

**OSAGE MINERALS COUNCIL
REGULAR MEETING
OSAGE COUNCIL CHAMBERS
PAWHUSKA, OKLAHOMA
OCTOBER 19, 2016
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:04 A.M. Councilman Cheshewalla made an announcement that the Osage Nation is putting on an Arts & Crafts Show and Sale Friday and Saturday at the First National Bank building, starting with Artists' Reception from 7:00 – 9:00 P. M.

Also Paul Revard, Shareholder, and elected board member of the Osage Shareholders Association, announced that their next scheduled meeting is November 20 and an invitation was extended to all shareholders, Council members to attend and for one Councilperson to make a presentation and bring the shareholders up-to-date on recent activities and issues concerning the Mineral Estate including the Inspector General's report from 2014.

Councilman Redcorn mentioned an upcoming meeting on October 27 regarding discussion on regulations. He also asked that the Council consider Mr. Revard as a Technical Advisor or Consultant when the Council goes back and discusses regulations with the BIA and everyone else. Superintendent Robin Phillips mentioned that she would provide an update as to what the agency has addressed on the OIG Report.

OPENING PRAYER

Councilwoman Kathryn Red Corn gave the opening prayer.

ROLL CALL

Osage 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. Andrew Yates was absent. A quorum was declared.

Visitors signed in were Jinx Geurin, Linda Heskett, Skip Honeyman, R. E. Yarbrough, Patricia S. Bright, Yvette Smith, Nona Roach, Janet Crow, Scott DuCharme, Myron Red Eagle, Stephen Brenner, Paul S. Revard, Rosemary Wood, Leigh Kuykendall, Rosalind Korlin, Julie Wilson, Sharon Long and Allen Linn.

ACCOUNTING REPORT

Accounting reports from Julia Roe and Leslie Young were delivered for review, and there was a question from Councilman Crum regarding their absence, and Chairman Waller replied that all that was needed was to call them. They will be called to give their reports for next month in person. Councilwoman Boone didn't see one of the C-395 reports in her packet. Lacey Reynolds requested the report two days before the meeting (Monday) and was never received. Ms. Roe's report (S-510) was reviewed and was fine per the Chairman.

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AUDITOR REPORT

JIM SWAN: With the Osage Information Sheet for September, in September, we collected \$2,670,124.72. In August, our average price of oil was \$43.53/bbl. That's the same price as last month. Our average highest posted price in September \$41.54/bbl. Today, that price is \$46.75. Our average daily barrels produced in August 11,415 barrels. Our gross barrels produced in August was 353,851 barrels. Royalty barrels 54,462; Royalty barrels vs. Gross Barrels 15.39%. Our total oil royalties collected in September \$2,380,968.00. Our gas royalties was \$224,553.00; tank bottom royalties was \$220.00, which gives us a total of oil and gas royalties collected in September \$2,605,741.00. Our bonus for August, the average was \$2.03/bbl.

CHAIRMAN WALLER: Council, do you have any questions? Councilman.

COUNCILMAN REDCORN: Real quick. Thank you, Jim, for the report and the work you do. Even though we've lost a sizable amount of barrels per day in the Osage, we're not hitting as hard on royalties that have been paid to our shareholders. So, I'm assuming that's from the approved price per barrel. But still, we're going down in barrels.

JIM SWAN: In barrels...

COUNCILMAN REDCORN: ...and we need to, as a Minerals Council, we need to challenge ourselves to get these barrels back.

JIM SWAN: That 15.39% royalty vs. gross, I think is the lowest I've ever seen since I've been here.

CHAIRMAN WALLER: OK. How old is your tenure?

JIM SWAN: Almost 16 years.

COUNCILMAN REDCORN: And, again, just one more comment, Chairman.

CHAIRMAN WALLER: Please.

COUNCILMAN REDCORN: The gross royalties we're getting is lower. So, that continues to tell me that our lower royalty rates are the ones that are producing. The bulk of the share, and I assume that's our Burbank operations for CO₂.

JIM SWAN: That's the bulk of them are.

COUNCILMAN REDCORN: As we get away from 20%, I'm thinking that the newer leases are not producing as much as the old 3/16ths and what-not.

JIM SWAN: That's the way I look at it.

COUNCILMAN REDCORN: We're losing the football game on the higher royalty rates that we bless, and it's the old royalty opportunities that are starting to really trying to keep constrict to get our shareholders paid. Thank you very much.

CHAIRMAN WALLER: Council, do we have anyone have a question? Hearing none, thank you, Mr. Swan. You are asset quality.

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SUPERINTENDENT REPORT

SUPERINTENDENT PHILLIPS: Thank you. During the month of September, the Branch of Field Operations reported 1,663 Purchaser Run Tickets were reviewed and scanned; 11 well pluggings were witnessed. There were 37 leases checked for production and primary term; 9 OERB evaluations; 81 lease inspections; 38 lease inspections with follow-up; 10 gas meter calibrations witnessed; 4 trucks stopped for permit check. There were 3 tank strappings witnessed; 7 complaints were responded to; 13 spills or leaks inspected and 47 spills or leaks were inspected for follow-up; 39 tanks were gauged; there were 5 tank bottom removals that were witnessed. The Branch of Lease Management approved 23 leases; processed 4 division orders and terminated 47 leases. They reported for the month of September 18,106 producing wells less 3,249 for SWD and other wells. Under 25 CFR Part 214, the three leases that sold the most were Apac who reported 29,255 tons, \$15,798 at revenue; Candy Creek Crusher production of 17,096 tons, \$8,719 revenue; Casey Hindman 4,674 cubic yards, Royalty paid was \$3,505. They processed 9 requests for lease information, one was determined to be a FOIA; the other eight were non-FOIA. The Branch of Subsurface Minerals reported 10 workover permits were approved and 3 plugging permits were approved. The Branch of Enforcement and Lease Compliance, they approved 1 EA, which is now being published. They processed or issued 55 non-compliance notices; they issued 1 fine letter, and they issued 4 extension letters. Now, during the last meeting, Councilwoman Erwin asked a couple of questions, which I checked on. The last one you had asked about the 36 drilling permits that were approved, how many have been completed. 29 of the 36 of FY14-15 have been completed; 10 drilling permits were approved for FY2016, 2 have been completed. Also, you had asked about a letter that was not attached to the concession. Do you remember the concession?

COUNCILWOMAN ERWIN: Yeah. There was a letter...

SUPERINTENDENT PHILLIPS: There was a letter mentioned, and I believe we sent that to you. Did you get that?

COUNCILWOMAN ERWIN: I probably did.

SUPERINTENDENT PHILLIPS: If not, we'll see, and I've got a copy of it. Also, during that time, the Minerals Council had asked for us to notify the companies that we were aware had utilized gas or leases that were not on that property, not on the property they were producing or drilling.

CHAIRMAN WALLER: ...that they had the lease on.

SUPERINTENDENT PHILLIPS: Very good. Thank you so much, and we did notify the three companies and I did look to see to ensure that you all received a copy of that, and you did, and the only other thing that was asked, I think Councilman Redcorn asked for the Petroleum Engineer to provide a monthly basis, something for the Minerals Councils, which he did, and I didn't get it in time to send it by my email to the Superintendent's Regular Report, so we've got copies of it for you, here. Also, I don't recall who asked for this additional information, but there was information asked for, you wanted to know what the Burbank was producing as well as what was outside the Burbank, and we've got that for you as well. Now, I didn't ask James to come over, but I was going to ask James to be readily available or if you wanted to come over and maybe sit down with James, after you've had an opportunity to look at this, and set something up and whatever questions you may have, then we'll be more than happy to do that for you.

CHAIRMAN WALLER: Anything else?

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SUPERINTENDENT PHILLIPS: Oh, yes. I have guests here, today.

CHAIRMAN WALLER: Arise and be counted.

SUPERINTENDENT PHILLIPS: Arise. Everyone knows Mitch Mouton. He's with the Office of Natural Resource Revenue. This is Yvette Smith, she is – have you been with the Office of Natural Resource Revenue for a while or are you new to...

YVETTE SMITH: Been there for 15 years.

SUPERINTENDENT PHILLIPS: Been there 15 years. You'll start seeing her more around the Osage County and Osage Agency, because she will be helping Mitch Mouton in addressing some of the things that we are asking them to do, as far as reconciliation and so forth.

CHAIRMAN WALLER: Very good.

SUPERINTENDENT PHILLIPS: We're really glad to have Yvette helping us, as well.

CHAIRMAN WALLER: On behalf of the Osage, we appreciate everything. You come to a unique area in this world. We had to buy our own reservation. We appreciate it. Anything that we can do for you, please contact us.

YVETTE SMITH: Thank you.

CHAIRMAN WALLER: Thank you (*in the Osage language*). Please be seated.

SUPERINTENDENT PHILLIPS: That concludes my report.

CHAIRMAN WALLER: Council, do we have any questions? Councilman Crum.

COUNCILMAN CRUM: I have one minor deal. Did you notice in the Casey Hindman that this reporting is in cubic yards? They used to have a scale out there. Are they not scaling stuff anymore?

SUPERINTENDENT PHILLIPS: We'll check on that for you. We'll find out about the cubic yards vs. tons.

CHAIRMAN WALLER: I didn't know he had that option.

SUPERINTENDENT PHILLIPS: Well I think that some of the past resolutions I have seen in cubic yards. So, I'll go back and ask her what happened here, because I thought this was a first time he reported it that way.

CHAIRMAN WALLER: Do you remember him doing that?

COUNCILMAN CRUM: No, I don't. But I'm not sure that I always look at them that close to know whether that today it struck me that he wasn't reporting in tons and I'm not sure that I might have missed it after you had done that.

SUPERINTENDENT PHILLIPS: Yeah.

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CHAIRMAN WALLER: Well that endeavor, anyway. He's going to show up with what he sold it for.

SUPERINTENDENT PHILLIPS: Yes, that's correct.

CHAIRMAN WALLER: I remember that part.

COUNCILMAN CRUM: And I do know that he had a scale out there, because the other fiasco with the windfarms and stuff, we were getting tons reported to us as we all did. Whether or not they went across the scale or not, remember that they had all that. So, that makes me think that there is a scale someplace. Why are we not doing that?

SUPERINTENDENT PHILLIPS: Surely, there's a scale. We'll be more than happy to check on that, and I'll go back to last month and see if it was reported the same way.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: Thank you, Chairman. I appreciate the report. It's improving, looking great. I like the technology stuff here. I appreciate that. Chaparral, in particular. I like the chance to review that. So I really appreciate the effort to increase the communication to our side. The only thing I'm bothered by, and I think it's in our court. I think we're losing minerals. You guys are tracking, once the lease is signed. We've got some issues we've got to work out. But I want to challenge our Minerals Council to start looking for those thousand barrels we're losing. Try to get back those 1,800 barrels we're losing a day, and try to get that back up the tracks. I'd like to sit down with the Bureau, whenever they're ready on discussing some of this technology. These are really impressive. The CO₂ flood, I think we've got a magnificent process going on out here, and it's doing two things. It's producing oil from a renewable source. We're capturing CO₂, and we're putting it underground, and then we are producing oil at 1/4th of a barrel coming out of the ground. I don't think there's any other reservation organization doing that. I'm really proud of this process. I hear some challenges going on, but I'd like to keep this thing rolling, and whatever we can do with the Bureau to keep us informed on how we do a better operation. I know there's other technologies that I would like to look into this unique situation we have to try to get that additional oil. To squeeze that extra 10% of total production, which I'm thinking it's in the 700 million barrels is the last Charles Hurlburt was telling me, before we had these discussions. So, if we could look toward maybe some of these new technologies on water shutoff and chemical treatments. Just a challenge, but I like to see more of something we are tasked to do. I appreciate the Bureau responding, and I'd like our Minerals Council to go even further, if we need to look for those opportunities to get those additional barrels, so, thank you very much for these reports.

CHAIRMAN WALLER: Thank you, Councilman. Councilman.

COUNCILMAN CRUM: I have something off of the report that I've been thinking about, since last week, and prior to that. If you know, Madam Superintendent, where it looks like we're going to receive the ability to start digitizing the records of the BIA has for us. One of the things that was brought to mind, yesterday, was that we need to make sure we know where all of that is. Charles Hurlburt might be the only person, and we can't ask him anymore, for sure. I've been told that some of our well log data was stored in Kansas City at the live stone...

SUPERINTENDENT PHILLIPS: Spectrum Center?

CHAIRMAN WALLER: Records Center, and it may just be copies that they also have in at the Energy Department. But, I wonder if we might be able to – We're going to need where all that is, very soon, and I wonder if you might start the inventory process to make sure we know where we're needing to go get the

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paper data that we want to convert to digital. That may take a little research on your part, because a lot of people were gone that was around when some of this stuff was sent into storage, or given what we know, what happened to it. Bill Linn is the one who communicated to me, who called on some of the well logs, and were moved somewhere else, he thought to Kansas City. Again, it may be copies, but they're also up there, so we can have a scope of what we're going to be digitizing.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: Just a follow-up. I appreciate Councilman Crum mentioning the work that was discussed yesterday where the I.H.S. Markit, we had a long discussion on getting that information. I notice we have Rosemary Wood. You've been doing energy columns for the paper. I appreciate you being here and the work that you're doing there. I just want to remind the public that this grant that Mr. Crum is talking about is the first energy grant we've been granted through the Bureau. I knew ONES had produced several grant applications and we did, too, previously, the Minerals Council. We couldn't get over that hump to get funded. However, this one has been funded. So, this was a difficult process. We had our attorneys involved, etc., and Mr. Crum did a great job on this and whatnot. But I'm proud of that grant, and I think our shareholders and our people that you're reporting to need to know that. This has been attempted many times by ONES, by the Nation, even by us. So, this is a good time. We've stepped across there and we've met their standard, their rigorous standard of the Bureau with what they'd like to see something roll out from us. I'm very proud of that grant, and I want our public to know that if we are to consider those comments, the people that are here, and Mr. Manydeeds and other folks that are involved in that decision.

DEPUTY SUPERINTENDENT WINLOCK: Yes, sir. I'll get with you and Mr. Krabin to get that actual information, so I won't make a mistake.

COUNCILMAN REDCORN: That's great. The other thing was, additionally, back when we were on Minerals 1, this was part of that discussion, yesterday, that historical public production that the Bureau has, including some of these reports. We're challenging I.H.S. Markit to get that information in there. That's unique to the Osage that no one else has, because the Bureau has been here since Day 1 and all that information from zero, all the way up to 1980-something, has, as Mr. Yates has pointed out, all that information, we're going to challenge them to get into that well information on this I.H.S. So, historically, our producers can look at it and see if there's opportunities. One example is that the technology was stopped in the 1940s, because of the field applications weren't developed, but no one was really looked at, because of stock, maybe a new completion process. They didn't know about the 1930's or 1940's. They'd revisit that. We have that here in Osage County, nowhere else in OCC. Mrs. Ashley confirmed that. She does the data crunching for the State of Oklahoma. She's the one that grabs that data and gives it to the knowledge units. So, we had a really nice discussion with her yesterday. Part of this is ready go with her to the Bureau is a challenge. But we're up to the challenge and wanting to do this. I think this is a great start for this grant to launch us as Osages into a technology future. Thank you, Chairman.

CHAIRMAN WALLER: Councilwoman.

COUNCILWOMAN ERWIN: I'd like to give kudos to Tom Fredericks for writing the grant we just received. Without him and his staff, their expertise would be gone. Thank you.

CHAIRMAN WALLER: Council, you have anything to add? I do want to do a little housekeeping. Our accountant called. They are trying to complete our 2016 work, closing it out. They'll be available once everything is received, and to our shareholders, we've spent zero 2017 dollars to-date. But that's all going to change.

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NEW BUSINESS

Performance Energy: Scott DuCharme

SCOTT DUCHARME: Good Morning, Ladies & Gentlemen. Scott DuCharme with Performance Energy as the operator for Spyglass, and I've brought Mr. Steve Brenner. I am following our Friday presentation, whereby, we asked for a six-month extension for one portion of the resolution which I prepared to give it to everybody. Mr. Brenner, today, is going to pass out a little document, outlining where we're going with the Spyglass concession, more focused on what we've found, what we've done. As I've said, we've got three reworks production. We'll be back on again in about five days, so we're in the process we think we'll get the two wells that were the negative studies drilled this year, and the other two we need a little extra time for, which is, of course, what I presented to you on Friday. So, any questions regarding what I presented, I'd love to take, and then Mr. Brenner will enter into what we've given to you, which is just a general outline of what we're going to do with the Spyglass concession and where we're going. Spirited detailed information. You can get deeper into it after this meeting, or we can just have a question-and-answer, if you'd like.

CHAIRMAN WALLER: We need just a second.

SCOTT DUCHARME: Sure. Absolutely.

COUNCILMAN REDCORN: Chairman, while we're looking at this, I don't mean to go back into, if it's OK with you, looking to revisit one specific item with the Bureau on a proposal. I'm sorry I have to do this. We discussed a little bit, and I'm sorry I didn't bring it up in your section about the proposal. On September 16th, we discussed having a proposal submitted. If anyone wants to come to us for any kind of opportunity, we discussed that then. Sounds like the Bureau was interested in doing that. So we talked about how we can work that process through. So, another company comes in in the proposal, we'll have a template, and we can send that template to the Bureau, to yourself for review. You like it and send it to us for our monthly meeting to review and approve or change. That way, we understand and you understand what's being proposed at each and every meeting. Is it possible that we can work with you and the Chairman going forward to finalize this proposal process?

SUPERINTENDENT PHILLIPS: Well, I think that'd be perfect.

COUNCILMAN REDCORN: OK. Well, maybe next month, we'll bring it up officially. But communication can happen between you and the Chairman on how we want to present this, since the Chairman and Lacey are already doing the work. OK.

CHAIRMAN WALLER: Thank you. Yes, Superintendent.

SUPERINTENDENT PHILLIPS: I think that that mechanism, if we were to do something like that, it would help the Minerals Council as well as help the individuals that are coming in to talk to you and doing the proposal, because there may be questions that we have that you will need to talk to them about.

CHAIRMAN WALLER: That's correct, and...

SUPERINTENDENT PHILLIPS: So, I think it's perfect.

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CHAIRMAN WALLER: You and I have already taken care of that at the latter end, for as now, we can go ahead and use it as a clearing house to even get here before the boat.

SUPERINTENDENT PHILLIPS: Yes. Everything is perfect.

CHAIRMAN WALLER: Council, do you see any problem with that? Councilwoman Erwin.

COUNCILWOMAN ERWIN: Did we not send this agreement to the attorney down in Tulsa to look at?

CHAIRMAN WALLER: That would actually go to Mr. Dowd.

COUNCILWOMAN ERWIN: Did we not send this to him?

CHAIRMAN WALLER: We sent the DND. Isn't that correct? That's the last one he looked at?

COUNCILWOMAN ERWIN: I don't know. Somewhere in the back of my mind, I thought Mr. Yates...

CHAIRMAN WALLER: I left two of my forms out there...

CHAIRMAN WALLER: Council?

COUNCILMAN CRUM: I believe that Councilwoman stated that it was this agreement here, we talked about, said about this one is pretty straight forward, as opposed to some of them. They just want an extension of six months to finish the drilling commitment. It wouldn't change anything except for those...

SCOTT DUCHARME: That's absolutely all, and Mr. Dowd and Mr. Cain who prepared this, if you'd want me to get down to him, it was really a proposed...

CHAIRMAN WALLER: I'm glad you brought up Mr. Cain, because the last time we had talked, that's exactly how we handled to get here. He called Tim Dowd.

SCOTT DUCHARME: I'm sure that he's already proposed this with him. We merely did this for the convenience for the Council, so that we've got a template, and I gave it also to the Superintendent, so we'd have a way for – and it is merely just one change, just to add six months to the four wells, because of the beetle, and that's the only reason, or we would have had this...

CHAIRMAN WALLER: Superintendent.

SUPERINTENDENT PHILLIPS: The other day, Friday, when this was presented, I looked at it and this was, in my opinion, in perfect form, but we will go ahead and send this up to our Solicitor's office before...

CHAIRMAN WALLER: I would expect nothing different.

SUPERINTENDENT PHILLIPS: There you go. But right now, at this point, we're looking at the Minerals Council to make that decision.

CHAIRMAN WALLER: Tell Mr. Babst I'm going to be calling him.

SUPERINTENDENT PHILLIPS: OK

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CHAIRMAN WALLER: I'd like to entertain a motion. Councilman.

COUNCILMAN CRUM: I don't want to cut short any questions you want to ask about the bids. I'm impressed with Mr. Brenner's approach, but what I'd like to propose is that we accept their proposal to extend their 2016 drilling commitment of four wells six more months. They think they'll get two of them done, but they're afraid about the other two, so all four will be extended in case the blizzard comes in...

CHAIRMAN WALLER: Very good.

COUNCILMAN REDCORN: I second that.

CHAIRMAN WALLER: Any discussion from the Council? Hearing none, let's call for the question.

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

CHAIRMAN WALLER: Congratulations. We're glad to have you. It's an honor for us to be able to manipulate the hardest time we have to, here. I've seen lower prices, but I've never seen the destitution I see out there that these men and women can't feed their families, and I mean that from the bottom of my heart. Thank you.

STEVE BRENNER: Thank you, Ladies and Gentlemen. Appreciate this. More discussion about what is being presented?

SCOTT DUCHARME: If the Council can indulge me about five minutes, I can take you to the heart of the presentation.

CHAIRMAN WALLER: I would like to entertain that, right now.

SCOTT DUCHARME: Thank you, sir. So, if we turn to page 10. That's where it says, "Pearsonia 3D West Seismic".

SUPERINTENDENT PHILLIPS: Do we have that?

CHAIRMAN WALLER: Ma'am?

SUPERINTENDENT PHILLIPS: I don't think I have that.

COUNCILMAN REDCORN: I have one for you.

SUPERINTENDENT PHILLIPS: Thank you.

SCOTT DUCHARME: With the support of this Council, and your help, quite frankly, we couldn't be here without it. We have reprocessed 3D seismic, and I want to bring this to your attention, because I believe this is the path forward that we have to take to find a perspective value that's available to us. We reprocess the seismic. We located with this seismic ten new structures. Without the seismic, we wouldn't have seen the structures. These are actual structural closures. They range from maybe 80 acres to nearly a thousand acres. We plan to shoot a 3D next year and hope we can find something even bigger. But with the first ten

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structures, we have 4,480 acres of closure, which means we have potential for trapping. It doesn't mean there's trapped oil, but there's real potential for trapping. So, our job now is to go drill the wells. The four wells that we're going to try to get drilled this year originally had been six, but because of the permitting issues we're going through, we just keep getting pushed back. Again, thank you so much for your support, and to you, too, Superintendent. We have had help on all sides, and quite frankly without all of this, and God Willing, we find the oil, we just couldn't do this. So, to give you an idea of the first four structures that we're going to drill, within those four structures, if we're successful, and that we have to drill it and put it on tests what kind of production we get from it. But within those four structures, we believe we have the potential to drill 60 wells. We are honoring field data in that Dog Creek kind of chat or Blacklands type of chat or in fact we have a red board channel sand we were going to test. So, we're not making numbers up. We're looking at most of the crew will produce when there's a particular type of horizon, and we're assuming if we track, we can produce the same amounts. This is based on what's been done out here. We're not trying to do something new, and we're not inflating numbers. But, we have the four structures we believe we can average the PR about 50,000 barrels per well at some of the chat wells, perhaps less, probably more like 30 to 40,000 barrels, and the channel wells we've had personal experience with in a prior life here in the County can be over 100,000 barrels. That's not Burbank kind of chat. I wish it were. We haven't found that, yet. They're a smaller channel, but we've waited for potential. So, we believe for the seismic, through your help and support, we've identified some real potential, and if you turn to page 11, what this really means is on the first four structures, that's just 1,600 acres of nearly 4,500 acres we think we have, we believe there's potential for about 2.5 million barrels of oil. Our program is going, one of them is a rework underway. We're going to drill four wells, test the structures. It's going to take anywhere between \$400,000 or \$500,000 for us to test these structures and know if we have anything. But if we do, we believe it's about 2,500,000 barrels of potential, and just to give you a feel for where we want to take this program, with your help and if we're successful in finding the oil, you turn to page 12, you see our plan laid out this year. Well, next year, given success, we would like to drill between 20 and 30 wells, because, so you understand it, that's really half the size of the program we'd like to undertake on a regular basis. So, the vision here, given 3D and success is to get to about 50 wells a year program, because we believe it's going to take 50 wells to grow your production, at least, what we know today, at about 1,000 barrels. Of course, that 50 wells starts off at maybe closer to 2,000 barrels. We all know by the end of the year, it's about half that amount. So, we're trying to plan a program going forward that allows us increased production, 1,000 barrels a year. So, I just wanted you to have a deal that we're optimistic, excited and couldn't be here without your support, and we want to be clear in communicating with you, too. We think there's real potential here. It's not easy with a regulatory environment even with the low prices, it's hard. But applying 3D seismic, which I believe is the only way to find opportunities, we certainly hope that we'll be successful for us, for the Nation and for a lot of those families that actually mean something to do. They need a job to pay the bills to do it on the table. So, we're going to be a good citizen here, and we're going to do our best to be successful for you.

CHAIRMAN WALLER: Councilwoman Boone.

COUNCILWOMAN BOONE: How many acres did you do your seismic on, and how long did it take you to do it?

SCOTT DUCHARME: The seismic shoot was done in a prior company with Spyglass, or even before Spyglass. I think it took them a little over a year in the process to get a permit in shooting seismic. When they originally shot it, they were focusing in on the Mississippi Horizontal plate. So, when I came back into this, I looked at, and they were quite frankly ready to walk away, because it just didn't work with the prices and the increased water production. But I know that seismic, if you reprocess it and look at in the shower zones, basically from the Mississippi Chat up, it gives us all the potential for chat, for channels, and for all other typical kinds of sand that you can find available to prospect for. So, we spent, I think, probably, a little

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over \$60,000 just both on reprocessing seismic and using a geophysicist to help us locate these opportunities. That took us nearly eight months to do reprocessing and reinterpretation. So, to shoot seismic today, just so you know, we've already gone out, we've gone for bids to shoot either 20 or 40 squares next year. 20 is what the concession requires. If we have success, if we get good bids, it all depends on how much it's going to cost. But just so that you know, just the acquisition of the seismic today is going to cost between \$25,000 and \$30,000 per square. So, if we shoot 20 sq. mi., that's a pretty big hit. It takes us about a year to permit, process and then interpret. So, we have to work a year ahead of that drill bit to try to keep this program on schedule, which is why we're in the process, right now, in fact of, this is kind of new for me in Osage. I haven't actually permitted a 3D seismic shoot. We're working through that process now in terms of...

CHAIRMAN WALLER: You'll be fabulous.

SCOTT DUCHARME: But we have gone out for bid, already. So, for a contractor helps the permitting process and a company to shoot seismic.

COUNCILWOMAN BOONE: Thank you.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: Thank you, Chairman. Just a quick comment, and maybe you might want to follow up a talk with Jim Puckett, from OSU geology two days ago, and ask how his Mississippi chat's portion is going, and he said, well, I'm not doing it anymore. He's moved out of Lincoln County and concentrating on that limestone structure, I think. But, his recommendation to the Nation was to relook vigorously back at the 3Ds, and go off into the Pennsylvania or other sands and look at those opportunities. That was his recommendation, going forward. So, that's something that's challenged Lou Brock and our guys who are trying to put together a team for our summit to talk about that opportunity. So, I know we asked if you're available, you guys, maybe we could talk about the success or your desire and why you're wanting to do that, anyway. What do you think, there? Do you think this is a unique process? Is it somebody not trying to? What's going on, there?

STEVE BRENNER: Well, there's no question that you've got a lot of Mississippi chat oil left here, but the chance is he speaks of Red Fork's. There's a little Burbank fingers all over this concession down in there that we're going to run into. The 3D's going to identify, just as you're saying, all of those different type of things. You've looked at your Foraker chat over there. You've looked at the eastern side which Mr. Graves did for you and found a whole bunch of barrels. You know, through the winter project, we're working down by the river. I'm trying to extend that one down there. There's a lot of oil there, folks. It's tough at 40 bucks and regulations have been very, very difficult. But we're getting through this. Both the Bureau of Indian Affairs and (?), it won't be so difficult. We've been working with Fish and Wildlife. If we can get them in the fold, if we get this beetle study out of the way, it'll come back to us, because price is very important. \$40 is a whole lot different than \$60, and 2017 appears like \$50-\$60 oil would be much better than \$30 - \$40 oil. So, all that being said is what this presentation is about. There's lots of oil left here. We just got to go get...

SCOTT DUCHARME: One thing, specifically, about technology, and of course, I take nothing away from geology. We have great historic geologists that points us in the right direction, but the 3D tool, the response of the seismic over the different types of chats is indicating, at least we think, where the better veracity chat is, and where the poor veracity chat is. So, that's a real efficient tool for us as we look at these structures and decide which one we want to try to drill first and maximize our investment.

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COUNCILMAN REDCORN: I guess Chairman's chatted about 3D that we do them on the Nation's side, our side, and we might need to collect that and see where we stand on the 3D seismic. This might be an opportunity. We need to collect off what we've got, and see if we can make it marketable in some fashion. I know it's a challenging atmosphere out there, right now, the economics of it, right now.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: Actually, I believe this was a part of the Spyglass concession work that you're carrying on. So, we have some already in place about 3D, about seismic.

STEVE BRENNER: That'll all be turned over to you.

COUNCILMAN CRUM: We had that coming to us.

COUNCILMAN REDCORN: Not about this one. I'm talking about what we (*multiple speakers talking at same time*), on account of what we do and why. What's out there? I don't know.

COUNCILMAN CRUM: They have it in Colorado.

COUNCILMAN REDCORN: I want to know. Somebody put it down on a piece of paper and tell us what we have, and that's what we'd like to know, in the Minerals, a bucket list of all our seismic in Osage County.

SCOTT DUCHARME: To that point, you had a lot of 3D seismic shot when they were focusing on the deep Mississippi horizontal. We have a 35 sq. mi. seismic shoot. It cost us about \$1,000 per sq. mi. to reprocess it, so keep that number in your head. We had to reprocess it and retune it, and look for the chat in the Pennsylvania opportunity. So, quite frankly, you've had huge investment in 3D seismic and perhaps there's a way with very little additional investment for you to uncover, more chat, more Pennsylvania opportunities. I think it's a very good point.

CHAIRMAN WALLER: Mr. Revard.

PAUL REVARD, SHAREHOLDER: Thank you, Mr. Chairman. Since you have Performance here, he's obviously very knowledgeable about the geophysics opportunities here in Osage County. I'd just like to know if the Council has ever come back to the resource that was undertaken in the early 1980s, the first satellite, the EarthSat, and whether or not...

CHAIRMAN WALLER: Those were good days, brother.

PAUL REVARD, SHAREHOLDER: Yeah. When they came in, and surveyed and published the maps, the data, if you've ever taken a look at having that type of technology reprocessed, I'd like to ask Mr. Bruner if there's any correlation between their satellite imaging and previous seismic. Is it useful at all?

SCOTT DUCHARME: Well, at least, today, what we've found, was that it takes a very tight grid of 3D, because, let's face it, Burbank has already been discovered. Some of the bigger, obvious opportunities have already been found. So, what we're doing – I'm not saying we'll find another one, God Willing, we will – but, what we're looking for are those opportunities that were too small for either the 2D seismic that we mined, or the poor early 3D seismic to find. Now, I'm not familiar, personally, with the EarthSat technology, but what we have to do, and maybe this will help guide you, because I'm not an expert on EarthSat technology, we have to have a high density grid of seismic to find the smaller opportunities. I mean we're talking 80- to 400-acre opportunities for the most part, and especially these Pennsylvania Channel Sands.

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They're extremely difficult to see. I hope I get to come back and show you how smart we were, because our Channel Sands test worked. I'll save that when we have the oil coming out. But our seismic showed us that there've been lots of wells drilled at the edge of the channel. Not a single well hit the hard channel sand. We have offset wells in the very offset of the channel that showed you have the Red Fork Sand, they drill-stem tested, produced 75 barrels of oil and 75 barrels of water, plugged and walked away. Without this really tight grid of 3D seismic, we wouldn't know where to put the next well, which is why they quit pursuing it. So, I don't know if that technology's going to have a fine enough grid to find what's available.

PAUL REVARD, SHAREHOLDER: And you may advise the Council that we need to do a seismic shoot for you to evaluate your one sq. mi. You really need to go above and beyond it.

SCOTT DUCHARME: Alright.

PAUL REVARD, SHAREHOLDER: You have to shoot a much larger area that you want to evaluate, in order to kind of close in. You've got to go out all directions.

CHAIRMAN WALLER: Thank you, sir, and I might just want to add to the Bureau of Indian Affairs, you don't even have a copy of that map anymore. We actually developed from the Bureau. It's off of its satellite, and what it did was it went over and they used the thermal effort to review it. Have you actually seen it?

SCOTT DUCHARME: Yeah, that's what I was going to tell Mr. Revard a little bit why I remember about it. Seems like they were almost about the size of this table.

PAUL REVARD, SHAREHOLDER: I got a complete set of them.

SCOTT DUCHARME: They stored them down there in that storage underneath the museum and think they got flooded.

CHAIRMAN WALLER: At any case, we'll have a review with that. I'd actually met with the United States Government's scientist. I think that you and I should give Daniel a call, and then also have Mr. Brenner or Mr. DuCharme available. It won't hurt to look at it.

SCOTT DUCHARME: Sure, I'd be happy to look at it.

COUNCILMAN REDCORN: I'll give a call to Mr. Tuckett and chat on this issue, and I'm going to ask this question, here. There's a possibility to marry these two types of technologies. I think that's what you're asking.

PAUL REVARD, SHAREHOLDER: That was my question, if it could be utilized.

SCOTT DUCHARME: They were just markers.

CHAIRMAN WALLER: Thank you so much.

Lease Auction: Galen Crum

COUNCILMAN CRUM: Well, of course, first off, I think we should pick a date and start working at it. Perhaps the Superintendent might weigh in on whether the initial February or late January date. Does that sound doable to you to be able to...

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SUPERINTENDENT PHILLIPS: ...provide notice and pull everything up? The other day when I said that I would request a report, off of TAAMS, I asked Cammi about that before I came over here, and Cammi is still trying to generate that report. So, I don't really know how many properties we're going to identify that may be available for you. So I don't want to commit myself January. Maybe if we shoot for February.

COUNCILMAN CRUM: OK, well, the standard operating procedures that happened before on them, was that people might've had an interest in them where it was to go, then come over and ask them for that. But, Scott used to put a lot of them in where they would come in and show where they wanted to go. People would come in from elsewhere, which brings me to my second part that the date is to pick one and go for it. The second part is, if we talked to the Superintendent about the FOIA issue and we're obviously not going to have that solved between now and whenever we do it for wintertime lease sale. So I would like to revisit with the Council, it was voted down at the time, revisit with the Council and we provide you with the documentation necessary that if somebody comes over, wants to look at some data, try to look for a lease to nominate, that if you can't quickly provide that data form, that they come over here and request the data, the Chairman would request the data from you, and then we can release that data to them. That way, people who wish to get information, they come up here and make a trip and go home with the data that they want, or at least get it in a day or two. It may take a day or two for you to copy that off and present it to us. So, the Council – I'd like to have a resolution or a vote that we do that.

COUNCILWOMAN ERWIN: Didn't we already do it?

COUNCILMAN CRUM: No. We voted it down, and couldn't do it.

CHAIRMAN WALLER: The Superintendent...

COUNCILMAN CRUM: The Superintendent asked us for some documentation.

SUPERINTENDENT PHILLIPS: Right now, with everything that's going on in the Osage Agency and trying to terminate leases, trying to get caught up on various things. What I am looking at is any requests that are coming in that the requestor allow the Agency some time to provide that information to them, and we have a basic form letter for them to fill out and identify exactly what information they're wanting. Would it not be to the benefit of all if we were to give that to you and the individual made the request, filled out the form, and the Minerals Council gave it to the Agency and we provided it back to you? It's a thought.

COUNCILMAN CRUM: I'm not too worried about the exact process. You need to have it for you to get fast forward.

SUPERINTENDENT PHILLIPS: Right.

COUNCILMAN CRUM: ...and, eventually, and what has to happen is for us to take possession of it, and then, we give it back. However mechanism that we work that out, and what documentation you need from us, you expressed last Summer that you'd like to have some documentation that says this is the Council's will to do to have this data released to us, that we provide you with that documentation. That's what I'm asking for, today.

CHAIRMAN WALLER: Cited on this resolution, form such and such...

COUNCILMAN CRUM: However she needs it, a letter or a resolution. We did one, last time. It's still there, some place.

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CHAIRMAN WALLER: Yes, sir. Councilman.

COUNCILMAN REDCORN: Thank you, Chairman. Whatever would work best to expedite the process for the Bureau, I would be in favor of Chairman having that ability to go ahead and just make the approval FOIA for each and every person, if that expedites the process. What I'd like to do is to minimize the chain of command and getting it done, from A to B, from producer to actually getting the documents that they need. So, if we can expedite it, that's great. I'd like to see it – just eliminate the people in the middle. So, just a comment there, but I'm ready to give it to the Chairman with whatever legal things we need to do to make that happen.

CHAIRMAN WALLER: Thank you. Councilwoman Boone, Superintendent, then Councilwoman Erwin.

COUNCILWOMAN BOONE: Well, that was exactly what I was going to ask. If that's going to expedite the process, I'm all for it, but if it's going to be another layer of sit around and wait, I don't see that happening, but how long does it take? Once you see a FOIA request, how often does it take – how long does it take for them to actually get the information they want?

CHAIRMAN WALLER: Ma'am?

SUPERINTENDENT PHILLIPS: What I'm actually trying to say is, the Minerals Council will not request it through a FOIA. The Minerals Council is entitled to it. So the Minerals Council is just going to request it.

COUNCILMAN REDCORN: OK.

SUPERINTENDENT PHILLIPS: So don't mention FOIA. Because if you mention the Freedom of Information Act, then there's a process that we have to follow, as far as acknowledgement goes, and we have 20 days...

CHAIRMAN WALLER: Welcome to we can be a direct service tribe.

COUNCILWOMAN BOONE: What I'm asking is, how long does it take for a FOIA request for a company to get what they want? Right now, how long does it take?

SUPERINTENDENT PHILLIPS: It can take up to 20 days, because we have to acknowledge it, and then we have so many days to gather all the information and provide it. So, there are rules and regulations in place.

COUNCILWOMAN BOONE: So, if we go to a different type of process, that will shorten that timeframe. That's what I'm looking for.

CHAIRMAN WALLER: It would be non-existent.

COUNCILWOMAN BOONE: It would be non-existent.

CHAIRMAN WALLER: Councilwoman Erwin.

COUNCILWOMAN ERWIN: OK. First of all, I'm going to step back here, because we were talking about the auction. How long does it take you to get ready? The paperwork, the time you need to get the auction, all the leases, all the paperwork?

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SUPERINTENDENT PHILLIPS: Well, once we've identified it exactly, we can chime in at any time. Once we identify exactly what has been nominated and that is available, then I believe we can go out and we send out a notice to all the prospective lessees who may be interested, or we have to post a notice, and we will, hopefully, post the notice on our website. We are already utilizing our website a lot more now.

COUNCILWOMAN ERWIN: For the resale in February, how many months do you have to get ready for it? Will that be enough time?

SUPERINTENDENT PHILLIPS: December, January, February...three months out.

CHAIRMAN WALLER: And, we used to have people come and request nomination of these leases. How many have you had show up, lately?

DS: I'm not aware of any.

CHAIRMAN WALLER: That's exactly right. Councilman.

COUNCILMAN REDCORN: I think the best thing that we're going to step up as a Minerals Council, have Lou come up with a form and send it to Mr. Waller, and Mr. Waller can direct a form to be sent to the Bureau. We'll make the request, and then tell our producers to go straight to our office to make the request for information.

CHAIRMAN WALLER: It could possibly be on your document. Yourself. We'll just put it as a two-Federal signature document, and however we want covers that.

COUNCILWOMAN ERWIN: OK. I have the ability to send you an email and request information from you about the Osage Minerals Estate.

SUPERINTENDENT PHILLIPS: I do. The response will go back to the Chairman.

COUNCILWOMAN ERWIN: OK. But I do have the ability to do that.

SUPERINTENDENT PHILLIPS: Yes.

COUNCILWOMAN ERWIN: OK. Thank you.

CHAIRMAN WALLER: Thank you, ma'am. Council.

COUNCILMAN CRUM: Let's go back to the dates. One thing, BIA has to have people there to take the money, run the sale, other than the auctioneer. How about February 13th?

CHAIRMAN WALLER: Yeah, I'm pretty busy on the 14th.

COUNCILMAN CRUM: That's a Monday? That's just a date. If you guys have a different date, I'll look at the calendar. We would actually be on the 15th, and it has been called as a meeting, because we do have to be...

CHAIRMAN WALLER: That's correct. It's actually a called meeting, a lease sale on the agenda.

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COUNCILMAN CRUM: We could make it maybe the 15th, if you want to. That's the meeting date. Let's just pick a day. We got to pull the trigger.

COUNCILMAN REDCORN: Sounds good, Mr. Crum. The 13th.

SUPERINTENDENT PHILLIPS: It's on a Monday. Monday the 13th.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: We're going to have to start advertising that we're doing this, so people will know. They hadn't had a lease sale in a while. People will know that we have it done, and we're going to do that. We don't have to send them out right this moment, but we have to get them in, pretty soon. We, in the past, put notices in some trade magazines, trade papers. The Council has, themselves, and then the BIA has put notices wherever you put those such things, also. The leases are now open for nomination, and we can post that.

CHAIRMAN WALLER: We'll tentatively start with that effort, and see what comes up. Councilwoman Red Corn.

COUNCILWOMAN RED CORN: I think we should have it in March, just to be on the safe side.

COUNCILMAN CRUM: I think we can do it in January.

SUPERINTENDENT PHILLIPS: I would be more than happy to propose the February 13th date to my supervisory Realty Specialist to see if it is doable. How does that sound?

CHAIRMAN WALLER: Very well, and if it's not in a couple of weeks, re-coop.

SUPERINTENDENT PHILLIPS: And I'll send that to everyone by an email.

CHAIRMAN WALLER: Very good, ma'am. Thank you. Council.

COUNCILMAN REDCORN: Do we need a resolution?

COUNCILWOMAN RED CORN: Let's see if it's doable, first.

COUNCILMAN REDCORN: OK.

CHAIRMAN WALLER: Does that take care of it, sir?

COUNCILMAN CRUM: I think we ought to have a vote to see what we're doing, myself. That way, it can start. I move that the Council set February 13 as our next lease sale, and we start the process of making that happen.

COUNCILMAN REDCORN: I second.

CHAIRMAN WALLER: I think that the addition is on a Council meeting day, so we are allowed to vote.

COUNCILMAN CRUM: We can vote at the sale anyway. We will have a meeting, because we have to accept the bids that day.

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COUNCILWOMAN BOONE: Question.

CHAIRMAN WALLER: Ma'am, go right ahead.

COUNCILWOMAN BOONE: So, is this going on the resolution, or is this going to be just taking the vote?

CHAIRMAN WALLER: The resolution.

COUNCILWOMAN BOONE: OK. If it's not doable, then we rescind this resolution.

CHAIRMAN WALLER: All we have to do is amend the date. That's why I wanted to use the word 'tentatively'.

COUNCILWOMAN ERWIN: Do we have to have another meeting, though, to amend the date?

CHAIRMAN WALLER: Sure.

COUNCILWOMAN ERWIN: ...or resolution?

CHAIRMAN WALLER: We'll be fine.

COUNCILMAN CRUM: It's going to happen.

SUPERINTENDENT PHILLIPS: I'm going to call Andy right now, to see if February 13 would be good.

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

Travel:

COUNCILWOMAN ERWIN: On November 16th, there will be oral arguments on the Enel case in the 10th Circuit. I was going to ask for a resolution for any of the OMC to travel to Denver for oral arguments in the 10th Circuit on November 16th.

CHAIRMAN WALLER: Do you want to put that in the form of a motion?

COUNCILWOMAN ERWIN: I make that motion.

COUNCILWOMAN BOONE: I'll second.

CHAIRMAN WALLER: Any other discussion? Call for the question.

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

COUNCILWOMAN ERWIN: November 16th is our regular Council meeting and thought about changing the date in scheduling that.

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CHAIRMAN WALLER: I will. I just need to know how many are going to Denver.

COUNCILWOMAN ERWIN: We all voted for it.

CHAIRMAN WALLER: I've been there before, and it will be cold.

Osage Oil & Gas Regulations:

CHAIRMAN WALLER: I'd like to entertain a change on the agenda that was requested by Councilman Redcorn. Councilman, go ahead and take the floor.

COUNCILMAN REDCORN: Thank you, Chairman. We're getting ready, as everyone knows, to enter into discussions October 27 with the Bureau on regulations. So, I've asked Mr. Paul Revard to be a consultant for us, with us, to sit in these meetings. When I had this conversation, months ago, he agreed, and agreed again today. **So, I would like to make a motion that we appoint Paul Revard as a consultant when we enter negotiations for regulations.**

COUNCILWOMAN BOONE: I second.

COUNCILMAN CRUM: Mr. Chairman, I wonder if I might make one change in the wording at our consultation with the BIA. That's all they're calling for, right now, is consultation. Not necessarily negotiation.

CHAIRMAN WALLER: Yes, sir.

CHAIRMAN WALLER: Councilwoman Boone, are you OK with that?

COUNCILWOMAN BOONE: I'm fine with that.

CHAIRMAN WALLER: Any other discussion? Let's call for the question.

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

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

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

EXECUTIVE SESSION – 11:21 A.M.

*** * * * ***

12:55 P.M. – Motion to come out of Executive Session by Councilwoman Erwin, Second by Councilwoman Boone.

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

Lawco:

Motion to accept the extension of the concession agreement to match up for the timeframe that they were delayed on getting an earlier agreement by Lawco by Councilman Redcorn, Second by Councilwoman Erwin.

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

Personnel:

Motion to turn the matter over to the Chairman to go over to H.R. immediately and respectfully be able to negotiate and take care of a Council staff member and the resolution by Councilwoman Erwin, Second by Councilwoman Boone.

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

Travel:

Chairman Waller asks to hold off on this, until they consult the attorney on this.

Producer of the Year:

Chairman Waller asked the Council to give their choice to Lacey Reynolds this week and finish that up.

OLD BUSINESS

Orion: Skip Honeyman

SKIP HONEYMAN: OK. There's a bunch of materials here that if you'll undo those, the top page is actually a restatement of a proposed resolution that was unanimously passed back in April.

CHAIRMAN WALLER: That's correct.

SKIP HONEYMAN: ...and what I did, after the fact, get a list of lease hold to relinquish, and the way that it read, originally, was to relinquish all the leases, and then take two new leases on the properties that I went back and technically evaluated and determined to be what we would like to keep. So that top page is just a restatement of what was approved in that meeting. As I went back and completed the technical evaluation, I came up with a list of, there's two lists, OK? One contains the two-year leases, the other one points back to the tribe. One of the issues I ran across in the meeting, we actually had a board meeting in June for me to present and get approval from all the investors in this project, and I did that. One of the problems I had was when I went into that meeting, there are five leases, and as I started to bring that up in

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the meeting, there's one of the investors is a public company, really with a lot of money, owns a billion-dollar public company. One of their concerns – They're very averse to risk, especially on the legal end of things, liabilities. The question I can't answer is where are the leases and where is the money. I have no idea. One of the things they brought up in the meeting was, is someone embezzling money, and I'm like, I have no idea where the money is, OK? So, I can't answer that question for our partners. So, that's why the delay, in coming forward with these lists because I just don't have answers for them, and I need approval just like the Minerals Council, I have approval from partners to report. I finally came to the point, I said, look, set that issue aside. Let's go forward, and get this thing taken care of, and then you can deal with it however you want to deal with it. So, that being said, here's the exhibits, two exhibits, if you go through those two lists, there are five sections or 160-acre leases on these two documents that have question marks by them. That's because I don't have a lease on them. So I can't give my partners an answer. So, what I did, is I said, OK, I'm just going to listen. This is the stuff I want to keep to drill and develop, spend money on. These are the ones I want to give back to the Tribe, and they can go back to lease sale. So, that's what we talked about on Friday. I wished I had had the minutes to this meeting when it made it more meaningful, less confusing, because the resolution has already been agreed on and passed. So, that's what I have, today, for you.

CHAIRMAN WALLER: Councilwoman.

COUNCILWOMAN ERWIN: Madam Superintendent?

SUPERINTENDENT PHILLIPS: Yes?

COUNCILWOMAN ERWIN: He made some reference to some money issues. Do you know anything about that?

SUPERINTENDENT PHILLIPS: The other day, on Friday, I was under the impression that the \$120,000 that was being questioned had been addressed, and what I'll do is that I'll go in and find that information. I tried to find that information in between Friday and today, and I only got one response, and it wasn't \$120,000. So once I do get that, I will resend that back out. From my recollection, I get so many letters going out, from my recollection, it's already been addressed.

COUNCILWOMAN ERWIN: I thought it had been, too. That was a pretty loaded statement, what you just said.

SUPERINTENDENT PHILLIPS: Yeah.

CHAIRMAN WALLER: Malfunction voids all plays. Let's go.

SUPERINTENDENT PHILLIPS: But I will go back in and look into that, because I do want Orion to know that there's nothing in the Agency, the Agency still has. If there is something at the Agency, then, yes, we will give that back to you, because it would be set in a suspense account.

SKIP HONEYMAN: My problem is that I have no idea. So, I'm kind of getting attacked at meetings, because I have no idea. No answer for them.

CHAIRMAN WALLER: Councilman.

COUNCILMAN CRUM: To me, that's not what we're dealing with, today. Right?

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SKIP HONEYMAN: Absolutely.

COUNCILMAN CRUM: Let's get off of that. That's a totally different issue. As I'm reading what was said and voted on in April, we need to talk about two-year leases on 7,000 acres, and as I made a statement in Executive Session, some of the deals we do in here are obvious, easy. You know what to do. You know what's the right thing to do. We had two deals today that aren't so cut-and-dry. We had both men put a bunch of front-loaded money into a deal, and because of some circumstances, some within, some not within their control, they weren't able to capitalize on those funds. Back when we did this, this was a front-loaded deal, by today's terms. They paid \$150/acre for two-year leases and they paid us that on far more than 7,000 acres – I don't know how many millions they paid us. Yeah, \$2.8 - \$2.9 million. Plus, you put in the infrastructure, put in gas volume, gas delivery line, and some other infrastructure. So the deal was already front-loaded and we collected the money and it's the long step by the shareholders, but that still leaves them out there with the deal. A month ago, appreciating that the time, what it is, we need a deal with Ceja, in which we give them seven leases, three-year leases for \$40/acre with a clause in it that the ones that they didn't use they could free it up for \$40 more for two more years. The ones that they expanded out to five years, they get five years of lease for \$80/acre. This man has already paid us, if he just used the 7,000 acres he's talking about, he's already paid \$150/acre for five years. That's what he was going to end up with in the end, was a five-year lease, if we give him a two-year lease. We made an agreement back in April. They said they were going to do it. It's not one of those cut-and-dry deals, but every deal we do, whether it's front-loaded or back, the pipe is always the biggest load. Oil and gas production. Oil production, that's where the real money comes in. No matter what we collect for a bonus, it's like miniscule if the guys drill oil wells and produce gas wells. Nobody's crawling over to lease that land underneath those turbines out there. Nobody's been jumping on any of this stuff. This is stuff that nobody's used in Burbank. Nothing to do with it, at first, and they have the seismic stuff, right? Done the seismic, got everything in your possession ready to go to work on. I say, honor the deal we made in April and grant him the leases and tell him to go to work.

CHAIRMAN WALLER: Would you make that in the form of a motion?

COUNCILMAN CRUM: I move that we accept the proposition, the leases that he has proposed that he gets and we go forward.

COUNCILWOMAN BOONE: I second.

CHAIRMAN WALLER: Any more discussion? With that, call for the question.

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

SKIP HONEYMAN: Going back to the geophysical data, I've been bringing dollars to the Osage for over 20 years, and I was the one that actually got Chevron to shoot the data. I've seen the Chevron data processed for Shallow. I know it works. So, I would challenge you to collect all that geophysical data that's...

CHAIRMAN WALLER: We'll start with Orion.

SKIP HONEYMAN: I have this amount of money, OK. It's going to take a lot, but you're going to find all kinds of things in the Osage, if you utilize the data that's already there, and reprocess it. It's a long process, so you're going to have to have a little bit of time on the lease hold to be able to pull producers in to make

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it happen. There's a lot of oil and gas still left in this asset base. I promise you. So, don't give up, collect the data. I'm just saying that some way we need to get that out, and I talked to Paula a while ago. I've got a scanner 42", high-resolution scanner, and those LANDSAT maps, I can scan those things like that (snaps fingers) and it's just boom-boom-boom.

COUNCILMAN CRUM: It's satellite stuff.

SKIP HONEYMAN: All that LANDSAT data, I used to have it at Davis Brothers. I have no idea where it's at, now, but any data that you have needs to be digitized. I have a 42" high-resolution scanner, as long as it doesn't exceed 42" in width, I can pull it right in.

Transfer of CD:

CHAIRMAN WALLER: The Nation pulled out of the bank. It's owned by a certain rancher. I have two options here. We have the American Heritage, which the Nation went to, down across from the grocery store, and we'll have that first. I'd like for everyone to entertain that effort, and then we'll decide where we want to go with it.

COUNCILWOMAN BOONE: You don't want to do that, today?

CHAIRMAN WALLER: It's up to the Council. Councilwoman Boone.

COUNCILWOMAN BOONE: I'll make a motion that we transfer the CD to the BancFirst.

CHAIRMAN WALLER: I need a second.

COUNCILMAN CRUM: Second.

CHAIRMAN WALLER: Is there any other discussion? Let's call for the question.

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

COMMITTEE REPORTS

Oil & Gas Summit Committee:

CHAIRMAN WALLER: The Oil & Gas Summit report was done so well Friday I didn't think we had anything to add to that.

COUNCILMAN REDCORN: Just a real quick comment. We've been tasked, as a Minerals Council, to come up with a list of names of people that are going to present. So, we're working that list. It's a temporary list. Unfortunately, the other person, Mr. Yates, has not been able to come, so I think you were going to contact him and see if we can work...

COUNCILMAN CRUM: Yeah, he's ready to...

COUNCILMAN REDCORN: He's ready to work. So, if it's OK with the Minerals Council, I will, with Lou, communicate with Mr. Yates on his task, which is more on the day-by-day producers and what they're

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seeing – those kind of presenters. We've got some ideas on the list, here. We'll get a list. I'm not sure what we need to do to go forward, Chairman, is what I'm saying. But, I propose this, that we'll have a list, Lou will finalize, submit it to the Minerals Council. I don't think we have to be in a meeting. I'd like to propose it happen by email, where we could send it to our Chairman, and once Chairman gets approval...

CHAIRMAN WALLER: We'll just have to stick with our recommendations. We can't do a poll.

COUNCILMAN REDCORN: So, if we vote now, to finalize the list, then I think we can give you the go-ahead to approve, and Lou will take them and shoot them to the Osage Summit Committee.

CHAIRMAN WALLER: Councilwoman Boone, then Councilman Crum.

COUNCILWOMAN BOONE: I have the draft list, but I would like to see what field they are in and what they're going to present, because I saw one name on here that I questioned. I'd like to see more information. Be specific.

CHAIRMAN WALLER: Yes, ma'am. Councilman.

COUNCILMAN CRUM: Well, I had two things. The second one he asked on the very last statement, presenting them to the Committee, because we want to be careful about the operations of this oil – it's the Committee that actually does this. It sounds like we're doing this, right now. That's perfect. The second thing, I haven't seen the list, but traditionally, we ask the BIA if we had anything timely to do for a presentation, and thought it'd be high on your list of people to consider. I think you should consider them doing something like, I suspect there might be some rule thing that somebody might be able to present on. Even the latest permitting procedures, which might be a short presentation that they could do.

COUNCILMAN REDCORN: I appreciate the comments from Mrs. Boone. We will topic in the area of expertise and offer it to the list to the Minerals Council.

COUNCILWOMAN BOONE: Thank you.

COUNCILMAN REDCORN: The second thing is we've been in communication with Ms. Robin Phillips to ask if the group that's going to meet with us on our 2011 settlement consultation meeting, since they're going to be here on December 6th, can they stay over to do the morning session and give the producers the opportunity to interact with not only the Bureau but I've also asked the EPA, through Randy Gee and the Indian contact for Region 6 to be able to answer the leasing questions and the environmental injection questions and of course, we'll be there, and I'm even thinking maybe honors, if they could be there to field questions to get producers from filling out papers to getting it in on the system. I'm visioning what Lou and I were talking about maybe after the morning goes, from 11 am to 12 pm, we have a listening session, where the producer has the opportunity to talk to all the Federal folks that are involved with each and every area, and I think that will give us the ability to sell tickets or whatever, get the people there, the producers there. So, that's kind of where we're going. The afternoon session is more opportunity what we want to do when looking forward. So, I'll have the list sent out...well, Lou will do it. Lou's our contact person with the Summit. So, Lou will communicate with all the Council on what this final list is going to be, and then submit it to the Summit.

CHAIRMAN WALLER: Councilman.

COUNCILWOMAN BOONE: Are we finished with that subject?

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CHAIRMAN WALLER: Are we?

COUNCILWOMAN BOONE: Are we finished with that subject?

CHAIRMAN WALLER: I'm good.

COUNCILWOMAN BOONE: I have a couple of things I'd like to bring up that were omitted from our agenda. One of them was the meeting minutes. It's not on our agenda. Today was when we were supposed to approve those things?

CHAIRMAN WALLER: We actually had them available and reviewed on Friday, and we asked maybe there was a possibility that's the way you talked to me, this morning, OK.

COUNCILWOMAN BOONE: And then, the other thing is, in Section 10 of our book, there's a resolution regarding the negotiated rule making case and attorney fees.

CHAIRMAN WALLER: Yes. That was actually under the Old Business. We should have added that, and that's my oversight, but first, I want to get into the Meeting Minutes.

Meeting Minutes:

CHAIRMAN WALLER: Has everyone reviewed them? Would you like to make a motion entertained to vote those through?

COUNCILWOMAN BOONE: I couldn't approve the Meeting Minutes as they are, because as I found some mistakes. I would approve – I would make a motion to approve them, once the mistakes are corrected.

CHAIRMAN WALLER: May I table that, and move on to more important attributions?

COUNCILMAN CRUM: Let's table it and submit the corrections, so that we all can see the corrections.

CHAIRMAN WALLER: Yes.

COUNCILMAN CRUM: I was kind of afraid to approve it, and then change them.

CHAIRMAN WALLER: Used to do it all the time.

Resolution: Attorneys

CHAIRMAN WALLER: With that, I did want to add in, with the Council's approval, we were sent a resolution. All of you received the email from our attorneys in Denver. We actually received some back from the Federal Courts. I'd like to use that money. We were given (money) back that we used. We got to make sure the people that took us for the government to Court does not receive it, either. Now, if they want to pay us 40 cents on the dollar, we got to pay them 40 cents. But in this case here we received, we were the first recipient ever for a Federal Court to send the money back. This is what we asked, for our attorney fees. We still have an outstanding attorney fee. I'd like to ask that we use this effort of these dollars to take care of the 2015 funding for the attorney who actually took this case. Council.

COUNCILMAN CRUM: What we do with it is, yeah, we have to pay our bills.

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CHAIRMAN WALLER: Yes, sir.

COUNCILMAN CRUM: But I guess the methodology is suggested that it never come to us. They have it in a lockbox and going to apply it? It needs to come to us.

CHAIRMAN WALLER: That's correct.

COUNCILMAN CRUM: And that we need to pay whatever we're paying to our attorneys, as we pay our bills.

CHAIRMAN WALLER: Yes, sir.

COUNCILMAN CRUM: That's my problem with it is that I don't want to short-circuit to where it goes directly to them. It needs to come directly from our Treasurer and then back out of our Treasurer.

CHAIRMAN WALLER: And I concur with that. There's the gap process. Councilman Redcorn, then Councilwoman Erwin.

COUNCILMAN REDCORN: I'll pass to Ms. Erwin.

COUNCILWOMAN ERWIN: If you do that, how can you use that money to go ahead and put it in from 2015? There's a reason why the Court sent it to him. I don't know what it was.

CHAIRMAN WALLER: Because he was an official signatory or representative of ours in the case.

COUNCILWOMAN ERWIN: OK, but how can you put that money in 2016, and then expect to pay on...?

CHAIRMAN WALLER: I never said I was going to put it in 2016.

COUNCILWOMAN ERWIN: Well, if you're going to put it in our accounts and ask for it back, actually, I was thinking it was setting in a Trust account, right now, on our money.

CHAIRMAN WALLER: OK. I believe I understand that question.

COUNCILMAN REDCORN: Is it ...

COUNCILWOMAN BOONE: It should be modified in a resolution to further identified that it will go into the 2015 Budget for the use of 2015.

CHAIRMAN WALLER: Council.

COUNCILMAN REDCORN: I think we ought to leave it as is, if that money is directed for our attorney-of-record.

CHAIRMAN WALLER: It is.

COUNCILMAN REDCORN: ...then it needs to flow towards that situation. I'd think that we'd need to bring it back into our fold and discuss it again. Do whatever we need to do, just know what it was intended to do, which was to pay for legal fees process.

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CHAIRMAN WALLER: Fee in Federal Court.

COUNCILMAN REDCORN: It's a Federal transaction. Location, location, location, and we are the beneficiary. We are not the decision maker on this thing. We've only brought a situation to the forefront. But we still expect that Trust protection there. So the decisions of the Federal Government to send that money where it needs to be is to be maintained.

COUNCILWOMAN ERWIN: Well, I don't have that resolution, but I make a motion that we pass that resolution as written and use it to pay the bill that's already been in our Trust account up there. We need it to pay the bill.

COUNCILMAN REDCORN: I'll second it.

CHAIRMAN WALLER: Now discussion.

COUNCILMAN CRUM: This is wrong. I think that we're the ones that got paid that and guy that's receiving the money wrote the resolution. Now, I have a problem with that, that we're taking our settlement and giving our, I guess, settlement, along with the cost of part of the case that someone's ordered and directly to the attorney. I think that's the wrong thing to do. I think, that we need to show a record of it coming through us and to him. I'll be voting 'no' on it, because of that.

COUNCILWOMAN BOONE: Mr. Chairman?

CHAIRMAN WALLER: Hang on. It's highlighted from D.O.J., and where it was from. Council. Oh, who asked first?

COUNCILWOMAN BOONE: Me.

CHAIRMAN WALLER: Go.

COUNCILWOMAN BOONE: I'd like to correct something Mr. Crum said, that he believes that our attorney wrote this resolution. He did not. I asked our Executive Assistant to prepare this for today.

COUNCILMAN CRUM: I apologize.

CHAIRMAN WALLER: Very good job. Council.

COUNCILMAN REDCORN: Thank you, Chairman. I think the decision to pay our attorneys has been a question for a while, and there was not a unanimous decision in this case. The majority of this Minerals Council felt like, that these things needed to be challenged. They need to be challenged on the grounds in my view of tribal authority, which we were given back with that ability to set the value over our own asset, and that was not dictated to us by anyone else other than ourselves. So, sitting here last year's comments of paying our attorney, and I'm wondering is it because of the issues that they're not satisfied with the results of what we've got, I don't know. I don't think that's a question, that's my thought, an estimate, but really, this money's set aside for an attorney because of this situation that we went through, we need to make this just happen. I want the public to know that. You know, in my seat, we've heard a lot of commentary about the paying of our attorney, talking about the budgets to paying our attorney. All that's been discussed throughout the Nation, but in reality is that we won some pretty big cases by turning the direction. When I came in 2014, I asked that we remove our attorneys and pull this one case into Federal Court. So, I think we made the right decision. We want to fight. I think we've got issues to protect our

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sovereignty and to protect our Trust, and we need to protect our tribal authority. I'm OK if Minerals Council doesn't flow the way I do, and I've lost that vote. I still say we need to pay our attorneys. So, I disagree that we need to continue to ask these questions about how or what. We need to get our attorneys paid, because of the success that they have generated for the Osage Headright Holders.

CHAIRMAN WALLER: Council. Thank you, sir.

COUNCILMAN CRUM: I'd like to clarify that I was not talking about not paying our attorneys. I didn't ask if that's where the money went. That was fine. That's what the Council wants to do, and I resent the inference that that's what I was doing. All I'm talking about is the pure mechanics of that I think we should have a record of going through our system, and that was my only objection. I stated from the beginning that if we want to pay our attorneys with it, that's great. We need to pay our bills. Thank you.

COUNCILWOMAN BOONE: Is there a motion on the floor?

CHAIRMAN WALLER: Yes. Yes, ma'am.

COUNCILWOMAN ERWIN: I need a copy of the resolution...

CHAIRMAN WALLER: You made the motion.

COUNCILWOMAN ERWIN: Yeah, I made the motion, because Cynthia said it was OK. So, she seconded it, but it's to go ahead and take it and pay that.

CHAIRMAN WALLER: Yes.

COUNCILWOMAN ERWIN: He's got it in a Trust account out there, and it doesn't travel back and forth. Let's just pay them and be done with it.

CHAIRMAN WALLER: Yes, I did find a correct Fiscal Year, complimenting the effort you need to do. Any other discussion? Hearing none, let's call for the question.

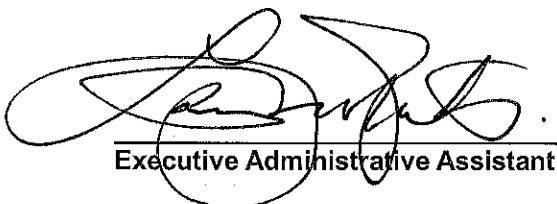
MOTION PASSED: STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-ABSENT, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, GALEN CRUM-NO.

Councilwoman Erwin made the motion to adjourn, second by Councilman Redcorn.

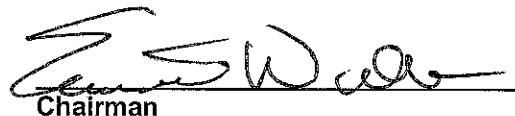
MOTION PASSED: KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-NO, ANDREW YATES-ABSENT, CYNTHIA BOONE-NO, JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-NO.

Adjournment – 1:35 P.M.

Approved:



Executive Administrative Assistant



Chairman

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