

**OSAGE MINERALS COUNCIL  
REGULAR MEETING  
OSAGE COUNCIL CHAMBERS  
PAWHUSKA, OKLAHOMA  
AUGUST 20, 2014  
MINUTES**

**CALL TO ORDER**

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:00 A.M.

**OPENING PRAYER**

Councilman Talee Redcorn gave the opening prayer.

**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, Andrew Yates, Everett Waller. A quorum was declared.

Visitor Sheet to the meeting was not signed.

**Tribal Accountant Reports**

No report from Leslie Young (C-395) nor Julia Roe (S-510).

**Auditor Report: Jim Swan**

JIM SWAN: Good Morning. We'll start off with the Osage Information Sheet for July. Our total collections in July \$7,289,611.67. Our average price per barrel of oil in June - \$103.55/bbl. Our average highest posted price in July, \$98.96/bbl. Today, that's \$91.00. Our average daily barrels of oil produced in June - 13,228 barrels. Your September quarterly payment will be \$9,445.00 per headright, and the gross production tax we're going to pay to the State of Oklahoma for second quarter productions \$1,094,454.47.

CHAIRMAN WALLER: Jim, I'll stop you just a second. This is on the third quarter payment for over \$1 Million?

JIM SWAN: Yes, it's the second quarter production, but we'll pay the taxes in the third quarter.

CHAIRMAN WALLER: Just a ballpark figure, was the 1<sup>st</sup> and 2<sup>nd</sup> quarter over \$1 Million?

JIM SWAN: Yeah. I think, last quarter, our gross production tax was like \$1,030,000.

CHAIRMAN WALLER: Yes, sir. Thank you.

JIM SWAN: Our gross barrels produced in June - 398,417 barrels; Royalty barrels 63,820; Royalty barrels vs. gross barrels, 16.08%. In July, we collected oil royalties of \$6,608,587; Gas Royalties \$581,951; Tank bottoms \$1,049; Total oil and gas royalties \$7,191,587, and our June bonus was \$1.86/bbl.

CHAIRMAN WALLER: Any questions, Council?

COUNCILMAN CHESHEWALLA: The tank bottom total sounds awfully low. Awfully, awfully low. That's almost like one load off of a job.

CHAIRMAN WALLER: And, actually a year ago, it only showed 4,000 in June element, and in that kind of heat, we would be cleaning a lot.

COUNCILMAN CHESHEWALLA: Yeah. That's a job, Councilman Waller.

CHAIRMAN WALLER: Why don't we have a look at that, Joseph, the first of next week?

COUNCILMAN CHESHEWALLA: OK.

CHAIRMAN WALLER: OK. Any other questions?

COUNCILWOMAN RED CORN: Mr. Swan, I have a question on that Map Sales Report. The interest on that, could you explain that?

JIM SWAN: With interest?

COUNCILWOMAN RED CORN: Mm-hmm.

JIM SWAN: It's very low.

COUNCILWOMAN RED CORN: I know. It's too low.

JIM SWAN: It's what they get out there in Albuquerque.

COUNCILWOMAN RED CORN: Well, we need to check into that, because last month, in the May report, we only made 94 cents on that.

JIM SWAN: What that is, is that they've got the bulk of it invested for six months and just the money invested is a small amount overnight. Every six months, we'd get \$2,000 or \$3,000 total.

COUNCILWOMAN RED CORN: OK. And where does that show up on our report?

JIM SWAN: It'll show up, if you'll look down towards the bottom, there, you'll see we got like \$1,600+ for this year, so far.

COUNCILWOMAN RED CORN: That was for nine months.

JIM SWAN: Yeah.

COUNCILWOMAN RED CORN: Not very much.

JIM SWAN: No.

COUNCILWOMAN RED CORN: Seems like we could improve that, somewhere or other.

CHAIRMAN WALLER: Yes, Councilman.

COUNCILMAN CRUM: Normally, we have a report from the OST that requests how to do how we want our money invested.

CHAIRMAN WALLER: Yes.

COUNCILMAN CRUM: Like in September.

CHAIRMAN WALLER: Yes.

COUNCILMAN CRUM: So, we should be having somebody come in and talk about that. But one of the things that, as I recall from the PL account, says that it has to be paid out, all the money that comes and paid out in every quarter, essentially, that there's nothing they can do that's any better than an overnight rate, and they can't put it in any longer terms, because nobody will take it for that time, because it has to be paid out every quarter. So, it'd be a question to ask, and we ought to try and I would suggest, Chairman, that we try to schedule that meeting with Mr. Holliday to come talk to us about it.

CHAIRMAN WALLER: Yes, sir. We might even possibly have him show up. That'd be a perfect time for us. I do remember that on the overnights. Is there any questions? Not seeing any, thank you, Jim. We appreciate it.

COUNCILWOMAN BOONE: Thank you.

**Minerals Matters** – Charles Hurlburt, Supervisory Petroleum Engineer

SUPERINTENDENT PHILLIPS: Unfortunately, Charles isn't going to be here, today, and I did talk to him, this morning, and he said there isn't anything in addition that he wanted to add from last Friday.

CHAIRMAN WALLER: OK.

SUPERINTENDENT PHILLIPS: But, I do have down here, that in the event there's some questions you have, as far as you know.

**Administrative Matters** – Robin Phillips, Osage Agency Superintendent

SUPERINTENDENT PHILLIPS: And, I don't have anything to bring up to date, either. We are still working on the information that Ms. Erwin asked for, last week.

CHAIRMAN WALLER: Yes, we'll need those...

SUPERINTENDENT PHILLIPS: ...as well as this red one.

CHAIRMAN WALLER: Yes. Councilwoman Boone.

COUNCILWOMAN BOONE: I received a letter dated August 15<sup>th</sup> about some information you sent over on hard drive. I want to thank you for that, but Chairman Waller, I never got the information.

CHAIRMAN WALLER: You did not?

COUNCILWOMAN BOONE: I did not. Could you have somebody get us a copy of that?

CHAIRMAN WALLER: Which element are you looking at, there?

COUNCILWOMAN BOONE: Well, I don't have the letter in front of me, right now, but there was something, a letter from the Bureau that was sent over on August 15<sup>th</sup>, and it said that it was sent on a port, and then we would have all that information...

COUNCILMAN CHESHEWALLA: Flash drive?

COUNCILWOMAN BOONE: Flash drive? OK. A flash drive. Oh, wait a minute. I do have that letter.



CHAIRMAN WALLER: Yes, ma'am, thank you.

COUNCILMAN CRUM: I can share a little light on how that's been handled in the past.

CHAIRMAN WALLER: I wish you would.

COUNCILMAN CRUM: That's a quarterly report we get, every quarter. That's the scanned documents, and that's one of the ones I referred to, earlier that has to be gone through by someone, and what we've instructed the gals, who are still doing it, is to take the original, mark it as the original and keep it in a safe place, and if any Council members wish to have a copy, then they will make a copy of it. They'll keep the original marked and safe.

CHAIRMAN WALLER: Sounds great.

COUNCILMAN CRUM: So, you can always get one every quarter since the settlement. Well, the first one had two of them on it. The first one had six months on it. Two quarters and the rest of them have been every quarter.

CHAIRMAN WALLER: Available upon request. Thank you.

COUNCILMAN CHESHEWALLA: Ms. Phillips, do we have the full field staff back out in the field, again?

SUPERINTENDENT PHILLIPS: We do. We do have one position that we are going to advertise.

COUNCILMAN CHESHEWALLA: OK, and plus, are the companies calling in, whenever they have a turndown tank? Are we going out and pulling bottoms with any companies? Because this concerns \$1,000. Basically, that's about two jobs. I know we're getting more tanks turned down than that, and just kind of wondering about that, and I know a lot of companies have made quite a fortune off of tank bottoms in the past.

SUPERINTENDENT PHILLIPS: I don't believe the field is getting calls probably as much as we should. I believe in the proposed regulations that it's going to be a requirement that they do. But to answer that question, I'd have to check with Richard Winlock.

COUNCILMAN CHESHEWALLA: It looks like they're just going ahead and running a lot of oil and going ahead and calling it such and such percent going on with it.

COUNCILWOMAN BOONE: Going back to my request...

CHAIRMAN WALLER: They'll run it off.

COUNCILWOMAN BOONE: Well, they don't have to do it, now.

CHAIRMAN WALLER: Already done that.

COUNCILWOMAN BOONE: Thank you.

CHAIRMAN WALLER: Yes, please.

COUNCILMAN CRUM: I have a couple of questions for Robin. The first one, I've talked to several producers that are still confused as what the EAs are required of, now. The letter you originally sent out was a little ambiguous and sounded like any action was taken out there, maybe. But in the interim, you've talked to us, you've talked to, at least, some of the producers and let them know that there was a limited number of things that they have to do them with. Could you elaborate on them? If I'm understanding right,

it's only for new drilling permits, or perhaps some workovers that might entail convergence to disposal wells and perhaps a workover that was changed to a horizontal or something, which is essentially a new well. You, please, state that, rather than me.

SUPERINTENDENT PHILLIPS: When we sent our letter out, basically our letter stated that any new application for a permit to drill would require the environment assessment (EA) be performed and we were having the trainings and so forth, then providing the template, there were several questions that were brought up as to reworking wells and so forth, and what we did, during that time is that we identified what would and what wouldn't require an environmental assessment, and we believe that if you're reworking a well, and you're not doing any change, then there's not a need for an environmental assessment. If you're changing something to a saltwater disposal well, then, yes, that is a change. We did provide to the companies, and it is available, we will be more than happy to provide to anyone that wants a copy, what we sent out, and with that, I believe Charles Hurlburt attached a document that said what would and what wouldn't require an environmental assessment. But there were a lot of questions as to what exactly would require an environmental assessment, and I believe we addressed that. I hoped we addressed it to a point. You can always call.

COUNCILMAN CRUM: Can I have a follow-up?

CHAIRMAN WALLER: Yes.

COUNCILMAN CRUM: I wonder, when you signed the first letter that went out, I wonder if you might create a new one with your signature on it. It might make them feel better that the Superintendent has said that this is what will be. From talking to folks, they, as you are well aware, your signature's very important in the Osage. So, perhaps, a document created by you that says that one would help alleviate some of the confusion.

SUPERINTENDENT PHILLIPS: OK. Of course, you know, I'll have to check with legal counsel, but I will see what I can do.

CHAIRMAN WALLER: Please.

COUNCILMAN CRUM: Just say what you just said, now. I don't think you have a problem with that. I have another one. I can wait.

COUNCILWOMAN ERWIN: Well, it's a little bit off the subject, it's my understanding that there's been a public notice in the Federal Register, and it's where the EPA actually is wanting to get involved with the new permits for wells and existing wells. Do you know anything about that? Have you been updated on anything about that?

SUPERINTENDENT PHILLIPS: I don't believe I've seen anything there, Ms. Erwin. Jeanine, have you seen anything?

DEPUTY SUPERINTENDENT HALE: I think it might have to do with you, but I haven't seen anything.

COUNCILWOMAN ERWIN: I don't know, but we had an OSA meeting and the Chief was down there. He seemed to be very concerned about it.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN ERWIN: And he did bring it up in that we didn't have anybody that notified us, because we should have had input in it, and we didn't have any input.

SUPERINTENDENT PHILLIPS: OK. I will check that out for you.



COUNCILWOMAN ERWIN: OK.

SUPERINTENDENT PHILLIPS: And I will include that in the letter I'll be sending to you. How's that sound?

COUNCILWOMAN ERWIN: OK. Thank you.

SUPERINTENDENT PHILLIPS: You're welcome.

CHAIRMAN WALLER: Some of their concern is going to be the new EPA requirements, diesel fracking.

COUNCILMAN CRUM: I have one more question, and it kind of springs from last week, not whether I should have called to check on it. We had 60-some nominations for the lease sale, and we're only into the very low 20's from the other day. Don't know whether there's an update on that, but I'm still real confused on how there could be two-thirds of the applications be rejected, but they were already tied up for some reason, the land tied up for some reason, and how that came about, was there some place to come in and ask them to send it or is that that many errors in the book, or how'd that happen?

SUPERINTENDENT PHILLIPS: I don't believe there is that many errors. I think what is happening here, and Jeanine can step in and address this as well, but my understanding is that we're not doing, and I don't mean to say there's not due diligence in the nomination of tracts. I think the companies may want to start coming in and looking at our records as well as asking. If by chance they don't see something there to go ahead and ask whoever is helping them to ensure that there's nothing that's being missed. So, that's my understanding, and Jeanine, did you have anything else to add?

DEPUTY SUPERINTENDENT HALE: No. We did talk with Cammi, who's the new Branch Chief for Lease Management, and she indicated, basically, just what Robin said, that she don't like folks for not asking for us to check the lease files and that they might be coming in and just glancing at a map that may or may not be up-to-date, because we haven't been visiting our GIS person and cartographer. But, that's only an explanation...

CHAIRMAN WALLER: Yes. Excuse me, Councilman.

COUNCILMAN REDCORN: How many of these locations has not seen drilling activity? What percentages?

SUPERINTENDENT PHILLIPS: Well, I guess I'm trying to understand, are you asking...

COUNCILMAN CHESHEWALLA: Are there leases within the area of the concession, say like, a company went and bought, are there adjoining leases around it? Say like the next quarter section, then the next quarter section over, what's going on around them? Have they had that done to them? Have they went through the process, or they own their leases? I believe that's what they're asking.

COUNCILMAN REDCORN: It seems like, I'm thinking an EA is kind of late in the game. There's been a lot of activity.

COUNCILMAN CRUM: Oh, you're talking about like...

COUNCILMAN REDCORN: ...oil and gas activity already.

COUNCILMAN CRUM: Four inches you're talking like...

COUNCILMAN REDCORN: ...the process, and I'm not sure what the benefit is.

DEPUTY SUPERINTENDENT HALE: We have a 1979 Environmental Assessments. Most of those drilling permits we issued under. So, as workovers, and that's when they are requested, be looking at that perspective, we have what's called a Categorical Exclusion with twelve questions, and if we can be sure that there's no triggers, then they won't have an EA. So, we're working on that to make sure that we're not requesting another EA unless it's absolutely necessary.

COUNCILMAN REDCORN: OK, because I was a little confused. So, I'm hearing the last meeting I had, we're not asking our perspective customers to have an EA in hand, when they ask for the drilling process. You're going to refer back to the 1979 EA, before you make the determination to have one or not?

DEPUTY SUPERINTENDENT HALE: No, that's not correct. If it's the new drilling permit, they have to have an EA. If it's an existing well, then we're going to go back, consider the fact that it was issued under the 1979 Environmental Assessment that was in place, go through that checklist, and hopefully you can answer 'no' to all the questions, and they won't have to have an EA.

COUNCILMAN REDCORN: So, you're taking permits to drill off the table, and everything else will go through the course that you just laid out to me.

DEPUTY SUPERINTENDENT HALE: That's what we're trying to do, to make sure that we're not being required EAs, unless we really have to.

COUNCILMAN REDCORN: So, before, somebody made a decision to put the permits to drill with a new EA. Who made that decision? What power made that decision for new permits to drill would require an EA?

SUPERINTENDENT PHILLIPS: I guess that was me, because I sign the letter.

COUNCILMAN REDCORN: So, the buck stops with you.

SUPERINTENDENT PHILLIPS: Yeah.

COUNCILMAN REDCORN: OK.

SUPERINTENDENT PHILLIPS: Basically, we sent that letter out, stating that any new drilling will require an environmental assessment.

CHAIRMAN WALLER: And have you received many calls, as we have?

SUPERINTENDENT PHILLIPS: We have received a lot of calls, as well as...

CHAIRMAN WALLER: Announce your number, again.

SUPERINTENDENT PHILLIPS: We've been getting a lot of calls, and basically, we did get a lot of requests prior to August 12. I think Bill said, now, he's got enough work to take care of him for the next year. So, we did get a lot of requests for workovers, workover permits, and like Jeanine said, what we're going to do is if we can utilize that categorical exclusion, and nothing's changed, then the previous decision will stand. So, there won't be a requirement for an EA.

CHAIRMAN WALLER: Sure.

COUNCILMAN REDCORN: But that's when we talk drilling, it will require an EA.

SUPERINTENDENT PHILLIPS: New drilling. A new well.



COUNCILMAN REDCORN: And we were told \$6,000 to \$10,000 for a new EA, plus 60 to 90 days wait time for a permit to drill. That's the numbers given to me, last Friday. Is that correct?

SUPERINTENDENT PHILLIPS: I believe that what we're telling individuals to do is to submit their draft EA, so that everything will work together, because we have to address the endangered species, we have to address the historical sites and so forth...

CHAIRMAN WALLER: Section 106.

SUPERINTENDENT PHILLIPS: So, what we're trying to do is work with the company, so that everything's working together, so that, hopefully, it's not a full 90 days, but, yeah, generally, I believe it has been that, in the past, it has to been where you were able to walk in and just get a permit to drill overnight. I mean, it takes time, because we do have to go through the Endangered Species Act, we do have to address the cultural and historical and all that kind of good stuff. So, there's a lot that's involved.

COUNCILMAN REDCORN: And, then, again, the first meeting – I'm sorry – this will be my last question, Chairman. The first meeting I was clear you did not have a note from the Tribe, Minerals Council or anybody, when you made this decision requiring an EA. It was...you had no input from the Tribe at any level.

SUPERINTENDENT PHILLIPS: From the Tribe, no.

COUNCILMAN REDCORN: There was not. OK.

CHAIRMAN WALLER: Any more questions? Councilman.

COUNCILMAN YATES: There's been rumors that there's a letter circulating from a certain lawyer instructing surface owners to lock their gates and not allow oil companies in on their leases. Have you had any instances of that happening?

SUPERINTENDENT PHILLIPS: I haven't seen such a letter. Not aware of that. Have you seen anything? I think there was something in the Journal-Record or something that I read, but I haven't seen that letter, no.

COUNCILMAN YATES: So, you don't foresee being able to lock the gate on an oil company and prevent them from producing?

SUPERINTENDENT PHILLIPS: Well, I can't say that I don't see that, because I've seen a lot, since I've been here at the Osage Nation.

CHAIRMAN WALLER: Welcome to our world.

COUNCILMAN YATES: Amen, brother.

SUPERINTENDENT PHILLIPS: But, I think, at that point, the company would just have to take care of going through their legal remedy, as far as...

CHAIRMAN WALLER: When do you step in?

SUPERINTENDENT PHILLIPS: When do I step in. Well, I can always send a letter. But, basically, when it's a situation like that, it's basically up to the company to try to resolve it, and...

CHAIRMAN WALLER: But you'll be there to assist them...



SUPERINTENDENT PHILLIPS: I can send a letter.

CHAIRMAN WALLER: Well, I thought supportive, a shoulder to cry on, all of the above.

SUPERINTENDENT PHILLIPS: I can listen.

CHAIRMAN WALLER: You can listen, and then, could you talk to us, in case we get contacted by these folks, and...

SUPERINTENDENT PHILLIPS: Yes.

CHAIRMAN WALLER: Help us from some kind of...?

SUPERINTENDENT PHILLIPS: The thing is, I want everybody to understand that the Bureau of Indian Affairs, we're going to do the best we can, as far as helping the companies, as well as helping the Minerals Council for the shareholders. We want to get production in Osage County. We are required under certain laws that we have to follow...

CHAIRMAN WALLER: 225, 226 Part.

SUPERINTENDENT PHILLIPS: 226 and then we have the NEPA regulations and so forth. So, we've, by law, we've got a lot to follow. So, we're going to do the best we can.

CHAIRMAN WALLER: OK. Yes, please. I want to go with the Council, first.

COUNCILWOMAN ERWIN: OK. What is your best guesstimation when this is going to be done, this EA impact study? What...?

SUPERINTENDENT PHILLIPS: The Environmental Impact Study...

COUNCILWOMAN ERWIN: I've heard you contracted people...

SUPERINTENDENT PHILLIPS: Well, actually, what we've done, we've worked with the Bureau of Land Management, in funding an Environmental Impact statement to include Osage County...

COUNCILWOMAN ERWIN: OK.

SUPERINTENDENT PHILLIPS: ...and we continue to give them more money, so that it'll be done as quick as possible. I believe they're looking at two years out, so we're two years out.

COUNCILWOMAN ERWIN: Can you give them some more money to make it...?

SUPERINTENDENT PHILLIPS: I think we just ended up with a...So, originally, I think it was five years, and now, it's down to two years.

COUNCILWOMAN ERWIN: Well, let's keep pumping on it.

COUNCILMAN REDCORN: Mr. Jim Swan, production you were reporting was 13,000 barrels a day. Is that correct?

JS: Yes.

COUNCILMAN REDCORN: Has that gone down?

JS: Slightly.

COUNCILMAN REDCORN: OK. What would your strategy be, Ms. Phillips, to ensure we get production going strongly? Is that our goal or my goal, as a Councilperson? And you just heard Mr. Swan say that barrels per day has gone down. That's what I understand. How can you balance a lot of these requirements that, in your vision, you want to bring to the table and still get our interest coming to us, and wanting to produce and improve our return?

SUPERINTENDENT PHILLIPS: Well, as I mentioned Friday, we pulled a report that showed no production in the past six months, and if they're not producing wells or not reporting that there's production, then, we're going to go in, and start cancelling those leases, so other people can hopefully come in and produce. I think that's one thing we've got to do. We can't continue to let these leases just sit out there and not being worked.

COUNCILMAN REDCORN: Are you seeing anything, promotion-wise, or how can you – are you interested in expediting the process to get a permit to drill approved so that good, quality folks out there can get a drill-bit out there on the ground and moving forward? Can you speed that process up?

SUPERINTENDENT PHILLIPS: Well, with the training and the templates that we provided to the companies, we pretty much provided a template they can actually use. We've given them information. We can't actually do the environmental assessment for them, but that will take care of that front end. If we go in and we start addressing and looking at those leases that there's no production, the only other thing I can think that we can do, rather than have lease sales more regularly, but I believe we have to work with the Minerals Council to do that. I don't know what else I can do.

COUNCILMAN REDCORN: Can you...Last question, I'm sorry, is there anything you can do with your organization to restructure to ensure that we can expedite the permit to drill process, or have you considered how long it takes to get a permit to drill to approve, and how long is that, generally?

SUPERINTENDENT PHILLIPS: Basically, we're looking at 90 days.

CHAIRMAN WALLER: Best case scenario.

SUPERINTENDENT PHILLIPS: Best case scenario. 90 days. But I will tell you this...

COUNCILMAN REDCORN: ...two years, the last time I was on, I heard it was an average of six months, but...

CHAIRMAN WALLER: Superintendent.

SUPERINTENDENT PHILLIPS: Let me see if I can address that. I've heard horror stories, too, and we are looking at Jeanine and I with what all we can do at the Osage Agency to make it to where things are done, expeditiously. We're putting things into place that will hopefully identify a prompt response. We are making efforts there. The Eastern Regional Office has gone in and identified additional staff. We've got the Southern Plains Human Resources put in Osage Agency out there as being #1, focusing on filling positions. We've identified positions. We've got another environmental protection specialist that's identified just for EAs. I don't know if you've heard of the Division of Energy out of Denver, Colorado. We've got two contractors over there, right now that's going to help us. So I really think that we've got people on board, once it's implemented. Once we start getting these EAs, we've got people that can look at them, as well as, we're going to hire another environmental protection specialist, and we have hired at least a compliance officer, so that they can get these letters out, as well as do follow-ups for non-compliance. So, I believe the Agency has identified people. We're hiring. Unfortunately, some people come and they stay four days and leave. Don't know what's up with that. We're working with the Osage Minerals Council. Any time that we



do advertise, we give the Osage Minerals Council a copy of our announcement, in hopes that you guys will help us, also, recruit. So, we're really trying to do better over there at the Osage Agency BIA. We are.

CHAIRMAN WALLER: Yes, Councilman.

COUNCILMAN CHESHEWALLA: Yes, Ms. Phillips, we've talked about this a few meetings before. What are we doing about the wells that aren't going up and down? What about the ones that stayed in the past, one that's got 50 or 60 wells on it and two wells holding the production? Are we getting anywhere with that?

SUPERINTENDENT PHILLIPS: We do need to look at that. There's no doubt about that. We need to get to the Solicitor's office and see what we can do as far as addressing that lease. There's a lot that needs to be done, I'll be the first one to tell you.

COUNCILMAN CHESHEWALLA: Just like we said in the past, *'Oh, yeah, when oil gets up to \$20 a barrel, we'll get that well going.'* Well, it's \$100 a barrel, now, and it's still not going. There's a tree growing through it.

SUPERINTENDENT PHILLIPS: Well, I've sent out letters basically getting on to people and assessing them with penalties, and I've had one individual, I won't say the name, but I wanted one individual to come in and ask me to waive that penalty...

CHAIRMAN WALLER: Is he in the room?

SUPERINTENDENT PHILLIPS: ...and I said, 'No, I'm not waiving a penalty'. I really believe that the BIA, as well as these companies, need to be held accountable.

CHAIRMAN WALLER: Yes.

SUPERINTENDENT PHILLIPS: So, that is what I'm focusing on. I'll be held accountable, but I'm holding everybody else accountable, as well.

CHAIRMAN WALLER: As well, you should, in the United States Government. Yes.

COUNCILMAN CRUM: I have a comment on Joe's question. As you know, we just went through CFRs with a fine-toothed comb. One thing that was not changed, I think it was never used, is that the Superintendent has the power to actually require producers to produce up to the potential of the lease. Now, I think the problem, in the past, is trying to figure out who's smart enough to figure the potential of the lease. But the Superintendent, whether that well's not going up and down anymore because of it's not good anymore, whether they just didn't bother to put the money in to fix it. But, then, the CFRs, that's something the Superintendent has the power to do is to try and assess that and to give instructions about that. Now, I don't know that I've ever heard it being utilized. Perhaps we'll get some of these other problems out of the way. That might be something that needs to be addressed.

CHAIRMAN WALLER: (to the Superintendent) Would you, please, order some more rubber stamps with your signature on them, to help you out? I agree with the Council.

## OPEN SESSION

### Iron Hawk Energy Group: Charles Wickstrom

Mr. Wickstrom, speaking for the Osage Producers Association, made the statement:



*"We, the members of the OPA, find it necessary today to respectfully request clarification in writing from the Superintendent of the Osage Agency of the Bureau of Indian Affairs exactly what operations on an oil and gas lease in Osage County require a permit."*

*"We, the OPA, and Osage Minerals Lessees received a letter from the Superintendent, effective August 12, 2014 citing CFR 25, Section 226.30 and 226.45, stating that in part that 'Lessees shall comply with all orders or instructions issued by the Superintendent'. We, the lessees, find this letter vague and request that these orders be presented to the lessees in writing. Without a clear understanding of the orders and regulations, we, as operators we see may be subject to, we cannot make a prudent investment in the Osage Mineral Estate. Therefore, we as members of the OPA respectfully request the Osage Minerals Council pass a resolution today to engage their attorney, Tim Dowd, to make a formal appeal of this letter."*

*We, the OPA, also respectfully request the Osage Minerals Council go instruct the BIA to support the Osage Agency staff to enforce the existing regulations in the protection of the Osage Mineral Estate, which, we should be reminded is superior to the surface estate."*

*The lack of support in protection of the Osage Mineral Estate and vague representation of the existing and proposed regulations have damaged the Osage Mineral Estate."*

**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-NO, ANDREW YATES-YES, CYNTHIA BOONE-YES, EVERETT WALLER-YES.**

**EXECUTIVE SESSION – 11:03 A.M.**

**\* \* \* \* \***

**12:08 P.M. – Motion to come out of Executive Session by Councilwoman Erwin, Second by Councilman Crum.**

**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.**

**Motion coming from Executive Session to prepare a resolution that states, "It is the Council's belief and understanding that the Clear Mountain Resource lease has expired on July 31, when they didn't pay their money and that acreage is now available for lease sale or at the Council's discretion." by Councilman Crum, Second by Councilman Yates.**

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

**Motion coming from Executive Session that the Council accept negotiated oil and gas lease less coal bed methane for E. W. Carter for E/2 18-23-9 for \$9,400 each for a combined price of \$18,800, with the understanding that acreage is open by Councilman Yates, Second by Councilwoman Boone.**

**MOTION FAILED: KATHRYN RED CORN-NO, TALEE REDCORN-NO, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, EVERETT WALLER-NO, GALEN CRUM-NO, STEPHANIE ERWIN-YES.**

**Motion coming from Executive Session that the Council direct their oil and gas attorney, Tim Dowd, to look into the question on the 1979 EA and its applicability today by Councilman Redcorn, Second by Councilman Cheshewalla.**

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

1OMC Councilman Robert E. Martin, attorney, spoke to the Council regarding the case that was filed in the United States District Court for the Northern District of Oklahoma on behalf of Martha Donelson v. United States Government, BIA and every producer, which was filed recently in Tulsa. Several producers were served personally. This is a broad lawsuit and Charles Bass is the BIA's representative to the U.S. Attorney's office.

Shane Matson, representing President of Bandolier Energy, the company that purchased Spyglass Energy in May, 2014. He discussed an overview of Spyglass and Bandolier and also fielded questions from the Council.

## **OLD BUSINESS**

### **Hiring Oil & Gas Expert: Councilman Crum**

Councilman Crum said that the Council needed to start doing their evaluations of the quarterly reports as part of the settlement and to call attention if something is wrong, as well as being able to use the data to actually help the Council understand what's going on and its benefits that they can get out of it. Mr. Crum's recommendation is to hire Dan Reineke as he did that work on the settlement and was able to prove the deficiencies that were happening to the Osages.

**Motion to hire Dan Reineke to start doing the work on the one project by Councilman Crum, 2<sup>nd</sup> by Councilman Yates.**

**MOTION FAILED: KATHRYN RED CORN-NO, TALEE REDCORN-NO, ANDREW YATES-YES, CYNTHIA BOONE-NO, JOSEPH CHESHEWALLA-NO, GALEN CRUM-YES, STEPHANIE ERWIN-NO, EVERETT WALLER-NO.**

## **NEW BUSINESS**

### **Chaparral Lease Expiration: Marty Renevillia**

Jamie Smith discussed the September 2014 lease expiration for Chaparral Energy, and asking for a year's extension. The Right-of-Way Manager, Marty Renevillia, explained that they want to bring a road in, coming from the East. Councilman Cheshewalla asked about the legal description, and Mr. Renevillia said it was, for the lease is the NE/4 32-22-8, and the family that they are trying to cross the legal that is on the letter is E/2 NW/4 W/2 NE/4 33-22-8.

**Councilman Yates makes the motion to accept his extension of one year for 2015 with \$6,000. 2<sup>nd</sup> by Councilman Crum.**

**MOTION PASSED: TALEE REDCORN-NO, ANDREW YATES-YES, CYNTHIA BOONE-NO, JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-NO, KATHRYN RED CORN-YES, EVERETT WALLER-YES.**



## **COMMITTEE REPORTS**

### **Budget Committee:**

Councilwoman Red Corn turned in a budget what the Council has spent, up to this point and will start on FY 2015's budget. Chairman Waller said that there needs to be a line-item budget modification and Accounting needs it signed by the Budget Chairman.

### **Media Committee:**

Councilman Redcorn hadn't been able to appoint a new Chair; however, Councilman Redcorn did accept the responsibilities as the new Chairman of the Media Committee.

### **Policies and Procedures Committee:**

Councilwoman Red Corn announced that Policies and Procedures needs to be worked on, and need to know who is on the committee as well as assign a Chair for that.

### **Scholarship Committee:**


Councilman Yates, now the Chair of the Committee, announced that four scholarship winners were announced: Cole Brumley, Process Technology; Logan Big Eagle, Geology; Garrett Thomas Batschelett, Petroleum Field; and, Christian C. Bills.

Councilman Crum made the motion to adjourn, 2<sup>nd</sup> by Councilwoman Erwin.

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

Adjournment – 1:05 P.M.

Approved:

  
Chairman  
Executive Administrative Assistant