

**OSAGE MINERALS COUNCIL
REGULAR MEETING
OSAGE COUNCIL CHAMBERS
PAWHUSKA, OKLAHOMA
AUGUST 12, 2016
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 read the list of deceased Osages and gave the opening prayer.

Roll Call:

Minerals Council Executive Administrative Assistant Lacey Reynolds called the 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. A quorum was declared.

Visitors to the meeting, that signed in, were: LeeAnn Ammons, Mike Scorsone, Nona Roach, and C. Alhustrom

NEW BUSINESS

Agape & Associates: Nona Roach – Letter Discussion

CHAIRMAN WALLER: I'd like to call up Nona Roach. My dear, please.

NONA ROACH: Thank you, Chairman Waller and all the Council Members for allowing me to speak today. I would like to read my letter into the record, just so that everyone knows what is happening. It is dated August 10.

It says, "I have been in receipt of copies of 2 letters in the past couple of weeks that concern me from the BIA Superintendent. Both of these letters are Notices that Reports have not been filed on certain leases. In both instances I have gone to my file and pulled out the copies of the Reports, driven to Pawhuska and again submitted them to the BIA Minerals. In both instances, I actually had FILE STAMPED COPIES to re-submit.

"I also have at least 2 Lessees who were FINED \$150 each for their reports being 3 days late. Past Policy of the BIA has always been that if a Lessee did not meet the deadline for the filing of a Report that the first offense was a \$50 Fine. I understand from attending almost every meeting since the inception of the Osage Minerals Council that the OMC has continually requested copies of the POLICY of the BIA to no avail. I do know that as far back as when Chief of Minerals Newell Barker was at the BIA that this has been the Policy. With the current downturn in oil prices and the economic issues with the Oil and Gas Industry in the Osage, I feel that this newest additional fining burden placed on the Lessee is excessive and capricious. It is also of no benefit to the Headright holders since the fines do not go to them, nor to the Pawhuska Area office of the BIA to improve operations but to the US Treasury which is just another governmental black hole that does not benefit the Osage operations in any way. This punitive action is just creating more burdens on the Osage Lessees and confirming to them why they don't want to operate in the Osage.

"I would ask to be placed on the Agenda to discuss these issues and also to bring to the attention of the OMC copies of File Stamped Reports as far back as April of 2012 that are either erroneously stamped into

the system or have been double stamped. I have 169 of these reports dating as far back as April 2012. A Double Stamped copy happens when I have originally hand delivered the Report, and at some point the BIA has called me and told me that they did NOT have the copy, driven to Pawhuska with my hand stamped copy of the Originally Filed Report to have it stamped yet again with the newest date. This proves that the system is severely flawed at the BIA and that these Lessees that mail their copies of their Reports have NO PROOF that they also timely and already filed their Reports.

"Thank you for the consideration of these issues.

"Sincerely, Nona Roach."

NONA ROACH: Are there any questions?

CHAIRMAN WALLER: Council? Councilwoman.

COUNCILWOMAN ERWIN: Let me recap here just a minute. You have 169 forms. Would you tell me which form it is, please?

NONA ROACH: They will either be – Most of the bulk of them will be on Form 133 which are the regular Oil Lessee Reports. It will be a Consolidated Lease that will be a Form 157, because they have to put Consolidated Leases on that one. Form 300 is a water flow, and like I said, that will have two stamps on them. The first stamp is when I originally filed them at the BIA, and then when I drove back, as I said, I drove over here, and have them stamp it yet again. So, they will have both of them on there. Some of them are when we pulled them out of our file, we figured we found out that the copies didn't come through, and they don't actually have the dates on them. They just have the round stamp showing that we did that, and at the time I started doing that, in the past, I have been doing reports since 1998. I started out at Tallgrass Petroleum, and we would mail them, at that time, usually, and maybe three times a year, if we were over here, we would hand deliver them and have them stamped, and probably about 2011 or 2012, is when I started hand delivering them, having them file stamp them at the time I delivered them, and keeping a copy in the file. I have always put copies in the file, but whenever you do that, and you mail it, then you have no record that said it was actually received. And so, that's when I started doing that. So that's as far back as I could go. My oldest one was done that was double stamped was April, 2012.

COUNCILWOMAN ERWIN: So, approximately, that you know of, you're losing about 40 forms a year? I'm trying to figure out why you, yourself, that you're losing these forms. I can't find, or whatever they're doing with them. I can't figure out why there's so many.

NONA ROACH: Meaning this is how many there are. And that, bear in mind, I do probably around 100 to 130 reports a month, and each one of them now I have them all file stamped. We hand deliver them. We try to get them over here as soon as we can get the data put into the reports. Unfortunately, sometimes, depending on your purchaser, and we can go on-line and so, we can pull those a lot easier than we can our other purchasers, and certain ones we have to wait until the operator gives us that report, in order to complete the monthly filing. At times, the purchaser doesn't give them the information they need in order to get it to me to get the reports filed timely.

CHAIRMAN WALLER: Superintendent, then Councilwoman Boone

SUPERINTENDENT PHILLIPS: I do, also, have something that I would like to read as well. *"On June 24, 2016, Nona Roach came to the Osage Agency to drop off Lessee Reports. During the review of these reports, James Helton and I..."* – James Helton is in the audience. He's my supervisory accountant, and I found that she was submitting late reports – *"James Helton and I met with Ms. Roach informing her of our findings and that a letter would be going out to the Lessee, to the future Lessee Reports being submitted by the 25th of the following month, per the regulations. She stated she had to resubmit Lessee Reports to the Agency before, because the Agency apparently had lost them. I informed Ms. Roach that if the error*

was made by the Agency, then the penalty would be dismissed. Ms. Roach left in a haste, stating that she would let the OPEA know.

"On July 7, 2016, the Osage Agency provided written notification to the Lessee citing the regulations as to the submittal of Lessee Reports and the penalty. This resulted in several calls from Lessees asking whether or not this would be retroactive, which I told them that it would not. That we, basically, wanted the reports by the 25th. For those Lessee Reports that were received after the 25th the Agency confirms prior notification was given upon the Lessee. If previous notification could not be confirmed, the Agency sent the Lessee a letter as to future submittal of Lessee Reports and the regulations.

"On July 30, 2016, the Osage Agency ran a report to determine whether or not we had received all the Lessee Reports. We found we did not, and we notified the Lessees telling them they needed to submit their reports, whether or not there was production, and we provided the Minerals Council with copies of those letters."

CHAIRMAN WALLER: Anything that you'd like to add?

SUPERINTENDENT PHILLIPS: Other than us trying to follow the regulations, we will follow the regulations.

CHAIRMAN WALLER: Councilwoman Boone, please.

SUPERINTENDENT PHILLIPS: I'm sorry, I do. During this time, the Agency, when we met with Nona, because we were trying to, in good faith, let Nona know that some of the reports that she would try to submit that day were late, and we didn't charge anybody at that point. We notified everybody and let them know that they are due on the 25th. So, I'm surprised that there were three that were late.

CHAIRMAN WALLER: What date was that letter?

SUPERINTENDENT PHILLIPS: The date of the letter that we sent out was July 7th.

CHAIRMAN WALLER: Of this year?

SUPERINTENDENT PHILLIPS: Yes, July 7th. Nona came in on June 24th to ask for – to submit her reports as well as get her copies dated, and to also help Nona, we have purchased a date stamp, there for the Agency in the Branch of Accounting, so Nona can bring them in, have them dated, make a copy, bring in their copies, however they wanted to do it, that'd be perfect.

CHAIRMAN WALLER: Councilwoman Boone.

COUNCILWOMAN BOONE: I think part of my question was already answered, but I'm going to ask Nona whenever you went in, initially, and had the report stamped, what department did you take them to be stamped?

NONA ROACH: The Division of Minerals.

COUNCILWOMAN BOONE: Minerals. OK. The next question is for Ms. Phillips. How late were the Lessee's Reports received? What do you consider late?

SUPERINTENDENT PHILLIPS: The 26th. They're due on the 25th. The regulations specifically state that the Lessee shall furnish a certified monthly report by the 25th of each month covering each following month covering all operations, whether there has been production or not, indicating the area and total amount of oil and natural gas casing had gas and other products subject to royalty payment. If, by chance, they fail to report, failure to report shall subject the Lessee to further penalties as provided under 226.43, which is \$50 a day, until compliance is met.

COUNCILWOMAN BOONE: I'm not familiar with that regulation. But, my question, more specifically, is, when did you receive the late report? Was it five days?

SUPERINTENDENT PHILLIPS: Well, the one that got charged, it was 3 days, because it'd be \$50 a day...

COUNCILWOMAN BOONE: The 28th?

SUPERINTENDENT PHILLIPS: The 28th, yes, or the 29th. \$50 a day after the 25th.

COUNCILWOMAN BOONE: Do the Lessees know we're going back to the old regs and how do they know?

SUPERINTENDENT PHILLIPS: The Lessees were provided notification by letter dated July 7, 2016. We did a massive mail out.

COUNCILWOMAN BOONE: OK, to all the Lessees.

SUPERINTENDENT PHILLIPS: To all the Lessees, and like I said, no, the 46, no, I said the 46 that did not provide anything, we notified them that we hadn't got any report at all from them, whether or not there was production.

COUNCILWOMAN BOONE: OK.

CHAIRMAN WALLER: Councilwoman Erwin, Councilman Crum, did you want to get in on this? And then, Councilman Redcorn.

COUNCILWOMAN ERWIN: OK. It's my understanding she did bring in some reports that were probably late, three days late or whatever. I understand that. But I'm trying to figure out about the stamped ones, and I don't know if you addressed that in your letter. I'd like to have a copy of your letter, because if they had been submitted once, and she has to bring them in and she submits it again, apparently, there is a problem, and I'd like to, you know, try to figure out what the problem is, but I would like to have a copy of your letter, and your letter, Nona.

NONA ROACH: Yes.

COUNCILWOMAN ERWIN: ...to understand that. Because that is a problem if you have to double stamp them.

SUPERINTENDENT PHILLIPS: Well, that's what we're trying to address at this point, and that's why we notified everyone. We want – We need the Lessee payments in by the 25th, and the 26th, 27th and 28th we're focusing in on ensuring it goes on the Osage sweep, so we can pull the report on the 29th to identify who has not submitted a Lessee report.

COUNCILWOMAN ERWIN: Now she did admit that she brought one in that was three days late, and she knew it was late, and she brought it in, I guess.

SUPERINTENDENT PHILLIPS: There were two that were file stamped on the 28th.

COUNCILWOMAN ERWIN: OK.

NONA ROACH: And as I explained, sometimes that that's beyond the control of the operator. That's exactly why – and that hasn't been addressed in the letter, I might point out, is the gas reports. The gas reports cannot be done on the 25th of the month, and that was a big concern on a part of my guys, because I believe that the Osage Minerals Council has a special resolution that says those gas reports are not due until the

10th of the following month, because most of the time, Scissortail, I get my gas settlement statements sometimes on the 25th. Most of the time, I don't get it until after the 25th. So that is what the intention of the Minerals Council – I'm not sure which Council it was – and the Council had agreed and passed a resolution, it is my understanding, that they're not due until the 10th. That's never addressed in the letter. I had numerous phone calls from gas lessees saying, 'Well, what are we supposed to do? We don't even get our gas statement until after the 25th of the month,' and so that is not addressed in the letter that that probably needs to be addressed.

CHAIRMAN WALLER: Superintendent, is that an answer to...?

SUPERINTENDENT PHILLIPS: We did receive various calls and we did tell them about the resolution for gas. So, what the Agency is doing at this point, on the 26th, 27th, and 28th, we're ensuring that everything is encoded for oil. On the 11th, 12th and the 13th – the 13th is on a Saturday – my group doesn't work on Saturday, but we're dedicating those days to encoding to ensure that on the 4th day, we can pull the report to who is not submitted Lessee Reports. So, yes.

CHAIRMAN WALLER: Councilman Crum.

COUNCILMAN CRUM: You said you provided us a copy of the letter you sent out. I don't remember how many there was. On the latest mailing, telling people they were not in compliance, how many of those letters went out to people who were late? Do you remember?

SUPERINTENDENT PHILLIPS: The people that were late, recently, I don't know. How many?

DEPUTY SUPERINTENDENT WINLOCK: I'd have to look. I believe there's less than ten.

CHAIRMAN WALLER: Let's send out, telling everyone to...the original levels that came out.

SUPERINTENDENT PHILLIPS: We're going to have to rely on James. Do you have any letters sent out?

JAMES: 436.

SUPERINTENDENT PHILLIPS: How many?

JAMES: 436.

COUNCILMAN CRUM: That was the people that paid. The rest need to start doing it. My second is more of a comment. We obviously do have a problem and we're still working with paper coming in. As we discussed in our improvement meeting, the mechanism is there to have these reports start coming in, in digital form.

CHAIRMAN WALLER: Yes, sir.

COUNCILMAN CRUM: And when you do the digital form, you get a feedback whether it's correct or seems correct. So that back and forth would be eliminated, and you would have the digital – You'd get it in. We addressed that, and right now, we learned the other day, that the BIA won't implement that because of the hold on the new regs. A lot of people who came to me, during that process, being small and saying, 'Can we do it on the computer? Why do we have to do, again, the paper, have them send it in and then it comes back?' There's all sorts of ways that something could go wrong, and start dealing with 400-some-odd producers and saying God knows how many reports and papers. I had another follow-up question. One of the deals we received, recently, in terms of things being sent out was cancellations of leases for non-production, and I wonder if this increased vigilance you're doing on trying to see if reports triggered some of these. I know at least two of them had been non-production since 2004, and some of them were 2010, it seemed like. I tried to memorize them all, but this seems to happen every time that we have to look at

something again because of the computer system. I hope that this means that you now have the ability with your computer to at least tell well who has and who hasn't sent in. Apparently you can, and that's a huge thing. When we were first looking at this deal, the only way that the BIA was asking, 'Well how do you know when somebody is late or hasn't turned one in?', they said, 'Well, if you tell me the legals, I could look it up'. But otherwise, there's no report generated every month to tell whether they're late or not. Now, that's kind of unfair for both sides, because producers who have been getting away with not sending them in since 2004 probably don't think that the 25th is all that important. They haven't had anything happen to them, since then. I think once we get – we need to follow the regs, get it straightened out and have a system whereby it works, and in everybody's favor. Maybe we'd get the problem solved.

CHAIRMAN WALLER: I'd like to go to Councilman Redcorn.

COUNCILMAN REDCORN: Thank you, Chairman. I just want to remind this Council that we, as a governing body, has rejected the regulations. Sometimes I win a vote, sometimes I don't. But, I do respect the decision of this Council. There are some issues that are brought up that's been part of that agreement or that work, and might be the case. But as a whole, at least the vision of the Council was that it was detrimental to the operators out there, and it was proven in Court. So, I just want to say that statement. The second thing is that I get a lot of feedback from the Bureau on all the cancellations and terminations, etc. So, I'm getting a feeling that Mrs. Phillips saying, and it's right on the spot, that she's holding straight on to the regulations. So, we've got problem with you, Nona. I'm going to ask you how many customers do you have?

NONA ROACH: You mean clients?

COUNCILMAN REDCORN: How many clients do you have?

NONA ROACH: I'm not sure how many that would be, but as I said, we submit between about 100 to 150 reports a month.

COUNCILMAN REDCORN: So you would say about 150 is probably what you're talking about?

NONA ROACH: Right. Because some of them like one of them has – We probably do 20 reports for them for a month, and so I would say there's probably 30 of them clients. Some of them only have one lease, one report. And, the problem of it is like, one of my guys at one time his mom was doing part of his reporting, and I was doing part of his reporting. I had a list of all of the leases I was doing. So, whenever the lease sold, and this is what triggers this, the cancellations and the terminations, a lot of times, is whenever those leases are sold, then they go back and look for all of these reports, and so this one letter that I have here, says that, "January and February of 2012, they didn't have reports for, and April through June, 2016". Now I went to my file and pulled out my file stamp...

COUNCILMAN REDCORN: Now, I'm going to stop you, right here.

NONA ROACH: OK.

COUNCILMAN REDCORN: OK. You're telling me a lot of information. We need to understand how many operators you've got, and tell me how many are having problems. That's what I'm after.

NONA ROACH: Well, the most recent one are two, in the last two weeks.

COUNCILMAN REDCORN: And that's out of several hundred?

NONA ROACH: No. About 25 or 30 operators that I help.

COUNCILMAN REDCORN: Because I'm chatting with Ms. Phillips, meeting after meeting. She's sending the Coffeyville report and seeing companies I never hear or never see. So, I'm assuming there's people out there that are getting on board and getting the stuff done. Is that right, Ms. Phillips?

SUPERINTENDENT PHILLIPS: Oh, yes. Once our letter went out, we were getting reports like the 22nd. We were getting them well ahead of the 25th of the month. So, yeah.

COUNCILMAN REDCORN: I'm just trying to get the feel about 80% of the people out there are struggling, or is it 10% or is it 5%? If one of you all could tell us...

NONA ROACH: I think it would be hard for you to...

COUNCILMAN REDCORN: If I was in business, I'd be to tell you how many people I think are struggling and how many people are doing well.

SUPERINTENDENT PHILLIPS: Well, it sounds like, to me, we've notified 46 lessees that didn't even give us a report. So that will, basically, have the Agency go back and look to see whether or not we need to look at termination or cancellation. But, he just said a few minutes ago that we sent out ten notices of late payment, or late fees.

COUNCILMAN REDCORN: Out of 400?

SUPERINTENDENT PHILLIPS: Out of 460. I mean that's, what, 4%?

COUNCILMAN REDCORN: Divide 10 by 460?

SUPERINTENDENT PHILLIPS: I mean, so it's not people had taken our letter seriously. We just want it by the 25th on oil. On gas, we do have a resolution from you...

COUNCILMAN REDCORN: That was my second question, the resolution that moved it, and that you're honoring that.

SUPERINTENDENT PHILLIPS: Yes, I am.

COUNCILMAN REDCORN: So, I would follow up and say we're talking about a few people that are struggling to get these things corrected?

NONA ROACH: Well, I think the point I'm trying to make is, is the letters that I've received saying the reports are not there, and me being able to show you all of these, and on that letter I just read of those, the April through June, I have file-stamped copies. I brought them back over here, filed them, again. So, you can't say that these people aren't reporting properly because the system is so flawed that they don't know if they're not.

COUNCILMAN REDCORN: I think Councilwoman Erwin brought that out. We might have a problem with double-stamped situations, but it sounds like to me it's – There may be a lot, there may be a few, but we could square our conversations with the Bureau and say, 'Can we look at, specifically, these ones with the double stamp?'

NONA ROACH: But most of them in the meetings, she's referring to in June that I came up here, she came down and asked me to come back to the Operator's Room. We sat down, and I told her then the same thing I'm telling you. Most of these people do not drive over here or have their reports stamped. They mail them in the mail, and her comment to me was, 'Well, they should have copies'. I said, 'They do have copies, but they are not file stamp copies. They can go to their files, pull it out, and bring it to you'. And she told me then, 'Well, they should have a mail log', and I looked at her and said, 'Really? These little mom-and-

pop, they have one or two leases are going to keep a mail log. It isn't happening, and so, those people are the ones that they're going to come back and say, 'You didn't file this'. As you can see, I can prove that I have filed them and I've had to bring them back over here. These people have to pay me to drive over here and have these stamped, yet again, which is not fair to them, either, with the price of oil at \$37/bbl., and so that's an undue burden on your operators with a system that is flawed that they have no control over, and there's nobody fixing it. As far as them digitally filing, I believe our operators, at least, I had one guy tell my new operators that he always files his with an email, and we've never been able to do that, and I don't know that we can file email, and then report them?

DEPUTY SUPERINTENDENT WINLOCK: Every five original copies of everything.

NONA ROACH: And so, he asked me then, 'Why aren't you emailing these?' I said, 'Because we can't'. He does it every month, and I said, 'Enroll it?'

CHAIRMAN WALLER: Mr. Hubbard, please stand.

HUBBARD: They can email, but I always want the original report that goes into our database.

CHAIRMAN WALLER: Yes, sir. Thank you.

NONA ROACH: Can they email it to you?

HUBBARD: No.

NONA ROACH: So what would be the point of emailing it?

CHAIRMAN WALLER: Superintendent, then – Councilwoman Boone, did you have your hand up, a second ago?

COUNCILWOMAN BOONE: I did, but I'm so overwhelmed by this conversation.

CHAIRMAN WALLER: OK. Superintendent, Councilwoman Erwin, then Councilman Crum.

SUPERINTENDENT PHILLIPS: The Osage Agency is doing better in addressing the system, because right now, at this point, we can go in, we can pull reports to make a determination as to whether or not we have received a report from the lessee. Now, some of the reports that Nona Roach may be talking about, here, would go back to something that was prior to my administration and it's addressing reports, so that we can assure assignments can be approved, based on production. So we are looking at everything. So, Nona, I understand that you feel like the Agency is flawed, but at the same time, the Agency has taken a lot of steps to improve the current system or the past system.

NONA ROACH: So, you weren't pretending in June of 2016 or April through June of 2016 of these reports?

SUPERINTENDENT PHILLIPS: Yes.

NONA ROACH: And so, your system is so improved, but yet, I've still got these...

SUPERINTENDENT PHILLIPS: Let me look at what you've got.

NONA ROACH: Here they are, stamped. This is the BIA's. So, I don't have permission to use my last names, and I don't want to do that, but I don't want to have any retribution against them, because some of my guys feel like they're being punished, because I'm doing their reports.

CHAIRMAN WALLER: And you think they don't know who you're working for?

NONA ROACH: There you go. I know when I put my reports over there, it takes me 20 minutes to get mine file-stamped in, and I send somebody from my office if they don't recognize...

COUNCILMAN REDCORN: You were involved in this, when I was on Minerals 1.

NONA ROACH: Yes, sir.

COUNCILMAN REDCORN: I remember you coming in and saying all this stuff was happening.

NONA ROACH: Preaching to the choir.

COUNCILMAN REDCORN: I mean, from 2006 to 2010, we had a different game plan going.

NONA ROACH: Exactly.

COUNCILMAN REDCORN: You never said a word about getting your stuff in.

NONA ROACH: Was I not at every neg-reg meeting, every rulemaking meeting, and I set at every one of their meetings, every time we met on the new CFRs, about the flawed system and how hard it was to get things done correctly. Every meeting.

CHAIRMAN WALLER: Councilwoman Erwin, then Councilman Crum.

COUNCILWOMAN ERWIN: OK. I've got a question here. I'm a little confused here if they do things differently, and how you do have proof of submission? How would you get proof of submission, if there's a problem with...

COUNCILMAN CRUM: Because when you file it, and done for the honor system, it goes through and accepts your data to see if it makes sense. The numbers being plausible numbers to put in, and then when you file it, it says 'accepted', and you have a record that it was accepted by the system.

NONA ROACH: First, I have to validate it and you do...Yeah, I do it online.

CHAIRMAN WALLER: OK.

NONA ROACH: So the system that you're locked out of from 7 to 7, Monday through Friday.

COUNCILWOMAN ERWIN: But there still has to be an original filed? So, I'm kind of concerned. Also, I want to clear up something here. You said, initially, there were 436 letters that you sent out, and there was 460. Which is it, 436 or 460?

JAMES: 436.

COUNCILWOMAN ERWIN: OK. Alright, because she said it was 460. OK. I just want to make sure that that was right. OK. Thank you.

CHAIRMAN WALLER: Thank you, Council. Councilman.

COUNCILMAN REDCORN: We had a meeting...

CHAIRMAN WALLER: Excuse me. Councilman Crum.

COUNCILMAN CRUM: At first, I had my hand up for was for the lack of communication, which is real important here, and I heard you say, Madam Superintendent, that you had calls from gas people. Can you explain to that, that you didn't have to have it in? I would suggest a mail out. So, if they had a mail out, most of them are double and one for gas or for oil. They probably are wondering about their gas deal and how that works. So, I would encourage another mail out and explain the whole system. I think that's very important. The second thing that I would address Councilwoman Erwin's comment was that it had to be an original copy and mailed...

COUNCILWOMAN ERWIN: Not an original copy. Original.

COUNCILMAN CRUM: Original. OK. I thought I misspoke. That's what the regs say now, but there was a rate change that allowed for the report to be done digitally, the new ones, and that what has to be changed before they can do that. So, he can't accept, nor does he have the program that you can enter in on that. So, they have to do what they've been doing for 100 years, and that's...

NONA ROACH: Pen and paper.

COUNCILMAN CRUM: Pen and paper, you know, printed.

NONA ROACH: And, essentially, I'm on an Excel Spreadsheet with what I do with them, but it's my understanding sending through all the neg-regs, is that the Accounting system and the reporting system could be changed at any time. It is not dependent on the new CFRs. It is not dependent on anything. The BIA had the authority and they were going to go out in September, and never told us up here, and we're on our 2nd September now. But they would roll that out just like in the honor system, which had not happened, and doesn't look like it's going to be this September, either.

COUNCILMAN CRUM: Could I ask one more question?

CHAIRMAN WALLER: Yes.

COUNCILMAN CRUM: I thought the same thing, and I lobbied for that heavily. Why can't we have, at least, this card, because I think it is the key to all the problems, and we were informed in our improvement meeting that probably from the Solicitor's Office, they determined that because the element is still in Court action, you know, back-and-forth with the Council, that they were not allowing for it to be put in place, yet. So, the "legal eagles" got involved and stopped it. I was told the same thing.

NONA ROACH: Yeah, at that time, and at the meeting at the Cultural Center, we were told that they could change the Accounting system anytime they wanted to, and that they were going to and this was going to be the new system, and so, to follow up at the do-better meeting...

CHAIRMAN WALLER: I would like to stop for just a second. Councilman, I believe it was Councilman Yates, and then I'd like to go to Councilwoman Boone.

COUNCILMAN REDCORN: Alright, thank you, Chairman. We had a meeting with operators coming in and had a presentation shown us an honor system. Their fear, more fines if they get anything wrong, etc., etc. Were you in that meeting?

NONA ROACH: I'm sure I was.

COUNCILMAN REDCORN: So, now, we've got you coming in and saying you want a digital system. That day, you're saying you're scared because the fines are so massive, and then you were here between 2006 and 2010. Right? Well, you had a lot of business going on. We had a whole gang separate and other individuals setting in that spot, and you didn't like that. You didn't like what she was doing, and now, we've

got a change and you still don't like it. So, what do we need to do? I think we'd like to solve the problems of the operators. That's my goal. Are you an operator or are you just doing the paperwork for the operator?

NONA ROACH: Yes, I am not an operator. However...

COUNCILMAN REDCORN: We're looking out for the operator.

NONA ROACH: Exactly.

COUNCILMAN REDCORN: So, if you don't like the system between 2006 and 2010, and we had a person that is not as stringent as planning people with fines or whatever, with what you're saying, and now we do, because you wanted change, I don't understand. I mean, how can we tackle all these problems? I think if you want to sit down and let's talk about it, let's get down to the Bureau and solve this problem.

NONA ROACH: OK.

COUNCILMAN REDCORN: But I know I've seen correspondence by you and another geologist that just slam, slam, slams us. Slams our sovereignty, slams our relationship with the United States, just continually. So, I'm asking, I'd like the operators to get out. I want that to happen. I think we can do it.

NONA ROACH: Yes, sir.

COUNCILMAN REDCORN: But we need you to sit down with us and identify the problems you don't like, and you need to move a little bit, too, because we've got to move. All of us are going to have to shift. This is a new day. This is a difficult day.

NONA ROACH: Yes, sir.

COUNCILMAN REDCORN: And she's coming in right, and she's bringing home these regulations. Do I agree with them? No, but she's driving the ship. We're going to have to get our operators up to speed quickly, as Mr. Crum said, and maybe we need another letter. But, your history, here, is well read and a lot of people know what's going on. We want to protect the operator, because they're our moneymakers, OK? And I just want to know what's shifting? Why – Do you believe in our sovereignty? Do you think the Osage Nation could do all this for you, or do you want to hand it to somebody else?

NONA ROACH: If you'll go back and listen to the very first meeting in this room in August of when the first neg-reg was established in rule making, you would hear my testimony, which was this, *"I expect the BIA to do their job. I expect them when I file a report to have it in the system and it be there. I do not expect to have to come back repeatedly bringing the same reports."* Now, here's the next problem with that. "I also, as a landowner, expect for the BIA to take care of the regulations and enforce them. I don't want them cherry-picking saying *'I'm going to enforce this fine and I'm going to enforce all this stuff'*, because it clearly says in the CFRs, it also says, they will not allow accidents, they will not allow...or waste on the land." I have land by my pasture that's been in my husband, Stanley's, name since 1939. I have a pond that was salt water to 40,000 parts per million salt water content. It ran down this hill. They were supposed to have grass on it, and it'll be two years, this February, I still don't have it. I have a landowner over here by Bartlesville. Ms. Phillips and Mr. Winlock came out there on May 19. There were reader cables on the ground. He had exactly two poles that have electric lines on them. The rest of them are all these other wells are ran with reader cable. At that time, it was raining, and I pointed out to them, I have pictures of it, they have been sliced, they have been laying on rocks, all of this stuff. I expect the regulations to be enforced across the board.

CHAIRMAN WALLER: And we'll end with that. Thank you. Now, let's stay with this letter. Actually, you have one, but then, it's Councilman Yates.

NONA ROACH: It's OK.

CHAIRMAN WALLER: Did you want to respond?

COUNCILWOMAN BOONE: I'll probably go back to the letter.

CHAIRMAN WALLER: No, stay with the letter, please.

COUNCILWOMAN BOONE: OK. In your discussion about your letter, you had reports that were initially double stamped?

NONA ROACH: Yes, ma'am.

COUNCILWOMAN BOONE: So, your initial stamp, would it have been in time? Would those reports have been filed on time?

NONA ROACH: Yes, ma'am.

COUNCILWOMAN BOONE: OK. So, all of those would had been done, but they had to come back and that's where the fines came in?

NONA ROACH: No, the fines came in on, because on July 28th, that's when it was file stamped, because, like I explained, sometimes they don't get that sometimes. There was two of them, a \$150 a fine apiece that we're filed on the 28th instead of the 25th. However, they had never been notified they were late, they were never notified they didn't have reports for them, they had never been notified of anything that wasn't taken care of, about in the past. These were operators that had been taken care of in the past. These were operators that have never been told they were non-compliant, and they each got a \$150 fines. \$50 per day per report.

COUNCILWOMAN BOONE: Right, and my next question is for Ms. Phillips. What I would like to see in your letters in informing these producers that they need to get their reports in on time, I wish you would take that a step further to say that the result if they don't, it will lead to termination. Is that correct?

SUPERINTENDENT PHILLIPS: It is correct. I don't put it in there basically just to identify when it is due, and the penalty.

COUNCILWOMAN BOONE: And that's what I'm asking. OK. Thank you.

CHAIRMAN WALLER: Thank you. Councilman.

COUNCILMAN YATES: Thank you. I just wanted to redirect a question to Ms. Roach that point of order was this letter...

CHAIRMAN WALLER: Yes, sir.

COUNCILMAN YATES: ...when I got sidetracked with other issues for the BIA. I can save that for another day. What I would like to do is commend Robin Phillips for the job she's doing on your reports. I would be concerned that she wasn't ensuring that production report wasn't being done in a timely manner. So, to bring her in and discuss her doing her job well, I think she should be commended. I have operators that I deal with. One of the misconceptions, some of the problems she's having is some of the operating procedures in years past. He had a lease, several leases that it produced gas...and it was found out later when he got a letter notifying him of a fine on a lease that he was several years behind reporting zero gas production, and so he came in and talked to Ms. Phillips and he was treated very well. There was no crime,

no retroactive. He made all of those reports by hand, but he was very happy and pleased with Ms. Phillips' handling, so I commend you on a good job.

SUPERINTENDENT PHILLIPS: Thank you.

CHAIRMAN WALLER: Thank you. Councilwoman Erwin, then Councilwoman Boone, then we need to wrap it up.

COUNCILWOMAN ERWIN: So, my question is, I want to make a statement here that she had 169 forms that she had to get double stamped. If she had gone back a second time to get it stamped again, because they couldn't find them or whatever happened to them, that they would have received a letter considered late or not sent in?

NONA ROACH: I would assume that would be exactly what the problem is.

COUNCILWOMAN ERWIN: But, took that extra step to bring them up here...

NONA ROACH: Yes.

COUNCILWOMAN ERWIN: ...so your client would not get that letter that they had not been filed or sent in.

NONA ROACH: Right, and it was very unfair for them to the ones that don't file stamp and don't drop them over here. For them to go back on them and say, 'We never received your report'.

COUNCILWOMAN ERWIN: So, what I'm saying is, because you've made an effort to come in and double stamp them, they didn't get a letter saying that they were going to be fined, because they did not submit their report. Is that what you're trying to say here?

NONA ROACH: Exactly. They had not – I hadn't had one to date fined for me bringing back and proving that they were filed before, they're being filed again, and that's what this stack is, those that are double stamped.

CHAIRMAN WALLER: Yeah. Superintendent just said that.

COUNCILWOMAN ERWIN: So, OK.

CHAIRMAN WALLER: Is that it?

COUNCILWOMAN ERWIN: I'm through.

CHAIRMAN WALLER: Councilman Redcorn.

COUNCILMAN REDCORN: I thank you, Chairman. There was a comment by Councilman Yates that we want to stick to the letter. We're getting sidetracked. To me, it's not a sidetrack issue. To me, it's germane to the conversation. You get a letter that tells us how we want to behave or how we want the Bureau to act on a specific instance. We just want to clarify that all my comments are concerning this letter, is how you're treated by the Bureau. I'm digging a little further, because I want to find a solution to your problem.

NONA ROACH: Thank you.

COUNCILMAN REDCORN: Sorry if you think I was attacking different areas, but that's my job when I'm not here. I got to drill down to the problem, the root, and get to the solution, quickly. So, I'm hoping, and I'm praying, that we can do that with the Bureau. I think we can. I agree with you. This is a new day and

I don't think it's just coming around here. I think it's all the way to D.C. They want to eliminate oil and gas from the top, and we're in a hard environment. It's my view. So, I'm hoping we can, and I think we can stay within our sovereignty, stay within the Osage sovereignty and solve these problems and protect our resource. So that's the game I'm proposing to you that we get this problem solved. We've worked with the powers that be. Let's move forward, and get some oil.

CHAIRMAN WALLER: Thank you.

COUNCILMAN REDCORN: Thank you.

CHAIRMAN WALLER: We appreciate it. Councilwoman Red Corn.

COUNCILWOMAN RED CORN: Oh, I just wanted to ask a question. Ms. Roach, you said that when you submitted a report, you cannot submit it, because the computer is shut down?

NONA ROACH: That's on the honor system that Councilman Crum was talking about, on the honor system. You are not allowed to get on it before 7 o'clock in the morning. You cannot get on it after 7 o'clock at night, and cannot get on it on weekends, it can't be on holidays. So, you have to get your report in. They are validated. I can print copies of it. It has the file stamp. I printed it, and that's the system that's going to be implemented because of the Osage being unique, they had to devise a new entire, like a Beta testing, something like that, and that was our understanding all during the neg-regs was that was going to happen no matter what happened to the CFRs, that this was going to be put in place, and then we would have that. Now, because of the flawed system, and I get probably an email at least once a week telling me their system's down. Their honor system is down or not allowed to input in to it. So, I definitely said I don't like that system, and it's flawed, too, but, there you go. What are you going to do? Throw out the baby with the bath water. All I'm asking is acknowledge that even though these operators may not have a file stamp and copy of their report that was run in 2014 or whatever trigger of going back and looking at that. That does not mean that I told her that-that-that. You need to re-fix this, because that does not mean they did not comply and they did not file their reports on time. It just means you don't have to call them, and that was just repeated, obviously, by 169.

CHAIRMAN WALLER: That would be your opinion.

NONA ROACH: That's not my opinion. I had to bring all...

CHAIRMAN WALLER: No, no, on this specific item, it better be your opinion, because you're on my agenda.

NONA ROACH: Exactly.

CHAIRMAN WALLER: Councilman, do you want to end up on this? Would you like to close up?

COUNCILMAN YATES: I say, we move on.

SUPERINTENDENT PHILLIPS: If I can say something, and at the time I met with Nona, I called Nona and nothing's retroactive. We have to have those reports in order to proceed on with the assignment. So, we're not assessing anybody back. We're basically, from this day forward, there'll be a penalty.

NONA ROACH: But your system is still flawed. They're not going to know if they're reporting properly in a long time.

CHAIRMAN WALLER: But, if you have stamped copies, then it'll take care of it. Thank you.

NONA ROACH: And you can send those in to me.

CHAIRMAN WALLER: Council, would you like to take care of anything else?

COUNCILMAN REDCORN: I just want to say, if she's – Nona, if there's anything you want us to watch, we get the letter, is there some element we need to be aware of, because we get the letters. They're quick to get them to us, and it's a lot to read, but we do. We read each and every one of them. So, is there a way we can find out if somebody's a problem, maybe we can come up with a solution working with the Bureau?

NONA ROACH: That's why I asked to be here, today.

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

Osage Shareholders Association: RE Yarbrough – Discussion of Concerns

CHAIRMAN WALLER: I'd like to move on. I'd like to request that we have Osage Shareholders Association. Mr. RE Yarbrough. Sir, the floor's all yours, and I'd like to get an introduction, please.

RE YARBROUGH: *"Thank you for giving the Osage Shareholders Association time to speak to the Council.*

"The purpose of our presence today is to request that the Osage Minerals Council help the Osage Shareholders Association improve communication between the Council and its electorate. There are grave issues with the economic viability of our Mineral Estate and great need for improvements in its management. With a 76% drop in our revenue, a 100% drop in drilling, an 18-month delay in getting permits approved, there is great Shareholders concern and a great need to know what our elected officials are doing to correct these deficiencies. The Osage Shareholders Association respectfully requests a regular speaking slot on the monthly meeting agenda so that we can make our concerns known and furthermore we are extending an invitation for a member of the Council to attend our quarterly meetings to give the Shareholders a report on the production and drilling activities, projected revenues, remaining reserves, the current Osage Ethics lawsuit, or any other legal activities the Council is involved.

"The October 2014 Office of the Inspector General Report entitled, "BIA Needs Sweeping Changes to Manage the Osage Nation's Energy Resources" has not been forgotten. It contains 33 areas of fundamentally flawed BIA procedures in serious need of improvement. It is our desire that the BIA and the Osage Minerals Council use this Report as a template to begin the process of bringing the management of our Mineral Estate up to date. We cannot afford to accept business as usual.

"Our goal through better communication is to promote a thriving Mineral Estate and insure that the Osage Shareholders have a voice that is heard by elected officials." Thank you all.

CHAIRMAN WALLER: Thank you, sir. Is there any comments you'd like to make at this time, Council? Council.

COUNCILWOMAN ERWIN: I do appreciate your...

CHAIRMAN WALLER: Ma'am. Councilman. He had his hand up.

COUNCILMAN RED CORN: Thank you, Chairman. Mr. Yarbrough, your one request is to be addressed once a month to this Council, have a slot.

RE YARBROUGH: If you have any concerns...

CHAIRMAN WALLER: If necessary.

COUNCILMAN RED CORN: If necessary? I thought you were wanting to continue.

RE YARBROUGH: Well, I mean, things come up in every meeting. You always come and speak to us and sometimes, we have concerns and usually answer them. We have them, but if you need them, expressed here in each meeting, we'd like the opportunity to come up here and express to you all, officially, what we're thinking, feeling about different issues.

CHAIRMAN WALLER: I think that we could have an effort, where it's emailed in, brought to us by letter, because you're not the only organization, but you're the local one, which makes it better for us, because we have two groups in California, we have enough effort in Colorado and Dallas, but at any case, this would be a fine place to start. Thank you.

RE YARBROUGH: Thank you all.

CHAIRMAN WALLER: Appreciate it.

Close PL Account:

CHAIRMAN WALLER: With that, we're going to go down to Item #e, Close PL Account. We had that on the floor. Is there any other questions on it? I think that Ms. Perry could answer those for us. We looked at it. The concern I had is that it would go on our administration account, where the original money came out of, but now it's going to have to be dispersed, is that correct? Which is the disbursement account? Council, do you have any questions? Council.

COUNCILWOMAN ERWIN: Yes, I do. I didn't hear the account number, 70 what?

MS. PERRY: 386096.

COUNCILWOMAN ERWIN: 706?

MS. PERRY: Uh-huh.

COUNCILWOMAN ERWIN: OK, and this was a decision, based on...What did you make your decision on?

MS. PERRY: I have the Solicitor's opinion and that's been the previous process.

COUNCILWOMAN ERWIN: OK, but in the opinion, someone stated to me that it was part of the highest posted price. Is that why it's being done like this? I mean, I'm trying to figure out, since I didn't get to read the Solicitor's opinion.

MS. PERRY: It had nothing to do with the highest posted price.

COUNCILWOMAN ERWIN: So, it has to do with the drawdown, that we're only able to draw down \$1 million a year?

MS. PERRY: The practice is just for where it fell into the distribution account and has nothing to do with the draw down, either. That's a different account.

COUNCILWOMAN ERWIN: Yes, ma'am. OK. So, your practices say that it's going to be put in the revenue account?

MS. PERRY: Yes.

COUNCILWOMAN ERWIN: OK.

CHAIRMAN WALLER: Council, anything to add? Councilwoman.

COUNCILWOMAN BOONE: It was my understanding when we're initially talking about the closing of this account, was that we were going to be able to use it for...So, now I'm hearing I haven't seen a legal opinion on it. I'm a little bit confused as to why we have to distribute it when our initial request was for operating expenses.

CHAIRMAN WALLER: Administration.

COUNCILWOMAN BOONE: OK.

MS. PERRY: Well, you can request funds for administration costs, but the cap limits it to \$1 Million for administration costs.

CHAIRMAN WALLER: The cap. Councilwoman, are you done?

COUNCILWOMAN BOONE: Yes. Thank you.

CHAIRMAN WALLER: Councilman Yates, did you want to go or Councilman Crum?

COUNCILMAN YATES: I just want to identify the administrative costs that are – What are you going to use the money for, Cynthia?

COUNCILWOMAN BOONE: It wasn't me that was going to use the money for anything. The purpose I heard in closing the account was to use it for that. I didn't have any plans to use it for any specific anything, because, as you well know, any decisions to spend money would be a vote of the Council, not an individual thing.

COUNCILMAN YATES: For the shareholders, I'm in favor of transferring it to the P.L. Account, pay it to the shareholders.

CHAIRMAN WALLER: Councilman Crum.

COUNCILMAN CRUM: This is consistent with the accounts that we closed a year and a half ago or something like that, and at the time Brian Ross was with the OST, and he put many of them as he could, at that point, and waiting. So, we've closed out several at that time and this is just a follow up on the ones that he wasn't able to set up and those all went to the shareholders. That was the purpose, as long as it was going to the shareholders, why, I'm good with it. As a matter of fact, **I move that we accept the resolution.**

CHAIRMAN WALLER: Is that in the form of a motion, sir?

COUNCILMAN CRUM: Yes. That's a motion.

CHAIRMAN WALLER: I need a second.

COUNCILMAN YATES: **Motion to suspend the rules, so that we can vote today.**

CHAIRMAN WALLER: I have a motion to suspend the rules. I need a second for that.

COUNCILMAN CRUM: Second.

CHAIRMAN WALLER: I have a motion on the floor by Councilman Yates to suspend the rules to vote on the closing the PL Account, and give it to our headright holders. We'll get through suspending the rules, first. I do want to open up for discussion.

COUNCILMAN REDCORN: Just a question. What's the rush to get it done, today? Is there a rush? Between now and Wednesday. Just a question.

CHAIRMAN WALLER: Councilman Crum.

COUNCILMAN CRUM: I can speak to that. There was no rush. We were talking through. I just said, actually, I was thinking about the rules, so, if it's a problem, I would remove my motion...

CHAIRMAN WALLER: Just a second.

COUNCILMAN CRUM: I just kind of spoke.

COUNCILMAN REDCORN: Getting all the issues.

COUNCILMAN YATES: I made the motion to suspend the rules. I'm fine with that motion. We've discussed this before. It's been on several agendas, but we need to discuss it. So, I feel like that we know everything about it. We need to know to make an informed vote. Now, if you don't feel that way, I'll wait until Wednesday.

CHAIRMAN WALLER: Let's open up for discussion in this element. So, what you're doing will give you an opportunity to speak.

COUNCILWOMAN BOONE: Thank you, Mr. Chairman. I don't see the rush to have it done today, because the \$68 would not be on this December paycheck.

COUNCILMAN REDCORN: So, there's just \$68.

COUNCILWOMAN BOONE: If my math is correct, \$152,000 divided by 2,229, it comes to about \$68.

COUNCILMAN REDCORN: Oh. Oh. So, it's \$102,000.

COUNCILWOMAN BOONE: \$152,000.

CHAIRMAN WALLER: With interest, it's brought up to \$154,000. Council.

COUNCILMAN CRUM: My point of order would be that we rescind the motion.

CHAIRMAN WALLER: ...rescind the motion.

COUNCILMAN CRUM: Well, that we vote on the motion to suspend the rules. It goes up or down. Let's work our way out of this mess I got us in to.

CHAIRMAN WALLER: Council? Call for the vote.

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

CHAIRMAN WALLER: Thank you, very much.

COUNCILMAN CRUM: Still on the agenda for Wednesday?

CHAIRMAN WALLER: Yes, sir.

COUNCILWOMAN ERWIN: May I ask a question?

CHAIRMAN WALLER: Over?

COUNCILWOMAN ERWIN: Over this. I would like to have a list of Brian Ross list, the accounts that he closed out. I'd be willing to have two accounts come up and say they don't exist anymore, but still, I'm seeing stuff on it. But I'd like to have a list of those accounts that were closed out.

MS. PERRY: There were two. One was the Hulah Lake Fund, and the other was that special aggregated fund...

COUNCILWOMAN ERWIN: When you talk about the Hulah Lake Fund, is that the scholarship money?

CHAIRMAN WALLER: No.

COUNCILWOMAN ERWIN: OK. That's what keeps popping up. I'm trying to figure that out.

CHAIRMAN WALLER: There's another I.E. Tech or whatever that other, because that's where a headright was left, and it would be managed out of Oklahoma City. Would you like to give it to Ms. Perry and finish out?

COUNCILWOMAN ERWIN: Yes, I will.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: If you could, if there's two accounts, write a little summary on what it is and where it's coming from, etc. Because I'm sitting in this meeting and I hear someone thinks it's over here. They might be right, but I want to make sure you're looking at the correct information to tell me what these accounts are saying, where they come from, etc., etc.

COUNCILWOMAN ERWIN: Exactly.

COUNCILMAN REDCORN: And that way, I'll know...OK, OK.

CHAIRMAN WALLER: Thank you, ma'am.

COUNCILMAN REDCORN: Thank you, very much.

Motion to go into Executive Session by Councilwoman Erwin, Second by Councilwoman Boone.

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

EXECUTIVE SESSION – 11:10 A.M.

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11:50 A.M. – Motion to come out of Executive Session by Councilwoman Erwin, Second by Councilman Boone.

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

EW: We will have no voting element until Wednesday on our personnel issues.

OLD BUSINESS

Amend Resolution 3-147 TEDC Grant:

EW: I'd like to go to Old Business, Amend Resolution 3-147 TEDC Grant. We had sent that back to our attorneys. We worked with the funding agent and we'd like these changes made for us, and with that, I'd entertain a motion.

SE: I make a motion...

EW: Wait. Excuse me, whoa.

AY: I make a motion there is to be discussion.

GC: But, we're going to vote on this Wednesday, right?

EW: Now, that's what I did. Stop. Stop. Politics. Politics. Yes, we just need to talk about it. Council.

SE: It's just an amendment that's requested by the funding agency.

EW: Yes.

SE: Is that what I'm understanding?

EW: Yes, ma'am.

SE: OK. Alright.

EW: A couple of changes made to Mr. Fredericks. Council.

TRC: Was it my understanding that it's needed by Saturday the 13th?

EW: Would you like to suspend the rules? You are correct.

TRC: I'm just asking a question.

EW: And you are correct.

KRC: You are correct.

SE: I make a motion to suspend the rules.

TRC: OK. I pulled up the two grant applications. What I'm reading here is this eligibility is for Indian Tribes, authorized Tribal Organizations, 3) Tribal Energy Resource Development Organizations, the projects. I looked at the documents we have. The Constitution gives us the ability to do this. The grant application

solicitation, in my view, names us as an eligible participant. I called Congress, Shannon, I believe it was, and I asked and confirmed, and I asked someone else that I can't remember who it was. I'll find out, if someone wants to know. In the ten years that Osage Nation Congress has been active, have they passed any laws that pertain to oil and gas management in Osage County, on our Reservation? The answer I got back was to the best of my knowledge, 'no'. So, went through all this stuff hearing on compacting, and some from the Minerals Council were at that meeting. I think there were two meetings. To my knowledge, they have not passed compacting. To my knowledge, it appears they are not going to push for compacting oil and gas minerals. So, now, I'm sitting here going back. We want to develop our Mineral Estate. We've got an opportunity about grant application right here. We've had good communication with granting one major decision-maker. Why can't we go after this grant and pass this resolution and get the money? So, at least, in my view, I'd like the Nation, or whomever else to consider that they have not passed, implemented any natural resource law, any environmental law that pertain to the Osage Mineral Estate. In the Constitution, it gives us that right to management. We are identified as the managers of that. I'll pull out the Constitution for the wording, whatever it says there. I just want to make that clear that if we decide to go pass this resolution, I feel like it's in a ballfield, where there's no regulations, and it's clear we make regulations. We can, just so long as there's not inconsistent with the laws of the Nation. So when I call over there, I'm assured there is none, I read the Constitution. It gives us that right. I just want to make it clear, at least from my chair, I'm not seeing any regulations from the Nation that gives them the ability to do it. So, that's my comment, Chairman. I'm very concerned, because I feel like we get some feedback from persons that be in the Nation. Well, this is the landscape we're given. When they had every chance to do what they want to do in this room, right here, to regulate and manage, and they backed off for ten years. For ten years, they have backed off and not done Natural Resource laws or Environmental Comprehensive laws. So, even if we wanted to, let them do what they want to do, they don't have a law in place for them to enact it. So, now we're back here, setting here, going, 'What do we do?' We got a great opportunity. We got a great grant application. We've had great feedback from the people in the Bureau. My question is, if we pursue this, I think we have no other course. It's several hundred thousand dollars to get our data squared away, with the support of the Bureau. In my view, we are looking out for the shareholders trying to increase revenue for our headright holders. Thank you, Chairman.

EW: Thank you. Councilwoman.

CB: I went to a couple of the compacting meetings. Oh, excuse me, the Ops meetings of the Osage Nation Congress, and the first meeting I went to, when I initially saw the legislation brought up by Congressman RJ Walker, I asked everyone sitting at that table to vote 'no' on that. There is a lot of the books for the Osage Nation Congress regarding compacting and regarding the Minerals Council that said they can't do it, blah, blah, blah. I, on my own, doing my due diligence, whenever I heard about compacting, they had a lady named Carol Nuttle, which was The Leader, LLC. I gave her a call to find out a couple of things, specifically, if the Nation would take over a project or a program, a department, were there any deadlines involved with taking it over and then it failing and then turning it back, and I was told by Candy Thomas, she's the Strategic Planning and Self Government's Director, that no, there's no penalty involved that they can turn it back at any time. And, so my question to Carol Nuttle was, 'Is there any kind of penalty' and she said, 'I believe that whenever a program starts to fail, for every year that they have had the program, then they have to turn back a certain amount of funding'. But, she couldn't answer me, directly, because her control was between her and the Strategic Planning and Self Government's office. So, I ran into a stumbling block, not being able to get the information that I needed to have to make an informed decision. So, I went to the next meeting and I asked every one of the people in Government Ops if they had read the regs on compacting and they understood them, and nobody answered the question, 'yes'. It's my understanding that Congressman Walker has taken his resolution off the table, at this point and time. I have never thought that the Nation had anything to do with our business, that didn't need to be in our business. So, I totally support us going forward with these resolutions at this time. Thank you.

EW: Councilman.

GC: I have a question for Councilman Redcorn, just to make sure what I know he was saying. So, were you speaking in favor of going ahead and making the changes, to let this be the 106-38 that Mr. Manydeeds suggested to us through our attorney, and that the attorneys wrote the deal? Are you in favor of that, or against making that change?

TRC: I read the resolution. I think we should add a couple of things in that resolution stating that: 1) There's no law in the books in Congress, we believe to our best knowledge that they have no authority, because they have it granted it; 2) Do we need to consider language where when it does come into action over you again. But at the present time, we got to make this decision. Today, we've got to go after this money...

GC: That's what is written. That's what I'm trying to find out.

TRC: As that is written, I would say, I would like to add two items into that resolution.

GC: OK. I want to find out how this is working. Between the communication with the attorneys that came through the grant-givers, Mr. Manydeed's office, and the email we got from Candy Thomas, and then, the various communications. Looks to me like what would happen if we're granted something under this one, or both these, granted the way it is, that the money goes to the BIA and then, if it needs to be funneled through the Nation to get it to us, because this law is recognized as the Osage Nation as the governing body that they have to go through, because of the way the law is stated. Now, I understand you're saying that they don't really have any reason to hold it up, but my understanding is that it is will be funneled that way, because the BIA's going to do what we don't want them to do. They're going to do what the law says, and apparently, Mr. Manydeeds thought that this needed to be in there, in order for the grant, and Candy said that we would, later, be supporting us. I understand the whole fiscal working. Am I right?

TRC: I think you're almost there. Maybe I'm wrong, and I had this conversation with Candy last year. Her grants did not have a resolution. She had a letter from the Chief for once to send theirs up, and I told Candy my experience is that you don't have a resolution, they're going to throw it in the trash. So, the Nation is at a disadvantage, because they're going to try to convince the Bureau to pass a grant that requires "a resolution". If the resolution ain't in there, they don't even go to review. They toss it in the trash. That's my experience. I asked Candy I'm a grant writer, yada, yada, yada. Yes, Candy, I understand. Well, how much tribal experience do you have? How much tribal Indian grant experience do you have? I didn't get a square answer. I know Ms. Nuttle. I worked with her with some of these tribes. She's got a lot of years. That's #1. #2, the way I'm seeing this is that resolution, does it have to come through the Nation? And I'd like to ask Shannon, 'Do you guys write resolutions?' and she says 'Yes, and we do write resolutions'. So now, I think Mr. Manydeeds is saying that whatever they've granted for the Tribe to implement, if we put it in a resolution, they're going to do a grant for the Minerals Council, then...

SE: That's right. That's right. I agree with that.

TRC: So, I just want to make sure you understand that's why Mr. Manydeeds and our attorney put that language in that resolution.

GC: Is this the rule that's going to work, now? I think if it isn't that way, and the Bureau says, 'No, it has to go through the Nation', the Nation has indicators, and as you said, they actually have a wonderful track record of staying away from anything Minerals. They just don't do it, and so I don't think we would be in violation of any laws, and they can send it on through. I have one subsidy question about the two different ones.

EW: Yes.

GC: And, I'd like to go out there. I said this before, when we first voted on it, the one about getting on our data digital is just wonderful. The other one that we'll use a far greater amount of money, and really

impressive, is setting up a system to be able to do our own business, whatever they decide, whether it's exploration or you know what it is. That gets us started, and it was \$300,000?

EW: Yeah. Over.

GC: Over 300, but then we have to do that. This is a one-time start up deal, and I wonder if the Council has put all thought, perhaps necessary in to whether once we start this wonderful thing, how are we going to keep it going? I worry about that a bit. I would hate for us to make a move, and then screw it up. I'm just throwing that out there. I'm worried about maintaining it after we start.

EW: Your vote, coming up, will decide that.

GC: Well, yeah, but I'd like the Council to think about it; maybe assure me that they figured it out. Because I figured out how we do it. So maybe someone else has done more figuring than me. My focus was on the digitation of data.

EW: Yes, sir. Councilwoman Erwin.

SE: OK. First of all, in applying for a grant, everybody applies for it, because that it may be for that year, and hopefully, you have to wait for Congress to see, whether or not, they're going to refund it, because Congress changes stuff all the time. They not only change – A lot of times, they change the name of it, and still performs the same function. It's in a different line item on the budget. So...

GC: Apply for new grants.

SE: Yes. Yes.

GC: OK. I understand that.

EW: The only reason I would support it, is what we're looking at is an Act going through BLM funding. The \$5 Million we're going to go, we requested from the United States Government could possibly be used, because we've got what this environment is, we're going to try and plug those wells as an environmental issue. That's definitely going to catch us napping, because we've got thousands of them out there.

SE: I just want to make a motion that we suspend the rules, so that we could vote on this today.

EW: To suspend the rules.

CB: I'll second.

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

EW: Thank you. I'd like to entertain a motion on the amended resolution on 3-147. Floor's open. I need a motion.

SE: I make a motion that we accept this resolution, as presented today. Do you want me to read the resolve clause? Do you want me to read it?

EW: Yes.

SE: **"NOW, THEREFORE, BE IT RESOLVED**, that the Osage Minerals Council does hereby approve and submit this proposal for funding through a contract with the Secretary pursuant to the Indian Self-

Determination and Education Assistance Act (P.L. 93-638, 25 U.S.C. §450, et seq.) under the Tribal Energy Development Capacity grant program to support the creation of an Osage Minerals Council owned Upstream Entity to manage and develop oil and gas resources within the Osage Mineral Estate, and to support the implementation of a regulatory framework that will be used to assist with the planning, development, and marketing of the Osage Mineral Estate.”

GC: It is the grant for the upstream?

SE: Yes.

EW: Let's call for the question.

TRC: Just a comment?

EW: Sure.

TRC: I saw Congressman Maker. Thank you for sitting in our audience. Just a quick question. When I was saying what I was saying, I saw your head nodding 'yes', and we say that what I'm saying is true, there is no law from Congress that gives an Executive.

EW: Of course.

OSAGE CONGRESSMAN JOHN MAKER: As far as I know, I cannot speak for the whole Congress. We have to go through the Speaker for that. But as me, John Maker, I am bound by the Osage Constitution, which clearly states that the Minerals Council is separate from the Government.

SE: Here, here.

OSAGE CONGRESSMAN JOHN MAKER: As far as I'm concerned, this Council, this Minerals Council is still pursuant to the 1906 Act and has full protection of the Federal Government, in my opinion.

EW: Yes, sir. A well-advised opinion for us. Thank you. With that, Councilwoman Boone.

CB: I would like to second the first Item #A, and since we have already discussed Item #B, well, we'll take them one at a time.

EW: Yes, one at a time.

CB: I'll second the Part A, 3-147.

EW: We're ready for the question? Motion's on the floor by Councilwoman Erwin, Second by Councilwoman Boone. Call for the question.

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

EW: Motion passes with the grant application.

Amend Resolution 3-146 EMDP Grant:

“NOW THEREFORE BE IT RESOLVED, that the Osage Minerals Council does hereby approve and submit this proposal for funding through a contract with the Secretary pursuant to the Indian Self-Determination

and Education Assistance Act (P.L. 93-638, 25 U.S.C. §450, et seq.) under the Department of Interior Energy and Mineral Development Grant Program to establish and maintain an accessible, digital database of lease records, well logs, geophysical data, and production data for the Osage Mineral Estate.”

EW: Would you like to entertain a motion to suspend the rules?

CB: I entertain the motion to suspend the rules.

SE: Second.

EW: I have a motion on the floor by Councilwoman Boone, second by Councilwoman Erwin to suspend the rules for Friday, so we can get a vote on the Resolution 3-146. Any other discussion? Councilman.

TRC: I agree this past resolution we just passed, just a quick comment. In my experience with doing research for oil and gas companies and no answer is as good as ‘yes’, and you’re trying to research something, maybe the answer might be ‘no, it’s not practical at this time’, so that answer we can get on the last resolution, and I agree with Councilman Crum. This one is probably exactly what we need. So, the last thing I want to say is, we were told by Mr. Manydeeds we had to get this document in today. So, we did our due diligence. At least, I did, contacting the Nation to see if the avenue was clear, because the way I’m reading the Constitution in the way I’m seeing it, that there is no law then at this point, in the best of my knowledge, there is nothing there. So, we have to do this. Now, I just want that to be known to the Nation, and I appreciate them back and forth and on the compacting agreement. But as of today, there is no agreement, so we have to move. This is a year grant. Maybe next year, something will change. But, anyway, thank you, Chairman.

EW: Thank you. Call for the question.

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

EW: To suspend.

LR: To suspend.

EW: Now, I’d like a motion on the floor to...yes, Council.

GC: I move that, whatever number this is, 146, as being the revised version of this.

AY: I second.

EW: Thank you, sir. I have a motion on the floor by Councilman Crum, second by Councilman Yates to vote on Resolution 3-146, EMDP Grant. We talked about it long enough. Call for the question.

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

IHS – OEP Project Permit: Everett Waller

EW: The other is the vote on Wednesday, I’ve got #C, IHS-OEP Project Permit, we’re going to put a waterline in for Osages, and we’ve got children out there without running water in their home, and it’s been

like that a long time. So, I will ask for your support to waive the permitting for the project Wednesday, and that's my total funding agency, and they're fine with that.

Resolution for letter to BIA regarding trust assets:

EW: For the next item, we have Resolution for letter to BIA regarding trust assets. Councilwoman Erwin.

SE: Could we suspend the rules on this, so that we can vote on this resolution, so we can send the letter out? I think we've had it for several weeks now.

EW: Is it the attachment?

SE: Yes, sir.

EW: Then you have no number, but it is, "NOW, THEREFORE BE IT RESOLVED, that the Osage Minerals Council authorizes its Chairman, Everett Waller, to contact the Bureau of Indian Affairs through the letter attached hereto as Exhibit A, which requests an explanation of the Bureau of Indian Affairs' legal reasoning for why the Bureau of Indian Affairs authorized the conveyance of the Osage Minerals Estate, Osage Tribe trust properties, and Osage Headrights to the Osage Nation" Are we ready for that?

SE: Yes, sir.

GC: I see no reason to vote on this today. It was on the agenda for Friday, and people are not expecting for it to be voted on.

EW: That's fine.

GC: But I think this thing has created some interest in the Tribe, obviously, and perhaps it would be better to go ahead and vote on this Wednesday, in case there's somebody from the crowd that wishes that might be here with – hardly anyone here, now – to express something. They will be expecting this to be voted on, on Wednesday, and there's no rush.

EW: I concur.

GC: We can wait.

EW: 'Til Wednesday? But you will go Wednesday, right?

GC: I'm ready.

EW: Thank you. Council. We don't have a motion on the floor. With that, we'll see you Wednesday.

AmShore Letter:

EW: We have AmShore letter. We want to respond. They've already sent us an email. They're just going to go right on with business. So we have to vote on Wednesday. We're going to send them a letter requesting information, and that's all I'm going to say from our attorney.

JC: Chairman, what about any concerns that our lessees will have, like for the future?

EW: I've had two companies call me this week with that exact effort. Because this is in your neighborhood. I kind of appreciate Councilman Crum. We're going to go a little more on that Wednesday. I want those numbers back in that meeting you went from Congress.

SE: Before we finish it up, I would like to mention this. The instructions for excavation and rock work for construction purposes to be handed out. Maybe we can talk about it and vote on it Wednesday.

EW: Myself and Mr. Brock will go ahead and get you a revised version.

SE: OK.

EW: Just have them reviewed, beforehand, and possibly vote on it. Council.

COMMITTEE REPORTS

EW: Council, Committee Reports.

Budget Committee:

JC: We're working on the Budget Committee and forming a budget for next year. Could I get all of the bills for Fredericks and Peebles for last year and see what their share is?

EW: Yes, sir. Is there any other reports you need? I did get a very nice letter from one of our Wah-Tiah-Kah Scholarship recipients. It's very rare do you get a letter sent to the Chairman and to my Council with 'thank you' in the first sentence. So, I want you all to know that. We go through tough days in here. You got elected to fight court battles. I want you all to know I've never seen nothing like that, but it's a big one, because we've already knocked two of them down.

Motion to Adjourn by Councilwoman Erwin, Second by Councilwoman Cheshewalla.

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

Adjournment – 12:25 P.M.

Approved:



Chairman

Executive Administrative Assistant