

Osage Councilmembers Travel to Washington D.C. seeks funding for Osage Mineral Estate

On March 18, 2016, four members of the Osage Minerals Council, Cynthia Boone, Stephanie Erwin, Talee Redcorn and Joe Cheshewalla went to Washington, D.C. to seek funds for operating the Minerals Estate. The following is the testimony given by Councilwoman Boone, in front of the Committee on Appropriations Subcommittee on Interior, Environment and Related Agencies, with Chairman, Senator Tom Cole.

“Good Morning, Mr. Chairman and members of the Sub-Committee. My name is Cynthia Boone, and I am a member of the Osage Minerals Council. Thank you for the opportunity for me to testify. The Osage Minerals Council is made up of eight members elected by the Osage annuitants. The Osage Nation Constitution and the 1906 Congressional Act provides the Council with the authority to administer, develop and protect the Osage Minerals Estate. The Osage Minerals Council has the unique role in all of Indian Country. Our roll goes back to the discovery of oil on our reservation in the 1890s, more than 100 years ago, and even before the allotment of our reservation in 1906. As you know, under allotment, Congress divided up Indian lands and provided small parcels to individual members of the tribe. In our case, Congress allotted the surface lands, but not the minerals. Instead, Congress reserved our entire Minerals Estate for the benefit of all of the Osage members on the Tribal Rolls at that time.

“Congress called us Headright Owners. Each Headright Owner had one share of royalty from the production of oil and gas in the Osage Minerals Estate. The Osage Minerals Estate has been producing oil since 1896, making it one of the oldest fields in the United States. Our Minerals Estate contains proven reserves. In 2015, it was estimated that our Headright owners would receive about \$13.6 billion in royalties from 2012 to 2027. That’s about \$1 billion a year. Despite our success, the Osage Minerals Council faces many of the same challenges as other energy producing tribes.

“We also face some challenges that are unique just to the Osage. First, like other tribes, energy production on our lands is limited by a lack of staff, expertise and resources in the BIA’s Osage Agency office. Without the BIA staff or expertise to keep up with the energy industry, we are not able to fully utilize our resources to benefit our Osage Headright owners. For example, we estimate that the BIA averages more than a year to approve a simple workover permit. As you might know, a workover permit only approves maintenance for an existing oil or gas well. You can imagine the delays for permitting a new well. The BIA needs far more than the \$5.9 million requested in the President’s budget to manage the oil and gas development at Osage and across Indian Country. The BIA needs ten times this amount. When you compare the BIA’s budget to the \$187 million requested for the BLM, it’s no wonder that the Government Accountability Office found that the BIA management hinders in energy and needs sweeping changes.

“Second, unlike other tribes, the 1906 Osage Allotment Act creates special legal requirements for leasing on our lands. For example, leasing on the Osage Minerals Estate is especially excluded from the Indian Mineral Leasing Act. Instead, the Interior follows Osage specific regulations, and the BIA is the only Agency involved in approving oil and gas permits in our Minerals Estate. The BIA does not get any help from BLM or the Office of Natural Resources revenue like other Indian Reservations. The Osage Minerals Council also has unique responsibilities, but our funding is limited as well. We currently manage the Estate with an annual drawdown from royalties that should be distributed to the Headright owners. This is an unfair burden on the Headright owners and is not enough funding for effective management of the Estate.

“Meanwhile, every year, since 1921, the State of Oklahoma has collected a Gross Production Tax from our royalties. This tax generated in excess of \$5 million for the state, with no benefit to Osage Headright owners. With this impact from state taxes and many responsibilities from managing the Osage Minerals Estate, we respectfully request that the Sub-Committee provide direct funding to the Osage Minerals Council to hire the staff we need to manage and promote drilling and production. We need about \$4 million in funding to employ experienced staff, to create a digital database to monitor well production, environmental hazards and lease productivity and to plug abandoned wells. Just as an example, the BIA has identified roughly 1,400 wells for plugging. Each of these wells cost between \$10,000 to \$100,000 to

properly plug, and abandon and remediate. Even worse, the BIA has not complied with environmental reviews for years. This subjects the United States, the Osage Minerals Council and Osage lessees in never ending litigation and kills the development of our new wells. We need to turn this situation around. Oil and gas production and the Osage Minerals Estate supports thousands of jobs and provides badly needed economic development.

“We respectfully request that you increase the BIA’s Natural Energy budget and we request \$4 million in direct funding for the Osage Minerals Council, so that we can effectively manage the Osage Minerals Estate for the benefit of Osage Headright owners and the entire region.

“Thank you for the opportunity to testify.”