

OSAGE MINERALS COUNCIL

REGULAR MEETING

WEDNESDAY JANUARY 20th, 2016

MINUTES

Call to Order

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

Opening Prayer

Councilwoman Red Corn gives opening prayer.

Roll Call

Lacey Reynolds calls roll. Osage Minerals Council members present were Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Talee Redcorn, Everett Waller, and Andrew Yates.

Guests in attendance were Janel Perry, Joy Ledbetter, Gene Bowline, Teresa Rutherford, Beverly Brownfield, Florence Bigheart Trantum, Nona Roach, Hugh Kuykendall, Tom Lackey, Shane Matson, Stephen Brunner, Jamie Sicking, Lonnie Hudgins, Bob Hudgins, Bob Diggel, Jinx Geurin, and Jean Pennison.

Accountant Reports

Chairman Waller states the accountants will not be present today.

Auditor Report

Jim Swan gives auditor report. He states in December total collections was \$3,032,047.01. Average price per barrel of oil is \$40.89, December's Average highest posted price \$33.79. Today's highest posted price is \$25.75. Average Daily barrels of oil produced 12,480. Gross barrels produced were 374,633, royalty barrels 57,814, and gross barrels vs royalty barrels 15.43%. Total oil royalty for December was \$2,370,277 total gas royalty was \$350,629 tank bottom royalty \$468 for a total of \$2,721,374, and the average bonus was \$1.63.

BIA Reports

Superintendent Robin Phillips gives the BIA report. She reports the branch of field operations reports that 2095 Purchase run tickets were reviewed and scanned, 69 lease inspections, 47 follow-ups, 20 leases checked for production and primary term, 31 trucking permits issued, inspected 11 spills, 41 follow ups, 26 tanks gauged, 36 calculations, 19 gas meter calibration proving's requested from companies, and 19 gas meter calibrations proving's witnessed. She

states that the Branch of Lease Management reports there have been 2 leases approved, 9 assignments approved, 38 division orders approved, and 12 lease terminations were processed. She states during last meeting someone requested information as to the total numbers of requests for information during the month. There were 15 requests for lease information and only 1 was a FOIA request. The branch of subsurface minerals reported that 165 workover permits were approved and 137 plugging permits were approved. Superintendent Phillips states that a permit report and an accounting report for Coffeyville has been provided. The branch of enforcement and lease compliance reported 3 EA's for APDs, 2 are notices on the board right now.

Councilwoman Boone states she has some questions about fines. One fine was bringing things up to the national electric code and the only place this code was mentioned was in the final neg reg process. Are you fining people for something that is not in affect yet? Superintendent Phillips states nobody has been fined for the national electric code, it is identified in penalties and fines but nobody has been penalized. Councilwoman Boone asks how you can fine someone for something that is not in place yet. Superintendent Phillips states she will look into it.

Councilwoman Boone asks when the petroleum engineer is going to come on board. Superintendent Phillips states she is looking for it to happen in March. Councilwoman Boone asks if one of the duties will be part of the process of approving permits. Superintendent Phillips states "yes."

Councilwoman Erwin asks Superintendent Phillips about the best business practices. Councilwoman Erwin states if they have it in a manual or book format she would like to see it. Superintendent Phillips asks if she is talking about the best management practices that have been attached to the permits. Councilwoman Erwin says she would like to read it.

Councilwoman Erwin addresses Mr. Winlock and says you sent us an email that says there 8596 tanks in Osage County, Mr. Winlock says that is an estimate. Councilwoman Erwin says; "there was 26 tanks gauged, do you know what percentage that is?" His response was no. Councilwoman Erwin states "It is .003%" She states that is our money and she would like to keep tabs on it the best we can.

Councilman Crum states that Dale Jesse is leaving next week and would like to know if anything is being done for him. Superintendent Phillips says she would like to talk about it outside of here.

Councilman Yates asks how long a lease can go before it's terminated for non-production. Mr. Winlock states they have been going off of 6 months non-production. Superintendent Phillips states the Osage Agency is trying to be proactive. When there has been no production for six months they notify the lessee and give them the opportunity to inform the Agency on whether they intend to produce or plug.

New Business

Access Permits- Councilwoman Erwin states we didn't get the update until this morning. It is there to read so we can put it off.

Motion to table Access permit until next month is made by Councilwoman Erwin and 2nd by Councilman Cheshewalla.

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

7 -YES 0 -NO 1-Abstain

Councilwoman Boone states that one of her constituents has a question they would like her to ask in open meeting. There are no objections from the council. Councilwoman Boone addresses Mr. Shane Matson, president of the OPA, and asks "are the oilmen planning to sue the Minerals Council for the losses they suffered in Osage County?" Mr. Matson states "that is the first I have heard those words."

Councilwoman Erwin states we got an updated letter that we talked about Friday.

Motion to enter executive is made by Councilman Crum and 2nd by Councilwoman Erwin.

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

7 -YES 1 -NO

Executive Entered 10:33 A.M.

Motion to exit executive is made by Councilman Yates and 2nd by Councilman Crum.

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

7 -YES 0 -NO 1 - Abstain

Executive exited at 11:42 A.M.

Chairman Waller states there is no business coming out of executive.

Old Business

Spyglass- Shane Matson speaks on behalf of Spyglass. He states that they are waiting on approval on the concessions amendment. He states that Spyglass is ready to make a payment but does not have an approval by the Superintendent. The Superintendent has been called.

Chairman Waller states while we are waiting he would like to table the meeting minutes so that the corrections could be submitted.

Motion to table meeting minutes is made by Councilman Crum and 2nd by Councilwoman Red Corn.

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

7 -YES 1 -NO

Phone polls- Councilwoman Erwin states she did a resolution just to update our policy and procedures. That basically says the same thing. Councilman Crum states if he is reading it correctly it allows for electronic meetings where a quorum is present. If we are going to do them this would be the way to do it. Councilwoman Boone asks if we are just going to do away with telephone polls and go with electronic meetings. Councilman Yates asks who is on the policy and procedure committee and if this went through the committee. Councilwoman Boone states we already have a policy in place for telephone polls this just updates it.

Motion to accept resolution regarding phone polls is made my Councilwoman K. Red Corn and 2nd by Councilwoman Erwin.

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

6 -YES 2 -NO

Committee Reports

Councilwoman Red Corn states that she talked to the Superintendent office and there will be a meeting held next week to discuss the relevance of the 2004 act.

Motion to approve scholarship committee recommendations is made by Councilman Yates and 2nd By Councilman Redcorn.

Discussion: Councilwoman Red Corn states she thought the scholarships were supposed to go to people in the petroleum related field. Councilman Yates states that the scholarship committee voted in favor to go ahead and approve since there were four applicants. Councilwoman Boone states this particular applicant didn't follow some directions, such as her degree is not in a petroleum related field and she did not submit a CDIB, so she will have to vote no.

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

5 -YES 2 -NO 1- ABSTAIN

Superintendent is back and states she brought Cammi Canady the realty specialist. She states they have the resolution but they do not have anything else as far as anything for approval, like an amendment to the concession. Councilman Crum states the way it's been handled in the past is the BIA is expected to check to see if the commitments are made. Superintendent Phillips states no, she will let Cammi explain.

Cammi states they receive the resolutions and they would be put in the concession file. No other documents were prepared. At that point the company just pays in the money. This is based off how it has been done previously. Shane Matson states they were always approved by the Superintendent in his office. Councilman Crum states the acceptance letter is what you are short of to pay. Chairman Waller asks the Superintendent if she can make that happen. She asks Mr. Matson for a copy of the letter they have gotten in the past. Mr. Matson states he will send it.

Motion to adjourn is made by Councilwoman Erwin and 2nd by Councilman Crum.

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

8 -YES 0 -NO

Meeting adjourned at 12:09 P.M.

Minutes Submitted By:



Minutes Approved By:

