fact I think that we need that, because, personally, I think it's ridiculous for us to have to file an Open Records Act to get our records out of the Treasury Department or Accounting Department, when, in the past, that was a free flowing relationship. So, I'd like to have copies of everything: resolutions, payables, everything. Transparency.

CHAIRMAN WALLER: Any other discussion?

COUNCILMAN REDCORN: Question.

CHAIRMAN WALLER: Yes.

COUNCILMAN REDCORN: In 2006 to 2010, those records were in our office, it seemed like. Are you saying they've been moved?

COUNCILWOMAN BOONE: I'm just saying there are certain documents that we do not have copies of. They go over to Accounting and we have to do an Open Records Act to get our own records out of Accounting.

CHAIRMAN WALLER: Request.

COUNCILWOMAN BOONE: Yeah, request has to be made through the Opens Records Act.

CHAIRMAN WALLER: I'm working on that and also some of the others that you had mentioned and that's another question is, what is in our files, and if they're not here, why aren't they here.

COUNCILWOMAN BOONE: Well, and I read the resolutions should always be here.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN BOONE: But I can't even find a resolution. It's gone, missing. Vanished into thin air.

CHAIRMAN WALLER: I'll be looking into that.

COUNCILWOMAN BOONE: Thank you.

COUNCILWOMAN RED CORN: Just wait.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN RED CORN: I just wanted to ask Cynthia, on that, are you saying don't go through the Chair to ask for those records?

COUNCILWOMAN BOONE: No. What I'm saying is, just that whole process to me is uncalled for.

COUNCILWOMAN RED CORN: OK.

COUNCILWOMAN BOONE: They're our records. We should have them.

COUNCILWOMAN RED CORN: Agree.

CHAIRMAN WALLER: And I think that would be fine. I'll go through our Committees on certain issues, but I still want to know what are we reviewing. Just keep me in the loop on that from the Committees itself.

COUNCILWOMAN RED CORN: Well, when I went to look at the budget, it took me three weeks to get...

CHAIRMAN WALLER: Yes, and that's my fault, too, because I had a couple of days. Though we were quite busy, there were circumstances. Yes.

COUNCILMAN CRUM: I had a discussion on this, and that's one of the things Council needs to do, and think about how we want to do it. Maybe we should have had it in the last Council, but as you know, we have the right to say how we handle our accounts. There was a law passed by the Congress saying that we did that, 11-78, and, as of yet, we have not established a way on how to do it. At one time, we started off with a plan to bring the work that Julia and Leslie do, into our office over here and have Jim do it. We looked at the extra time to add on to Jim, and he thought he could handle those deals. That would eliminate some of the stuff, but it'd already be in-house. But, since we didn't get a clear plan in place, and there's a new Council in place, we need to think about how to go about what we're going to take over, and we need to act sooner rather than later.

CHAIRMAN WALLER: Yes, sir.

COUNCILMAN CRUM: So, it's probably something we need to take up in September for meetings and have a clear plan on how to go forward with that, leave it alone, do whatever we're going to do.

CHAIRMAN WALLER: Could I ask you to take care of that, and get us ready?

COUNCILWOMAN ERWIN: Is he on the Budget Committee?

COUNCILWOMAN BOONE: Nope.

COUNCILMAN CRUM: What?

COUNCILWOMAN ERWIN: It's OK.

COUNCILMAN CRUM: So, anyway, that's a piece of business that's still lingering that needs to be taken care of.

CHAIRMAN WALLER: Yes, sir.

COUNCILWOMAN ERWIN: If you need any help, Galen, I'll help you.

COUNCILMAN CRUM: OK. Do we have any more comments?

NEW BUSINESS

CHAIRMAN WALLER: OK. Councilmember Crum, under New Business, Discussion of Hiring...

COUNCILMAN CRUM: I did something that has been lingering and needs to be taken care of. What we've been doing with the reports we've been getting from the BIA, I guess they've abandoned us the rest of the year.

CHAIRMAN WALLER: Yes, they did.

COUNCILMAN CRUM: For those who don't know, as part of the settlement, it was agreed upon that the BIA would give us reports of all the activity that goes on over there, in terms of sales, run tickets, all that kind of stuff, quarterly...

CHAIRMAN WALLER: Field Operations, yes.

COUNCILMAN CRUM: Because of their poor computer system being able to take care of things, they've had to just scan documents. So, what we get quarterly is a flash drive that all the run tickets, all the gas sales, they're not organized, not anything anyway, those to you that are at the improvement meeting noted that I brought that up about how poor that was doing. That's the background on it. One of the things by getting the reports is what the Council is expected to do is to look at them, to evaluate them, and see what's wrong with what the operations have been over there, and then call them on it. Because, part of the theory was that they didn't want to get sued again in 15 years, that we should be able to communicate on an on-time basis, and so we were actually required to call things within two years of when we receive them. We've already went past two years by a quarter or two. The way this stuff is organized, it'd be really tough for somebody who didn't know how to do it. During the Negotiated Rule Making process, we were able to get Dan Reineke some of that material for the time. Dan was able, one of those deals, he was able to put together a report to us on how much oil was sold greater than the NYMEX price, how many producers were selling, all that kind of stuff he was able to do. My thought is that Dan's very familiar with that and that we ask Dan to go back and reviewing those, so we can make recommendations about what we feel is wrong or right. We know we're not being paid enough for oil because nothing's changed, since the settlement.

We know we're not paid enough for gas, because nothing has changed since the settlement. We need to call that and say that we're not getting paid properly, so that we set the stage for suits in the future, if we want to, and of course we can do all sorts of other analysis with that data, when it's organized in proper fashion. Hopefully, when the BIA gets their act together and has their computer system, we can do that stuff pretty much real time and be able to look at it, so maybe an oil and gas expert were to find out some of the stuff like what Joe brought up, today, about the way to do bottoms and stuff. It might be something to look at. My proposal is that we hire Dan Reineke to be that guy that goes over that.

COUNCILWOMAN ERWIN: For how much?

COUNCILMAN CRUM: Dan's contract with us, before, was \$225-250/hr. if it'd be the same as in the past, and if he's still willing, and as for how long it would take to go through those things, we can get a couple of months, and see how long it takes. I don't know.

COUNCILWOMAN ERWIN: I don't know. Did you look at this budget? How are we going to pay him?

COUNCILMAN CRUM: He won't even be able to bill us, until after we're in a new deal. He won't have anything ready for us.

CHAIRMAN WALLER: It'll be after September. Yes, Councilwoman.

COUNCILWOMAN BOONE: We fired him last March. Are you saying you've already contacted him and asked him if he would do it, and he said yes he would?

COUNCILMAN CRUM: I asked him if he'd be willing to do it, because of the way we mistreated him last March, and he said he would.

COUNCILWOMAN ERWIN: So, we're going to give him the contract, because you feel like we mistreated him?

COUNCILMAN CRUM: No. Because he's the best guy in the country. The question was I contacted him, and I asked him are you interested in working with the Osages, and he said absolutely. He did a wonderful job. He's good. If we need some extra input from somebody else, maybe we can have somebody else look at it.

COUNCILMAN REDCORN: I'd like to consider getting experts. I want to get the experts that we need for all the things we're wanting to get. I would like to entertain a motion that we discuss what goals we want to attain in the next year or two and get the right person for the job. I think he might be the person to get the information, but I'm also interested in how getting an engineer out on the site in July. I want to make sure and figure out, number 1, I don't see why the budget for any of that kind, and when I was on the 1st Minerals Council, the attorneys took the lion's share of the budget. And then we had \$10 - \$20,000 to get an engineer, get somebody out here to understand the flow meters out there, or the tank bottoms. All those things, so, I would like to talk about it, and find out what we want to do, before we start hiring.

COUNCILWOMAN ERWIN: I have a question, here. Where's most of our oil sold. I would seem to think that whoever is buying our oil should be able to give us what they're buying. The amount.

CHAIRMAN WALLER: Once you have the neg-regs come in to place, that's what that encompasses.

COUNCILWOMAN ERWIN: I mean they would have that information for us. They could give it to us.

COUNCILMAN YATES: We get that report monthly.

COUNCILWOMAN ERWIN: Oh, I've never seen it.

COUNCILMAN YATES: Next Tuesday or next Wednesday, Jim Swan will give our report.

COUNCILWOMAN ERWIN: Alright.

COUNCILMAN YATES: And in that list, all our purchasers, highest posted price, any bonus.

CHAIRMAN WALLER: 16.8 coming.

COUNCILMAN YATES: Yeah, it's all listed there. They give that monthly.

COUNCILWOMAN ERWIN: So, I don't understand. What are you wanting, Galen, for what's being taken from us that's not accountable for? I mean I don't understand.

COUNCILMAN CRUM: The clock is ticking, because of the way the settlement was done, in terms of us being able to do for them not performing.

CHAIRMAN WALLER: Let's leave it at that.

COUNCILMAN CRUM: We should have been doing that before this. We should have had somebody go over this stuff, and Dan's not an attorney. He's an oil and gas expert that works all over the world, and he's worked for the Osages, so you know he's really familiar with our operation and what's wrong with it. He's the one that guided us on the negotiated and rulemaking stuff, too, what was wrong and how to fix it. So, what we need to do is start making reports on these quarterly reports saying that we feel that getting 20 cents for liquids on gas is not enough money, and we need to document that so if Council chooses to act on that, that they have the document and called them on it, so we'd have a standing to sue them, if we want to.

COUNCILWOMAN ERWIN: So, how long of a time do we have...

COUNCILMAN CRUM: We might have lost a couple of quarters.

COUNCILWOMAN ERWIN: OK. So, I just want to understand the timing on this, before we run out of time, we need to sue them for what we've lost.

COUNCILMAN CRUM: We may never have to sue them, but if we want to, we can call them on it.

COUNCILWOMAN ERWIN: Yeah. Even if we could put the EIS on it.

CHAIRMAN WALLER: It's in the settlement. We have a deadline, and if we don't say anything, then we just have to stay with it.

COUNCILMAN CRUM: And make improvements.

COUNCILWOMAN BOONE: I don't have any problems with us needing an oil and gas expert. I think we need to shop around, and whenever I look at this, I thank you, Ms. Red Corn. I'm asking myself, 'How are we going to be able to afford somebody?'

CHAIRMAN WALLER: Well, I could tell you how we could...

COUNCILWOMAN BOONE: I know how to tighten the belt, but who's going to enforce that tightening of the belt?

CHAIRMAN WALLER: Looks like I will.

COUNCILWOMAN BOONE: OK.

CHAIRMAN WALLER: Thank you all. Yes.

COUNCILMAN REDCORN: A lot of discussion on the data that has been given to the Council, or lack of, I think the bigger piece is adequate monitoring in the field that we continually ask the Bureau, and it's not adequate. That piece probably more of a loss than trying to catch up on the back end, and try to get it over here at the cost, at this point, at this set price, and I hear that, but I'm going to ask our accountant, and I did. I said, 'Hey, how can we get this quarterly payment to double? I want to see this thing go up,' and he said, 'Go after that gas that we're leaving on the table'.

CHAIRMAN WALLER: Let's get ready for Wednesday. I want some Committee reports, I want some Committee Chairmen, the questions we have on two certain Committees, I'll have that Monday. I'll send out the official version. We've had to adjust it a couple of times. You weren't in the room on this.

Before we adjourn, I'd like to take care of one issue. I'd like to make a personal invite on behalf of the Osage Tribal Council to the Office of Special Trustee, Mr. Logan, the new Director, is one of our people. He would like to be down here when that money is brought to us, that we've been waiting on. It took him a month to get it out of there. We've been waiting on it for years. I won't give you the approximate dollar, but it's in the millions, and with that, I'd like to have him a reception, and not go through a lot of protocol, but make it here, and then I'd like to talk to Kathryn about having a little reception, later. The date should be after September 22, and it coincides with our Oil & Gas Summit, we'll do a presentation.

Councilman Crum made the motion to adjourn, second by Councilman Cheshewalla.

MOTION PASSED: KATHRYN RED CORN-YES, TALEE REDCORN-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-YES, EVERETT WALLER-YES.

Adjournment – 1:43 P.M.

Approved:


Chairman
Executive Administrative Assistant