

Osage Minerals Council

Regular Meeting

June 17, 2015

MINUTES

Call to Order

Councilman Waller calls the meeting to order at 10:02 A.M.

Opening Prayer and Reading of Deceased

Cynthia Boone gives the opening prayer. Councilman Redcorn reads deceased Osages.

Roll Call

Lacey Reynolds calls roll. Osage Minerals Council members present Councilwoman Boone, Councilman Cheshewalla, Councilman Crum, Councilwoman Erwin, Councilwoman Red Corn, Councilman Redcorn, Chairman Waller, and Councilman Yates

Guests in attendance:

Joy Ledbetter (OST-Osage), Jinx Geurin, Don Williams, Jerry Reiger, Nona Roach, Tom Lackey, Florence Bigheart Trantum, John Long, Gene Bowline, Richard L. Dollar, Beverly Brownfield, Linda Heskett, Sharon Long, Charles Wickstrom, Lincoln Sallee, George Sallee, Jr., Jamie Sicking, Shane Matson, J L Holt, Teresa Rutherford

Accountant Reports –Julia Roe and Leslie Young

Julie Roe and Leslie Young called and stated they will not be here.

Auditor Report – Jim Swan

Collection for May 2015 is \$3,554,138.09. Average price per barrel of oil for April 2015 is \$51.99. Highest posted price was \$56.03. Today's highest posted price is \$56.50. Average daily barrel price for April 2015 is 13,167. Gross barrels for April 2015 are 395,183. Royalty barrels for April 2015 are 62,247. Gross royalty barrels for April 2015 are 15.75%. Total oil royalty for May 2015 is \$3,259,122. Total gas royalty for May 2015 is \$235,306. Tank bottom royalty for May 2015 is \$1,501. Total oil & gas royalty for April 2015 is \$3,495,929. The Average Royalty bonus is \$1.33 per barrel.

BIA Reports – Jeannine Hale

Jeannine said, "There are a lot of purchase run tickets." 2548 purchase run tickets reviewed and encoded 81 landowner/lessee meetings, 42 spill leaks inspected and 54 spill/leaks followed up. Jeannine said, There are some archeological surveys. If there any questions just let her know and she will follow up. She has answers to follow up questions Cynthia asked Robin. How many leases sold oil in

March? There were 1,438. Councilwoman Boone asks as an individual what she would do to join the EIS committee. Jeannine states that you would have to be designated by a cooperating entity.

Councilwoman Boone states she received some documents asking about ingress and egress and he met with the surface owner and they wouldn't help him get into their property and then the BIA told him he would need to follow surface owner's rules. Then she states she received another document where they are talking about the new rules will lead to fewer problems for the land owners. She then asks if all these things are adding up to the fact that we don't care anymore about shareholders and asks if it's going to be protect the surface owners. Jeannine asks for a copy of the letter and states that being told they have to follow the land owner's rules doesn't sound like anything they have ever been told before.

Councilman Cheshewalla asks if any of the run tickets was over 1%. Jeannine state she thinks it would be noted if it was. Councilwoman Erwin asks on the workover packages complete, how many have applied that aren't complete. Jeannine states 101 she believes. Councilman Redcorn asks if they are the same workover permits we were promised would be approved in January. Jeannine says she doesn't recall exactly what conversation he is talking about. But it has been appealed so they cannot act right now.

Councilman Redcorn asks how old they are. Jeannine states she will find it out for him. Councilman Crum asks if there is an estimate on when Mr. Long's purchase agreement will be released so he can get his money. Jeannine states they are processing. Councilman Redcorn asks what the future of Ms. Phillips? Jeannine states if that is a request she will take it back to her. She then states that the person who is most available attends. Councilwoman Boone asks if any of the meetings have changed. Jeannine states no. Councilwoman Boone asks if anyone has written in to state they cannot comply with the July 10th deadline. Jeannine states they are working with some producers to come up with a plan to come into compliance. Councilman Yates asks if we give a 90 day grace period will that help the BIA. Jeannine states that the rules go into effect on July 10th we aren't allowed to say they don't. We understand that there will be extra things done so the BIA will work with the producers. Councilman Redcorn states that we already rejected the neg regs. So to give 90 days' goes against that. Councilman Yates states he understands but he would like to introduce it and discuss it. Councilman Redcorn states he entertains them to come to the other side and reject it. Councilman Redcorn asks the Chairman why we continue to push for neg regs when there is a standing resolution. Chairman Waller states when he got the chair they never had a vote. The resolution finally came up and he voted, But the United States government continues to push on. Councilman Redcorn then asks why we are continuing to entertain activities and actions to support the neg regs when there are three resolutions of that. Chairman Waller states because there is a federal document with the US government that says we will. Council Crum states that he is fairly certain that no federal act will happen before July 11th. So he would very much like the BIA give a blanket 90 day grace period before any fines are given. Councilwoman Boone asks for an updated list on the producers that the letter went out to. Councilwoman Erwin states they are trying to regulate us out of existence. They changed the word tribe to nation. That is a conveyance of property. She then states that the Minerals Estate should come first to the BIA but they don't. Councilman Redcorn states he agrees with Councilwoman Erwin that it is a conveyance of property.

Motion was made to go into Executive by **Councilman Crum** and seconded by **Councilwoman Erwin**.

VOTING: CHESHEWALLA-YES, CRUM-YES, ERWIN-YES, K.RED CORN-YES, T.REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES

MOTION PASSES: 8 – YES 0 – NO

(Entered Executive at 10:55 a.m.)

Motion was made to come out of Executive by ***Councilman Crum*** and seconded by ***Councilwoman Erwin***.

VOTING: CRUM – YES, ERWIN- YES, K.RED CORN-YES, T.REDCORN-YES, WALLER- YES, YATES-YES, BOONE-YES, CHESHEWALLA-YES

MOTION PASSES: 8 – YES 0 – NO

(Exit Executive)

Jones & Buck

Motion was made to accept oil and gas less coal methane on SE 10-24-06 for two years at 20% royalty and \$5000 by ***Councilman Yates*** and seconded by ***Councilwoman Erwin***.

VOTING: ERWIN-YES, K.RED CORN-YES, T. REDCORN-YES, WALLER-YES, YATES- YES, BOONE-YES, CHESHEWALLA-YES, CRUM-YES

MOTION PASSES: 8 – YES 0 – NO

Osage Orphan Well

Councilman Redcorn introduced a resolution that directs our Osage Orphan well committee to pursue a grant application through Energy department through the Bureau for them to look at Orphan well producer plug and develop a recommendation report. Chairman Waller asks for one other clarification, he would like to make the dollar amount increase on what was discussed in executive session. Councilman Yates asks, "What the dollar amount is being increased to?" Councilman Redcorn says, "at this point we don't know. We are looking at 50 to 120,000 dollar range." Chairman Waller asked to increase the duties.

Motion was made to Directs Osage Orphan well committee to pursue grant application by ***Councilman Redcorn*** and seconded by ***Councilwoman Red Corn***.

VOTING: K. RED CORN-YES, T. REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES, CHESHEWALLA-YES, CRUM-YES, ERWIN-YES

MOTION PASSES: 8 – YES 0 – NO

BIA Direction- 90 day

Councilman Yates made a motion for a 90 day grace period to implement the BIA's rules. Councilman Crum seconded for the purpose of discussion.

DISCUSSION: Councilman Crum doesn't believe that the grace period should be on implementation, because it is set in federal law. Councilman Crum thinks it should be for fines and penalties for the 90 days grace period. Councilman Yates and Councilman Crum amend the motion.

Motion was made to give BIA direction to give 90 day grace period on fines and penalties by ***Councilman Yates*** and seconded by ***Councilman Crum***.

VOTING: T. REDCORN-**ABSTAIN**, WALLER-**NO**, YATES-**YES**, BOONE-**NO**, CHESHEWALLA-**NO**, CRUM-**YES**, ERWIN-**NO**, K. RED CORN-**NO**

MOTION FAILS: **2** –YES 5-NO 1- ABSTAIN

Resolution to encourage BIA to issue work over permits as quickly as legally possible – Councilman Crum

Councilman Crum asks the BIA, as soon as the work over permits to be issued as soon as legally possible to our producers that have been waiting far too long.

Motion was made for a resolution to encourage BIA to issue work over permits as quickly as legally possible by ***Councilman Crum*** and seconded by ***Councilwoman Erwin***.

VOTING: WALLER-**YES**, YATES-**YES**, BOONE-**NO**, CHESHEWALLA-**YES**, CRUM-**YES**, ERWIN-**NO**, K. RED CORN-**YES**, T.REDCORN-**YES**

MOTION PASSES: **6**-YES **2**-NO

Resolution for contracts for oil and gas experts – Councilwoman Boone

Councilwoman Boone said, this was discussed Friday and today the names are complete with who our attorney's want for the oil and gas experts, Russell Evans as our Oil expert and John Harpole as our Gas expert. Funds will come out of S510 account. Councilman Crum will not vote for it if it is not paid with C395. Councilwoman Red Corn believed last meeting they said it would come out of S510 account. Chairman Waller says it will come out of the C395 account.

Motion made for resolution for oil and gas experts by ***Councilwoman Boone*** and seconded by ***Councilwoman Erwin***.

VOTING: YATES-**NO**, BOONE-**YES**, CHESHEWALLA-**YES**, CRUM-**NO**, ERWIN-**YES**, K. RED CORN-**YES**, T. REDCORN-**YES**, WALLER-**YES**

MOTION PASSES: **6**-YES 2-NO

Sallee Oil Corporation

Mr. Sallee handed out a document to the Council. They are asking for a reinstatement of an oil and gas lease. Councilman Crum clarified that it will be a new lease, 20%, and two years.

Motion made to accept Sallee Oil for an oil and gas less coal bed methane on SW 32-21-12 for two years at 20% royalty and \$7500 by **Councilman Crum** and seconded by **Councilwoman Erwin**.

VOTING: BOONE-YES, CHESHEWALLA-YES, CRUM-YES, ERWIN-YES, K. RED CORN-YES, T. REDCORN-YES, WALLER-YES, YATES-YES

MOTION PASSES: 8-YES 0-NO

Ironhawk – Charles Wickstrom

Mr. Wickstrom request that we be granted one year lease and will pay \$2 an acre rental and 20% royalty. One year lease approval by superintendent. Jeannine Hale states, "That after July 10th it will be \$6 an acre." Mr. Wickstrom said, \$6 acre rental is fine.

Motion made for Ironhawk to be granted a one year oil and gas lease, \$6 per acre rental, and 20% royalty effective the day they are approved by superintendent by **Councilman Yates** and seconded by **Councilman Cheshewalla**.

VOTING: CHESHEWALLA-YES, CRUM- YES, ERWIN-YES, K. RED CORN-YES, T. REDCORN-NO, WALLER-YES, YATES-YES, BOONE-YES

MOTION PASSES: 7-YES 1-NO

Penta- Sandstone and Sandy soil permit

Penta is to be tabled until July.

Meeting Minutes

Motion to approve Meeting minutes by **Councilwoman Boone** and seconded by **Councilman Redcorn**.

VOTING: CRUM-YES, ERWIN-NO, K. RED CORN-YES, T. REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES, CHESHEWALLA-YES

MOTION PASSES: 7-YES 1-NO

Resolution for Robin Phillips, Superintendent Osage Agency – Councilman Cheshewalla

Councilman Cheshewalla said, "We have lost all confidence in the Superintendent, Robin Phillips, Osage Agency, due to her letter dated July 15, 2014. The Osage Minerals Council did not get to review the letter therefore; we are not fully informed of the issues in the letter. The Superintendent's actions did not protect and further the interest of the Osage Minerals Estate, Osage Minerals Council, or the Osage Headright owners.

Motion to approve resolution about Superintendent by **Councilman Cheshewalla** and seconded by **Councilwoman Erwin**.

VOTING: ERWIN-YES, K. RED CORN-YES, T. REDCORN-YES, WALLER-ABSTAIN, YATES-NO, BOONE-YES, CHESHEWALLA-YES, CRUM-NO

MOTION PASSES: 5-YES 2-NO 1-ABSTAIN

Motion was made to adjourn by Councilman **Crum** and seconded by **Councilwoman Erwin**.

VOTING: CRUM -YES, ERWIN-YES, K. RED CORN -YES, T. REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES, CHESHEWALLA-YES

MOTION PASSES: 8 – YES 0 – NO

(Meeting adjourned)

Minutes by: cr

Submitted by: *Jace Reynolds*
Approved by: *[Signature]*