

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
SEPTEMBER 20, 2017**

1. CALL TO ORDER- Chairman Waller called the meeting to order at 10:00 AM

2. OPENING PRAYER- Chairman Waller gave the opening prayer

3. ROLL CALL- Lacey Reynolds called roll. Councilmembers present were Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Everett Waller, and Andrew Yates. Councilman Redcorn was absent. A quorum was declared.

Guests present were Jinx Geurin, Joy Ledbetter, Janel Perry, Paul Revard, Nona Roach, Sharon Long, Linda Heskett, Julie Wilson, Beverly Brownfield, Teresa Bates Rutherford, Marcy Gralaer, Bob Knappe, Fred Storer, Don Russel, Nathan Buchanan, Don Williams, Kandy Jump, Kevin Paslay.

Councilwoman Erwin states that the windmill case victory was a victory for the OMC and not the nation.

4. ACCOUNTANT REPORT- reports were provided in the books.

5. AUDITOR REPORT- not received

6. DIRECTOR REPORT- July's production was 11,220 barrels a day. His biggest concern right now is the North Bird Creek spill. The efforts of plugging the nearest well has lowered the parts per million readings. The total solids are at a pulsating rate while wells are active, the 5 days that they were shut down, the readings were at zero. Guest Paul Revard asks about using isotopes in the wells, director responds with there has been talk about using different dyes to identify. The Grant has been upped to \$20,000 dollars. A GSA vehicle would be \$260 a month with some other fees, around \$3,000 a year. Director states that they are working on the old office, that the carpet has been pulled up, however the recent rain caused leaking under the window again. The Softball field well has been plugged, we are waiting on remediation efforts, etc. Councilwoman Erwin asks if the Director has any specifics on the project, and he states he does not, that they are waiting to get the outside fixed to finish the carpet. Councilwoman Boone asks what the rate for space cost is while we are temporarily placed in the Welcome Center. The Director states that he believes we are paying the same rate, per Bruce Cass. Councilwoman Erwin says the Welcome Center has a temporary chiller outside due to the air conditioner issues, and that it puts off gas fumes, that make her feel sick and she doesn't know how anyone is in that office all day.

7. SUPERINTENDENT REPORT- Branch of field operations reported for the month of August: scanned 2246 purchase run tickets, witnessed 10 well plugging's, 13 trucking permits, checked 27 tracts of land for production primary term, 10 OERB evaluations, 94 lease inspections, 53 lease inspection follow ups, 6 gas meter proving's, 13 tank strapping's witnessed, met with 83 land owner and lessee, 12 complaints were responded to, 13 spills and leaks inspected, 53 spill follow ups, 102 tanks were gauged, 3 run tickets. The Branch of Lease management reported: 2 leases approved, 33 assignments were approved, 32 division orders approved, 23 lease terminations processed. The 3 leases that sold the most were APAC- 58,273, Casey Hindman-13,480, Candy Creek Crusher-9,458. 9 non FOIA request, no FOIA requests. The Branch of Subsurface Minerals approved 3 drilling permits, 9 workover permits, 1 re drill included, 4 plugging permits, 1 re drill included. The Branch of Accounting provided all reports to Jim Swan, the end of the month financials, as well as the quarterly reports. The Branch of Enforcement and

Lease Compliance completed 3 EA's for drilling permits, 44 noncompliance letters, 24 non production letters, 18 extension letters, 3 further remediation letters, 53 spill closures, provided concession listing, BGI resources, expires February 2019, LAWCO December 2022, Spyglass December 2018, CEP in December of 2020.

The Nomination for the lease sale closed on September 15th, at this point the agency will go in and look at everything that has been nominated either by the minerals director, or by individuals that come into the office. We will have this published, or posted by October 13th. We have provided the information that the minerals director requested for bird creek.

Councilwoman Erwin states that she understands that there has been a lease status report sent out to all the lessees, and there was a little bit of confusion on the due dates, can you clarify? Deputy Superintendent Winlock states that the due date is actually January of 2018. Councilwoman Erwin asks are they just due once a year? Deputy Superintendent says twice a year, that's what the Minerals Council requested last meeting. Councilwoman Erwin asks when the second due date is. Deputy Superintendent says June 2018. Chairman asks if the council has any other questions for the Superintendent. Councilman Yates asks about the Grand Resources concession, and if it expired. Superintendent states that yes, it has expired. Councilman Yates says that they had an agreement with a prior tribal council and that they took several leases for 0. Councilman Yates ask about CEP, that he thought it was up this year, but it isn't due until 2020? Superintendent says yes. Councilman Yates says he though there were some drilling requirements that they weren't going to be able to do. Superintendent says that she will check on it, lets ask CEP. A guest present for CEP says that yes they do have commitments that are due at the end of this year. Chairman Waller says that yes he had actually brought that up at a meeting a few months ago, about how we are going to face the requirements. Everything else is going to be held by production, is that correct? CEP representative says yes. For shareholders, this means it might show that these leases are going to expire, but they are going to keep the leases that they drilled, and had oil on under the concession rights. Councilwoman Erwin asks what the spill closure letters in the report mean. Superintendent states that it means that we allow a year for lessees to remediate after a spill, so we go in and do an inspection. If there is revegetation, then we do a spill closure letter, the OMC gets a copy. Councilman Yates states that the well plugging committee received a letter that you are referring an orphan well to be plugged, Mr. Bob Wilson. What was the final determination on that? I think our director was working on that. Deputy Superintendent states that he believes that the nation was building a road, and they ran into a well, when they dug it up it started purging, and that's when we sent the letter requesting that it be plugged. He states that the lease was already terminated and therefore it was an orphan well. But Bob Wilson was the last lessee that owned it and he was willing to take care of it. Director states that he believes it was an active lease, the lease in 10-25-9? Deputy Superintendent states that he does not believe it is, and he will double check. Director states that the nation had said that they would pay for the plugging, and that's the last I heard, but Clay I believe told me that it was an active lease. Deputy Superintendent states that it could have been a previous lease that he had, Bob Wilson didn't have any involvement in it, so therefore it was terminated and made an orphan well. Councilwoman Boone asks if she heard Mr. Lynn correctly, that the Osage Nation road department was going to pay for the plugging, since they destroyed the well anyway. Director confirms, and yes that was the last thing he heard. Councilwoman Boone says that she believes they are responsible, and is glad to hear that they are going to step up. Chairman Waller asks Superintendent when he expects them to get in there. Deputy Superintendent says that the permit has

already been approved. Chairman asks when do you think they will actually take care of it? Deputy Superintendent says that he would have to find out.

8. NEW BUSINESS-

a) Hydration Engineering- Mr. Storer talks about his new site specific EA. That the goal is to have the BIA adopt this EA. The goal is to lower the time to complete an EA. The Programmatic EA that we have prepared reflects the past practice that has been used for site specific EA's based upon the original Performance EA that is posted on the Agency's website. Mr. Storer thinks their work is ready for discussion. Superintendent asks that the OMC send the Osage Agency the EA, that Ben Daniels would be "more than happy to look at it". Chairman Waller states that they will send the document. Councilman Yates asks if there is something that we need to send the agency with the document, so that Mr. Daniels can work with Mr. Storer to get a finished document. Superintendent states that in the OMC's submittal of Mr. Fred Storer's programmatic EA, that you put in there that you would like for Mr. Daniels to work directly with Mr. Storer. Chairman Waller reads the resolution to approve the EA prepared by Mr. Fred Storer, and to move forward with the implementation. To send Councilman Redcorn, Chairman and whoever would like to attend to present this to the Secretary of the Interior, Ryan Zinke.

Councilwoman Erwin makes a motion to approve the resolution, seconded by Councilwoman Red Corn.

Discussion, Councilman Crum states that going to Zinke at this point may be a little premature. Councilwoman Boone asks if the Superintendent has the authority to approve this if she gets the document today. Superintendent states that yes she does, she has an environmental protection specialist that will review the document with her and make recommendations on whether he recommends her approval. He is the one that signs off on the EA. Councilwoman Boone again asks her if she has the ability to approve and adopt this EA that Mr. Storer will submit. Superintendent says that yes, she does. Councilman Crum reiterates what Councilwoman Boone said. The Superintendent states that as the Superintendent of the Osage Agency she has the ability to approve documents that come into the agency. She has an expert that is an environmental protection specialist, that right now reviews the EA's that have been submitted, and then recommends her approval. Councilwoman Boone asks how many years of experience her expert has. Superintendent Phillips states that he has a degree, and 10 years of experience. Councilwoman Boone says that 10 years is not an expert according to federal standards. Councilwoman Boone asks if during this process will the Agency have to consult with US fish and Wildlife. Superintendent Phillips says that she doesn't think so. Councilman Yates expresses he has an issue with the resolution, that the trip is not necessary if the Agency has the power to approve. Councilman Crum agrees. Councilwoman Erwin wants to make an amendment to her resolution to add that the trip will be taken if the BIA does not review in a timely manner. Councilwoman Boone asks if we can put a time frame in there, 30 days. Councilman Crum asks that we wait until next meeting to approve this due to the 30-day time line. Superintendent Phillips states that she does not have a problem with 30 days, she believes her staff can look at it, and work with Mr. Storer to get a complete document in 30 days. She states that it works both ways, we are looking at a federal and environmental document. Councilwoman Boone states that she appreciates the Superintendent for considering approving the EA that regards the ABB. Superintendent says that yes we have to follow the ABB but the US fish and Wildlife agrees that there is a negative effect and they have already provided us with the authority to move on. Councilman Crum asks Mr. Storer if he has the time available in the next 30 days

to get this done. Mr. Storer says that he will be able to work in the next 30 days, and that he deliberately did not change anything regarding the ABB.

Councilwoman Erwin makes an amendment to the motion, to include 30 days.

Chairman calls for vote as amended.

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Chairman Waller- Yes, Councilman Yates- Yes. (7-yes, 0-no)

Chairman Waller asks for the Royalty Policy Committee resolution at this time.

Councilwoman Erwin makes a motion to approve the resolution for Chairman's travel for Royalty Policy Committee, seconded by Councilwoman Boone.

There was discussion regarding the account to use.

MOTION PASSED: Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes. (7-yes, 0-no)

b) Post for Permanent Hire-

Councilwoman Erwin makes a motion to have the Director contact HR and post the position for permanent hire, seconded by Councilman Crum.

Councilman Crum clarifies that this is not a new position, that it is just to post for permanent hire to fill the emergency hire position.

MOTION PASSED: Councilman Crum- Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (7-yes, 0-no)

d) Breach of Trust- Stephanie Erwin Councilwoman Erwin reads line item 8 in the 1906 act. The new Constitution does not reflect this 8th item from the 1906 act. The annuitants were never paid for their property. She states that the only way to correct this is to file for a breach of trust. Councilwoman reads the proposed resolution aloud. The resolution is to authorize Fredericks Peebles & Morgan to begin work on the lawsuit.

Councilwoman Erwin makes a motion to vote for the breach of trust resolution, seconded by Councilwoman Boone.

Guest Revard states that he would be willing to help during litigation if there was a need. Councilman Crum states that he looked into this in 2006 before he was on council, that you sue the government by grace, not by right. That you have to pursue all these remedies, beforehand. This is what killed the Jech case. He states that he is against this. Councilwoman Boone states that she was there when the tribe fell in the 1990's. How can a constitution say that they own everything that the shareholders own in the constitution? Councilwoman Erwin says this is not the Jech case, and is not the same. This is about the shareholders never getting due process. Councilman Yates says the he will be voting no. Councilwoman Red Corn says that she has an issue with the part that everyone was allowed to vote on it, instead of the

select people that had interests. Councilman Crum says that he thinks that this is an Osage problem, and that the Osages need to fix it, and not the federal government.

MOTION PASSED: Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Chairman Waller- No, Councilman Yates- No, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilman Crum- No. (4-yes, 3-no)

E) ODOT- Stephanie Erwin

Councilwoman Erwin states that the State needs to pay the going price for the rock, which is 10%. Item tabled.

F) Performance- Scott Ducharme/Robert Knappe- Personia Concession

Robert Knappe asks the Council for a modification to the concession agreement. To postpone the 3D seismic to next year, and instead focus our investment on the production of these new discoveries.

Motion to accept resolution by Councilman Crum, seconded by Councilman Yates.

MOTION PASSED: Councilwoman Red Corn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilman Crum-Yes, Councilwoman Erwin- abstain (6-yes, 0-no, 1 abstain)

G) CEP- Don Williams- New Lease Proposal

Councilman Crum makes a motion to accept proposal for \$6,800, lease at 20% royalty, 2-year primary term SW 5-21-10 oil and gas, coal bed methane. Seconded by Councilman Yates.

MOTION PASSED: Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilman Crum-Yes, Councilwoman Erwin- absent, Councilwoman Red Corn- Yes. (6-yes, 1-absent for vote)

H) Producer of the year Award

Councilman Crum suggests that we have the Director tally the votes in a closed ballot due to their being no executive.

Councilman Crum makes a motion that the council vote by closed ballot, due to their being no executive, seconded by Councilman Yates.

MOTION PASSED: Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes. (7-yes, 0-no)

I) Laptop for Director- Galen Crum

Councilman Crum believes that the director needs a laptop to be able to run the scanner and be able to go to the BIA, seconded by Councilman Yates.

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates- Yes. (7-yes, 0-no)

9) EXECUTIVE-

Chairman Waller called for a break at 11: 42 AM

Chairman Waller called the meeting back to order at 12:00 PM

10) OLD BUSINESS-

A) Revard Oil & Gas- Paul Revard- lease issues

Guest Paul Revard requests that his bond be released, to get a new lease for 2-year primary term, would also like to lease the lease next to this tract. Councilman Crum brings up the problems that Mr. Revard had with the Core, Mr. Revard states that he thinks they will be on better terms at this point.

Councilman Crum states that he understands he had issues with the final lease decision record, and that this new lease will still be the same. Mr. Revard says that the new lease would be subject to the decision record that he first appealed. Mr. Revard says that the answer to his appeal was more restrictive than the original decision record. Mr. Revard states that at this point he is okay with the original decision record. Superintendent Phillips asks Mr. Revard why he didn't nominate these two tracts for the lease sale? Mr. Revard says that he didn't know there was a lease sale. Superintendent says that yes he did because they have emails back and forth. Mr. Revard states that it wasn't in time for this.

Superintendent says that yes, it was, and he had until last Friday to nominate them, so why didn't he. Mr. Revard says that he doesn't feel like he would need to nominate because it was a lease that he had already purchased once, so he didn't want to nominate it. Superintendent Phillips states that she would recommend that the OMC have more lease sales, and that it would be easier for people to know about the lease sale, because Mr. Revard did know about the lease sale. Mr. Revard asks the Superintendent how many days. She states that she can provide emails. Mr. Revard says that it was maybe one or two days. Superintendent says that no it wasn't. Councilwoman Boone says that she would have known if she would have been here on Friday. The Superintendent says that the Superintendent is not going to be able to make it to every meeting. Chairman Waller says we should approve the old lease that was already purchased.

Councilwoman Boone makes a motion to approve the original lease, SW 31-21-10 with all rights of ingress and egress, seconded by Councilwoman Erwin.

Councilman Crum says that he is not in favor of giving a lease to someone again without a lease bonus. Mr. Revard says that he is an Osage Headright holder, and that it is unfortunate that the headlight holders have so many adversaries in the BIA, and even on the Council, like yourself. Mr. Revard says that he doesn't seem to understand, that they are the lessor and he is the lessee, why is the BIA altering a contract that they had already signed. Councilman Crum says that he is not against the producers.

MOTION PASSED: Councilman Cheshewalla-Yes, Councilman Crum-No, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates- Yes, Councilwoman Boone- Yes. (6-yes, 1-no)

Councilman Yates makes a motion to approve lease SE 36-21-9 for 2-year term less coal bed methane at 20 percent royalty, combination oil and gas, less coal bed methane, \$4,700. Seconded by Councilman Crum.

MOTION PASSED: Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (7-yes, 0-no)

Guest Revard asked if he may address the Superintendent, she states that "yes, if you're nice". Mr. Revard asks if he can get his original bond released in time to use that same bond for the new lease.

B) Grants- Talee Redcorn & Galen Crum

Councilman Crum speaks about the different steps to create the website. Councilman Crum asks that the council approve this to create the public database that is ran on a cloud based website.

Superintendent Phillips raised her hand and asked the Chairman if "we could ask Mrs. Roach why she is looking at me and laughing" Chairman asked that we all refrain from that, and that they better stop.

Councilman Crum makes a motion to accept Buffalo Data's recommendation to create 6 elements as public and private, seconded by Councilman Yates.

MOTION PASSED: Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes. (7-yes, 0-no)

Councilman Crum speaks about new grant specs, 8 months, with 2 people to be working. There is a \$91,000 dollar estimate.

Director Bill Lynn speaks about the Orphan Well Grant, the need to change the title to the Orphan Well Possible remaining reserves, recommended by Roger Knight, by amending resolution 3-230.

Councilwoman Boone made a motion to amend resolution 3-320, seconded by Councilwoman Erwin.

MOTION PASSED: Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes. (7-yes, 0-no)

C) Look at Production and Activities with KU- Talee Redcorn

Director Lynn states that Councilman Redcorn has been looking into production information with KU.

D) Meeting Minutes

Councilwoman Boone says that she has not gone through all of them yet. Councilman Crum recommends to table the minutes.

11) COMMITTEE REPORTS

A) Newsletter

Councilwoman Erwin makes a motion to approve the newsletter, seconded by Councilwoman Red Corn.

MOTION PASSED: Chairman Waller-Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes. (7-yes, 0-no)

B) Budget

Councilwoman Erwin says she has some concerns in the budget, regarding the line item for the GSA vehicle. We have never approved a GSA vehicle thus far, therefore we would not need the line item for GSA vehicle insurance. She also found an issue with the Council member's salary. Conversation regarding the Indirect Cost Charges, Councilwoman Erwin suggests we go ahead and approve the budget, can make modifications later.

Councilman Waller made a motion to approve the FY 18 budget, seconded by Councilwoman Red Corn

MOTION PASSED: Councilman Yates- Yes. Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes. (7-yes, 0-no)

C) Policy- Leave policy

Chairman Waller presents the leave policy, to approve it with a retroactive date. HR asked for a resolution to get their leave corrected.

Councilman Crum made a motion to approve the resolution as written, seconded by Councilwoman Erwin.

Councilwoman Boone states she has an issue with the Principal Chief being on the part to grant administrative leave, that should be by Chairman only.

MOTION PASSED: Councilwoman Boone- No, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- No, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates-Yes. (5-yes, 2-no)


12) ADJOURNMENT

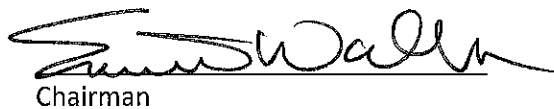
Councilwoman Erwin makes a motion to adjourn, seconded by Councilwoman Boone.

MOTION PASSED: Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Chairman Waller-Yes, Councilman Yates-Yes, Councilwoman Boone- Yes. (7-yes, 0-no)

Adjournment- 1:30 PM

Approved by:


Executive Administrative Assistant


Chairman