

**OSAGE MINERALS COUNCIL REGULAR MEETING
OSAGE COUNCIL CHAMBERS PAWHUSKA, OKLAHOMA
APRIL 19, 2017
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:00 A.M.

OPENING PRAYER

Chairman Waller gave the opening prayer.

ROLL CALL

Minerals Council Executive Administrative Assistant Lou Brock 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 were Joy Ledbetter-OST, Jinx Geurin, Paul Revard, Leigh Kuykendall, Rosalind Karlin, Tammy Leeper, Leslie Young, Florence Bigheart-Tranum, Myron F. RedEagle, Candy Thomas, Richard L. Dollar, David R. Coast, Rosemary Wood, Ronald Jones, Bob Knappe, Nona Roach, Marcy Graham, Eddy RedEagle, Janet Crow and Jamie Sicking.

Auditor Report: Jim Swan

Mr. Swan read from the Osage Information Sheet as of March 31, 2017. Total collections were \$3,063,816.13; Average price per barrel of oil in February - \$51.92/bbl.; Average Highest Posted Price for March - \$46.19/bbl.; Average Daily Barrels of Oil Produced in February – 11,970; Gross Barrels Produced in February - 335,165; Royalty Barrels – 50,784; Royalty Barrels vs. Gross Barrels – 15.15%; Oil Royalty collected in March - \$2,636,913; Gas Royalties - \$254,222; Tank Bottom Royalty - \$828; Total Oil & Gas Royalty collected in March - \$2,891,963; Average Bonus per Barrel in February – \$1.84.

Accountant Report: Leslie Young

Leslie Young, who is now reporting both C-395 and S-510 accounts, reports that in the S-510 account, in March, Interest Income received was \$155.03; Expenditures was \$705.86; Current cash - \$153,486.68; Current CD – \$236,359.72. The OTFM account and IIM accounts will be sent electronically to the Council for review. On the C-395 account, Current Cash Amount - \$87,695.78; Current Monthly Expenses – \$28,140.32; Total Year-to-Date spent - \$304,747.25; Drawn Down \$500K and will request another one shortly after the 1st of May.

BIA Report: Superintendent

Branch of Lease Management: (Oil & Gas) Leases approved – 17; Assignments – 6; Division Orders – 58; Lease Terminations – 45; (Producing Wells in March) 18,089 wells less 3,261 for SWD and other wells= 14,828. Lease Management identified the three top leases that sold the most: (1) APAC with 17,322.57 tons – Royalty Paid \$9,527.41 (2) Candy Creek Crusher with 17,950.96 tons – Royalty Paid \$9,155.02 (3)

Casey Hindman with 4,355.72 cubic yards – Royalty Paid \$3,266.79 and (4) Schmidt Brothers with 488 cubic yards – Royalty Paid \$366.00.

Branch of Field Operations: 883 Purchaser run tickets reviewed and scanned; 10 Purchaser Tank Tables Encoded into Osage Computer System; 18 Well pluggings witnessed; 5 Trucking Permits prepared; 23 Purchaser Tank Tables Scanned into Osage Nation Report; 39 Leases checked for production/primary term; 9 Gas meter reports scanned into Osage Nation Report; 30 Complaints Scanned; 9 OERB Evaluations; 101 Lease inspections; 50 Additional lease inspections/follow-up; 3 Gas meter calibrations/provings requested from companies; 3 Gas meter calibrations/provings witnessed; 6 Trucks stopped for permit check; 25 Tank Strappings witnessed; 20 Spills/leaks inspected; 28 Spills/leaks inspection/follow-up; 6 Archeological Surveys (Land Sales); 69 Tanks gauged; 38 Run tickets figured; 76 Calculations; 7 Tank bottom removals witnessed.

Branch of Subsurface Minerals: 25 Approved Drilling Permits; 7 Approved Workover Permits; 15 Approved Plugging Permits.

Branch of Accounting: 4,500 processed lessee reports into the system; Met with Mr. Jim Swan and provided purchaser statement for the month of February and end of month financials.

Branch of Enforcement and Lease Compliance: 1 APD to be reviewed; 48 non-compliance letters sent out; 28 non-production letters; 3 fine letters; 12 extension letters; 10 further remediation letters; 6 final notice letters; 35 spill closure letters.

During EIS Meeting, this past month, Councilwoman Erwin had made a comment stating that there was an Agency Contractor setting ingress and egress, and the Superintendent tried to make a statement at that point, but Ms. Jeanine Hale did not see her (Superintendent), so the Superintendent wanted Councilwoman Erwin to know that was not correct. The Agency is performing ingress and egress.

A comment was made regarding Steve Cornelius and David Coast, so the Superintendent did a facts-of-finding. "There was a blanket lease, G06-755, covering the SW/4 Sec. 14, E/2 of Sec. 22, W/2 of Sec. 23, all in 21N, 10E. In 2004, Steve Cornelius acquired this lease through an assignment. The records reflect that Cornelius posted a \$25,000 CD as surety. According to the contract, the bond shall not terminate until the Superintendent authorizes termination, or the bank gives 30 days' written notice of his desire to cease as escrow agent. On January 27, 2016, the Osage Agency received written notification that the bank was no longer going to serve as escrow agent. A letter dated February 24, 2016, the Osage Agency notified the lessee of record that a replacement bond was necessary. Failure to comply would subject the lease to cancellation. The Agency sent notification by both Certified Mail and regular mail. The Certified Mail was returned unclaimed. The regular mail was not returned. Neither the lessee contacted the Osage Agency or provide a replacement bond.

"The Agency initiated the cancellation of the lease as well as sealed the tanks. On January 27, the Osage Agency received a partial assignment from Steve and Shelly Cornelius to David Coast, covering the SW/4 which is just a portion of the lease itself. The assignment was not completed by Coast. The records show the agency requested additional documentation, which was never provided. On July 19, 2016, the Osage Agency Supervisory Realty Specialist contacted Mr. Coast as to the lease covering several tracts of land.

"Mr. Coast informed the realty specialist that he was not interested in obtaining all of it. He only wanted part of it. On November 22, 2016, the Osage Agency Supervisory Realty Specialist informed David Coast that the lease is being cancelled and therefore the assignment will not be approved. The Supervisory Realty Specialist informed Mr. Coast that at this time to contact the Osage Minerals Council and inquire as to a new lease on the property that he is interested in producing. A certified mail and regular mail from the Osage Agency notified Mr. Cornelius that the lease was cancelled, effective May 4, 2016. "Mr. Cornelius, as well as David Coast filed an appeal to the decision of the Superintendent as to the cancellation. This decision has been affirmed by the Regional Director as to the Agency's decision. The Supervisory Petroleum Engineering Technician had notified the purchaser to pick up the oil and pay the royalties due the Osage Mineral Estate. The Superintendent has notified the purchaser of the recent decision as to affirmation on the decision of the Agency, and to hold all monies in suspense, pending a final decision of the Interior Board of Indian Affairs (located in Washington, D.C or Reston, VA)."

CHAIRMAN WALLER: And what are the options that will come back to them (Interior Board) for you?

SUPERINTENDENT PHILLIPS: For me? The Interior Board will look to see to ensure the Agency, as well as the Regional Director, make a good decision, and that is a sound decision, and at that point, I believe that they will have to go through the administrative process, first, and then, if he wants to proceed after that, it would be in litigation.

CHAIRMAN WALLER: As far as Mr. Coast goes?

SUPERINTENDENT PHILLIPS: As far as Mr. Cornelius goes. Right now, Mr. Coast, I don't see what Mr. Coast has with us.

CHAIRMAN WALLER: At all, in that one property? Was that a consolidated lease that he bought into?

SUPERINTENDENT PHILLIPS: No. There was a lease. It was a waterflood. Thank you.

CHAIRMAN WALLER: OK.

SUPERINTENDENT PHILLIPS: And, let me see. It may not be done, yet. Sorry. See if there's anything else. On the Skip Honeyman, with Orion, the Osage Agency has gone in and terminated one. The other three, the Agency is reviewing all of the lessee reports to ensure that everything is up-to-date, and I believe that there's been inspections from my administration, before we do anything, as far as assignment goes or termination, we want to ensure that the lessee reports shows that there is something held by production that the lease is held by production, as well as inspections made of the property to ensure that the property has been restored, or identify what wells need to be plugged. I know that Orion, I believe, he's going to come back and ask for new leases, so he doesn't have to plug those. So, anyway, there's a process we have to follow. So, that's where we're at.

CHAIRMAN WALLER: We'll visit that today with Orion, and move on past it. SUPERINTENDENT PHILLIPS: So, I believe that's the end of my report.

CHAIRMAN WALLER: Council, thank you for your patience. Councilman Crum, then Councilwoman Erwin.

COUNCILMAN CRUM: It might be helpful to be able to answer, or ask the questions as we go through sections. I'll kind of go backwards, here. One thing I did hear was, last time, we seemed to be hearing

the confusion between the Agency and Coffeyville who happened to be the purchaser on the Coast and Cornelius deal about whether there was a red tag on, whether they can remove it, or somebody has to come remove it for them. They haven't worked that out. It's probably not the only red tag to come up.

DEPUTY SUPERINTENDENT WINLOCK: Actually, there's two reasons we sealed the tank. One would be for non-compliance, which in that case, it would depend on the case, we would request the purchaser hold the revenue in place, plus release royalty to the tribe, OK? But the seal cannot be cut off, other than with our permission to cut it off when they come out to pick up the oil. The second thing we'd seal the red tag would be for a missing seal, like when we went out to the tank and there was a missing seal that was still on the tank or a tank seal purchaser still was broken, then we'd put a red seal on it. We'd log both of those on in a log and the only reason why the red tag was put on there. If it was because of a missing seal or broken seal, they'd call us and then, we'd give permission to have to seal it right then.

CHAIRMAN WALLER: ...Superintendent...it's a tracking element for us and your men in the field, because that actual seal has numbers on it, which match on the correlation on the run ticket.

DEPUTY SUPERINTENDENT WINLOCK: Yes, because the purchasers are required to have a seal on that tank that they take off before they load, and a seal on the tank after they get loaded, and it gives us a tracking system on their purchaser ticket that shows us what seal they put on and the seal that they took off. Then, next time we go out that seal that they put on should still be on that tank.

COUNCILMAN CRUM: OK, mine was far simpler. I understand the process. As Coffeyville comes to pick up the oil, I understand they can pick up the oil, now.

SUPERINTENDENT PHILLIPS: Yes. Basically, if it's red-sealed, Coffeyville knows that they are to contact the Agency before they pick it up. We give them permission, and then, they can pick it up and we red-seal it again, and they will hold the money for the lessee, and they will not pay the lessee of record. In this particular case with Cornelius, he is the lessee of record. They will not release those funds until such time that we give them permission to release those funds. This has been something that we've done in the past with another operator and the operator basically brought his lease in compliance, and once he brought his lease into compliance, we basically contacted the purchaser and said, 'Yes, everything's in compliance. Please release the money'.

CHAIRMAN WALLER: For right now, is it under the name Cornelius? Under a Division Order?

SUPERINTENDENT PHILLIPS: Yes, the lessee...

CHAIRMAN WALLER: Do we have any employees for Mr. Cornelius in the room? With that, Council, go right ahead.

COUNCILMAN CRUM: OK, on the same case, earlier, I heard you say there were \$15,000 bond held as a CD. Is that correct?

SUPERINTENDENT PHILLIPS: No, what happened was, prior to my administration, they accepted CDs. The regulations do not allow for CDs to be placed, or accepted as bonds to cover oil and gas leases. So, when the company notified the Agency, saying that the CD is going away, they're no longer going to do it, then we had to notify the lessee and say, 'You need to get a new bond'. We don't have a bond. There's no bond.

COUNCILMAN CRUM: So the bank, you said the bank contacted you, or something. They said they no longer, somebody contacted...

SUPERINTENDENT PHILLIPS: Escrow Agent.

COUNCILMAN CRUM: Escrow Agent, and at that point, you didn't have the right to say, 'You can't release this to Mr. Cornelius,' because it was a bond, even though I understand it was improperly taken as a bond. That's something in the new rule changed to put in a whole bunch of instruments that could be used, but a surety bond is the only one current legal bond.

SUPERINTENDENT PHILLIPS: Yes.

COUNCILMAN CRUM: But somebody released that money, or somebody give the money back to Mr. Cornelius?

SUPERINTENDENT PHILLIPS: I would like to check on that, Councilman Crum, to see that, in fact, happened.

COUNCILMAN CRUM: If we don't have it...

CHAIRMAN WALLER: ...it's gone.

COUNCILMAN CRUM: Over \$15,000 bond, no \$20...what'd you say, \$25,000?

SUPERINTENDENT PHILLIPS: It's \$25,000.

COUNCILMAN CRUM: \$25,000 bond was just given back to him.

SUPERINTENDENT PHILLIPS: According to the contract, 'The bond should not terminate until the Superintendent authorizes termination in writing, or the bank gives 30 days' written notice of its desire to cease serving as the escrow agent'. We tried to work with the lessee.

COUNCILMAN CRUM: OK, so, the end result, though, is the bond is no longer there for us to collect on this lease. Back to the rock report. Candy Creek did come in, talked to us. The gentleman sit right up there, pitched his case to us. I went over the resolution by the Council to let him do differently than the 10%. Made a pitch for it, and then, if I recall correctly, we found out there were still others that had yet to be doing the 10%, even the one that we served notice on, being APAC. Since that time, we talked to Casey Hindman, also. At no point did anybody in this Council ever vote to not do the 10%. I didn't vote to not go along with that. So, earlier, you said the only ones that you sent out notice to was APAC and Casey Hindman, because Candy Creek had yet to talk to us. They did talk to us.

SUPERINTENDENT PHILLIPS: Did they talk to us, and we had a resolution?

COUNCILMAN CRUM: There was no resolution made that I know about. Either way, did we do one for Hindman? Let's say they had to? Nobody gave you a resolution, to my knowledge, if I'm remembering correctly, for you to do anything different than the 10%. So what you need from us, I guess...

SUPERINTENDENT PHILLIPS: I need resolutions, because right now, at this point, the resolutions that are in place are the old resolutions. So I need a resolution saying 'going for the 10%', and my...

CHAIRMAN WALLER: Retroactive? How do you want that taken care of? SUPERINTENDENT PHILLIPS: It would have to be, probably, now. COUNCILMAN CRUM: Then, how are you sending out notices to the other two?

SUPERINTENDENT PHILLIPS: If you remember, we notified everybody and asked them to come back in, and the only ones that the Supervisory Royalty Specialist said to me was that APAC and Hindman. So, I do not know if there is a resolution that's – you're saying there hasn't been resolutions for those two?

CHAIRMAN WALLER: That's correct.

SUPERINTENDENT PHILLIPS: OK, so if there hasn't been a resolution for those two, then, right now, at this point, the Agency can't do anything. So, we'll need something. I'll go back and talk to the Supervisory Royalty Specialist.

CHAIRMAN WALLER: Councilwoman Erwin, then Councilman Redcorn.

COUNCILWOMAN ERWIN: OK, I've got several questions.

CHAIRMAN WALLER: Hurry.

COUNCILWOMAN ERWIN: Yeah, but, you know, you let him talk. On Casey Hindman...

CHAIRMAN WALLER: You can have any rhetoric you want, Council.

COUNCILWOMAN ERWIN: Anyway, is it still going to be done in cubic yards, or are we going to get it per ton? Didn't we ask for it to be per ton? I'm still looking for the letter from Tim Dowd that we decided in December 16, in regards to the Coast. Has anybody received it? OK, did we not talk to him about it? I would like to see it. I haven't seen it, and as far as – I have more information on the release of that bond. I don't know, it doesn't sound quite clear to me. Now, you explained the process of putting the red tags on and why you did it. The question, here, is, there is a red tag on the tank. Has the oil been taken out?

SUPERINTENDENT PHILLIPS: Yes.

COUNCILWOMAN ERWIN: So, when was it done?

DEPUTY SUPERINTENDENT WINLOCK: We'd have to check.

COUNCILWOMAN ERWIN: Lee notified them by email...

COUNCILWOMAN ERWIN: Because, as of April 14, there was a man out there by the name of Jeff McGuire, and he gauged the tank, and never took the red tags off, and it's my understanding when I talked to Coffeyville, that you guys have to take the red tags off. They can't take them off, and I need to be more clear on that. I'll call Coffeyville again.

DEPUTY SUPERINTENDENT WINLOCK: We, actually, when Coffeyville calls us, we will allow them to cut the seal.

COUNCILWOMAN ERWIN: OK. Are you out there, when they cut the seal?

DEPUTY SUPERINTENDENT WINLOCK: No. They call with the truck driver sitting on location. The truck driver calls into either calls in directly to us or the dispatch for that truck call, and asks for permission to cut that seal, because they have a full tank and give us their tank number, the seal number. We can look at the log and then we can give them permission, at that time.

COUNCILWOMAN ERWIN: Well, I'd like to see where it's actually been sold, that's actually been picked up by Coffeyville. I'd like to see something on it, because it's my understanding the red tags are on it, and the oil hasn't been moved.

DEPUTY SUPERINTENDENT WINLOCK: It was cut off, and another seal was put on it.

COUNCILWOMAN ERWIN: I don't know. The man's been out there twice. His name is Jeff McGuire.

SUPERINTENDENT PHILLIPS: He works for us.

COUNCILWOMAN ERWIN: Yes, I know. He works for you all. It's my understanding he was out on February 16 and again on April 14. In-between those two times, as of a day or so ago, the oil has not been sold, and regardless of what is held in suspense, I'm worried about our royalty. It's been sitting out there too long. It sits on the road. It's a wonder it hadn't been stolen. It really is.

DEPUTY SUPERINTENDENT WINLOCK: Wasn't it called to be picked up?

COUNCILWOMAN ERWIN: I've asked you all...

DEPUTY SUPERINTENDENT WINLOCK: No. Somebody had to call a purchaser to pick it up.

COUNCILWOMAN ERWIN: Well, who was supposed to call them? I thought you said you'd take care of it. I've got the minutes here that you'd take care of that.

DEPUTY SUPERINTENDENT WINLOCK: We do not call the purchaser to pick it up.

COUNCILWOMAN ERWIN: Do you want me to call? Anyway, December 16th, I've got to get a letter from Mr. Dowd. I haven't seen that letter. There's no bond, because of what you said. They decided they didn't want to carry the bond anymore. I've got to see more on that or what actually happened to the bond money. No bond, no production. It was cancelled, because of that. Now, Mr. Coast, he was producing oil off of this one section he thought he had legally bought from Cornelius onto his tank, which is on his legal property. Now, it's a big mess up here, and I'd like to get it straightened out. I'd like to get the oil sold and then you all can work out the details, and if you think you're being smart, I say it has to be called in by Mr. Cornelius. Does it, or can it be called in by Mr. Coast? It sits on his place, but the oil was actually produced off of Cornelius, because Mr. Coast thought he had bought it and purchased it, but he hadn't done it, because you hadn't approved this assignment. So, where are we on this? Let's quit chasing our tails on this, and do something about it. I want the oil royalty money.

SUPERINTENDENT PHILLIPS: Chairman Waller, I do have an email that was sent from the Supervisory Petroleum Engineer to Coffeyville, telling Coffeyville to go out there and pick up the oil. So, it should have been picked up, if not Friday, Monday. We also notified Coffeyville, and told Coffeyville that a letter will be forthcoming telling them to keep the monies that would go to the lessee. It is my intent to go after that money.

COUNCILWOMAN ERWIN: Because, with Mr. Coast, he finally decides he's not going to appeal it anymore, or can't appeal it, I don't know who actually owns the oil, because if nobody claims it, and it's actually been cancelled, guess who owns the oil? We do. So, let's get on the road and get it done. One way or the other, give Mr. Coast a chance, an opportunity to appeal, if he wants to appeal it...

SUPERINTENDENT PHILLIPS: Mr. Coast and Mr. Cornelius has already appealed it. It went to the regional office. The regional office, through the administrative process, affirmed our decision. Right now, they have the right to go onto the Interior Board. They have 30 days to do that.

COUNCILWOMAN ERWIN: But I want the oil sold, and it was supposedly picked up on April 14.

SUPERINTENDENT PHILLIPS: The 14th, I got a copy of an email that was sent to Coffeyville. Max, I don't know what Max's last name is...

COUNCILWOMAN ERWIN: OK.

SUPERINTENDENT PHILLIPS: ...telling me...

COUNCILWOMAN ERWIN: Because that was the last time that Mr. McGuire was out there. I think it was about 11:30 that day. OK. I would like some more information on the bond.

SUPERINTENDENT PHILLIPS: OK.

COUNCILWOMAN ERWIN: I'd like to know where that went. I don't know how many wells I get to count. I've got a map here, because it was a waterflood. I have yet to count how many wells is on that. Can you tell me how many wells are on that, Richard?

DEPUTY SUPERINTENDENT WINLOCK: Nope. Not without looking at the map.

COUNCILWOMAN ERWIN: There's dozens of them. There's lots. So, I don't know. I'm curious what happened to the \$25,000. I want to know who got it, where it went, and why we didn't keep it, because we got a mess up there. Thank you.

CHAIRMAN WALLER: Thank you, and how are they going to be producing it, when they don't have the actual ownership of it?

COUNCILWOMAN ERWIN: Well, he thought he had legally bought it.

CHAIRMAN WALLER: We're going to allow him to – Do you mind if I let some of those folks comment in our meeting?

SUPERINTENDENT PHILLIPS: Sure.

Mr. David Coast testified that he wanted to lease that quarter section, and discussion was held by him, the BIA and the Council.

Councilman Yates asked the Superintendent to give an update regarding the spills that have been reported in the Tulsa World, one being north of Bluestem, specifically Bird Creek, and the other property owned by the County Sheriff.

Councilwoman Erwin discussed the three (or four, per Deputy Superintendent's testimony) oil companies' responsibilities of the saltwater that is drifting down Bird Creek. She mentioned that the BIA needs to know where it's coming from, because if the EPA can't find it, she asked who can find it. Councilman Cheshewalla asked for the BIA to check the electric records of the three companies that are up there.

Councilwoman Boone asked the Superintendent regarding the Deputy Superintendent's response if she was finished with the project on the Bluestem Ranch. Deputy Superintendent said that they are finished with the land buyback.

2nd Chairwoman Red Corn asked, regarding the written report, on the sales, APAC sold less than Candy Creek, but APAC paid more.

NEW BUSINESS

Drumkeeper Resolution:

Motion for \$5,000 to go to each district's drumkeeper to be submitted at the end of the I'Lon-Schka by Councilwoman Erwin, Second by Councilman Cheshewalla.

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

Federal Register Nomination

Councilwoman Boone nominated David C. Harrison; Councilwoman Erwin nominated Chairman Waller; Talee Redcorn nominated Councilman Cheshewalla.

Motion to vote on the two nominations of Chairman Waller and David Harrison for the Royalty Policy Committee by Councilman Crum, Second by Councilman Cheshewalla.

Motion to table previous motion by Councilwoman Boone, Second by Councilwoman Erwin.

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.

Motion to nominate person for Federal Register by Councilman Crum, Second by Councilman Redcorn.

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

A secret ballot was held for the person to be nominated to the Royalty Policy Committee, and Chairman Waller won the nomination.

Motion to go into Executive Session by Councilman Crum, Second by Councilman Yates.

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.

EXECUTIVE SESSION – 11:26 A.M.

1:00 P.M. – Motion to come out of Executive Session by Councilwoman Erwin, Second by Councilwoman Boone.

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.

Executive discussed BGI permitting, which gave them the notice and information on the Breach of Trust by Councilwoman Erwin.

Motion that the Council vote on the new Director's position for the Osage Minerals Council by Councilman Redcorn, Second by Councilwoman Boone.

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

Interview date and time will be set up for candidates, and Mr. Brock will call the ones that were chosen. In the event that Councilwoman Boone will not be there for the vote, she will give hers by proxy, and Chairman Waller agreed.

OLD BUSINESS

Seismic: Paul Revard

Mr. Revard made a presentation to the Minerals Council. Background is that a letter was sent to the Superintendent in February, 2017, requesting authorization to shoot the seismic. According to the letter by him, Ron Snyder, with Ceja, and he presented the Superintendent's request for a Resolution to the Minerals Council in executive session on March 22, 2017 and the Minerals Council adopted a Resolution granting authorization for Revard Oil and Gas Properties, Inc.'s proposed seismic line extending past their leased acreage. A copy of the Resolution 3-200 was provided to the Superintendent and it wasn't until April 14 that her office finally mailed the permit, which he received April 15.

The BIA permit restricts their seismic line to a tract described as the NW/4 and the NW/4 SW/4 29-23-8, only 200 acres and only $\frac{3}{4}$ of a mile. His request was for a 1.56-mile line and the Minerals Council Resolution 3-200 allowed for the line to be conducted in the NW/4 and SW/4 of Sec. 29 and SW/4 of Sec. 20 and NW/4 32, all in 23N-8E, a distance of 1.56 miles. The permit he received from the BIA is not acceptable to Revard Oil and Gas Properties, Inc. and not consistent with that resolution.

The BIA permit also restricts their seismic line to be a 3-D seismic line and they do not plan to shoot any 3-D seismic. They did request a 2-D seismic line which the Osage Minerals Council approved in the resolution.

The resolution did not require a per-acre fee to conduct the seismic line and the Superintendent's permit requires that their company pay to the BIA a fee in the amount of \$7.00/acre for the issuance of the permit to shoot the line. He cannot find that the CFR's have any requirement to pay a fee to the BIA to conduct a seismic survey, and the company is not willing to pay the BIA any fee to perform this geophysical study.

Councilwoman Boone asked why the Superintendent couldn't approve all of this, and she said she could, once she gets compensation for the Osage landowners that have restricted land, and that Resolution 3-200 would not cover this particular situation. Superintendent said that she could not give him the permit on restricted land, until consent has been given by the landowners.

Biannual Report:

2nd Chairwoman Red Corn asked that the Council bring this up at a future date.

Orion:

SUPERINTENDENT PHILLIPS: The other day, when we had a meeting on Thursday, we were having Joe send someone out to Patricia Smith's property. She's a restricted Indian landowner. She is a shareholder, as well. So I wanted to make that note, because I did ask the other day that she knew she was a shareholder. She told me she was a shareholder.

CHAIRMAN WALLER: I just want Superintendent to go ahead. Orion's leases weren't terminated and fulfill the capacity of us getting two more leases, and waiving the 30 days from the Nation?

SUPERINTENDENT PHILLIPS: Basically, right now, at this point, the one has been terminated, and the other three we're waiting on the lessee reports and inspections. So, hopefully, we'll get something by the next month.

Meeting Minutes:

Tabled until May 17.

RFPs: Candy Thomas and Tammy Leeper

This is in regards to the Self-Governance contract with the Osage Nation. Candy Thomas introduced Tammy Leeper, ON Procurement Officer, who explained about the bid process to the Council. A discussion was held, which, ultimately, resulted in the one bid that was approved out of the three to be rejected, and the process is to start over, again.

Councilman Crum made the motion to reject the bid on grant procurement and revise the scope, second by Councilman Redcorn.

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

ADJOURNMENT

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

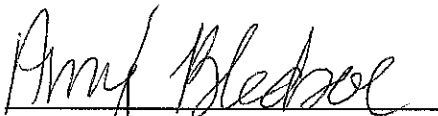
MOTION PASSED: GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES.

Adjournment – 2:36 P.M.

Approved:

A handwritten signature in black ink, appearing to read "Everett Waller", written over a horizontal line.

Chairman

A handwritten signature in black ink, appearing to read "Amy Bledsoe", written over a horizontal line.
Executive Administrative Assistant