

**Osage Minerals Council
Regular Meeting Minutes
November 9, 2017**

1. Call to order – Welcome by Chairman Waller

Chairman Waller called the meeting to order at 10:05.

2. Opening Prayer and Reading of Deceased Osages

Councilman Cheshewalla gave the opening prayer, and read the names of the deceased Osages.

3. Roll call

Chairman Waller announces that item 4d will be moved to Wednesday, as well as 6f.

Lacey Reynolds called roll. The Osage Minerals Council members present were: Cynthia Boone, Joseph Cheshewalla, Galen Crum, Kathryn Red Corn, Everett Waller. Talee Redcorn arrived after roll call. Council members who were not present were: Stephanie Erwin, Andrew Yates. A quorum was declared.

Guests present were: Joy Ledbetter, Janel Perry, Jinx Geurin, Kyle Johnson, Roy Fletcher, Tim Gaul, John Harper, Kandy Jump, Bob Knappe, Kimberly Pearson, Bruce Cass, and Nona Roach.

4. New Business

a. PSO – Timothy Gaul – presentation of transmission line project

John Harper and Timothy Gaul introduce themselves. They are with the Public Service Company of Oklahoma and the Public Service Company. John Harper provided the Council with a handout outlining their company. The company is trying to eliminate a coal plant; they are introducing the new wind catcher project to cover. John Harper explains that the project, is a two-part project, with the first being the actual windfarm that will be in the Panhandle consisting of 800 windmills. Second, they have to get the wind energy across the state to a substation in Tulsa. They will take 30% of the power to replace the coal energy. Councilman Redcorn asks what they need from the Osage Minerals Council. Tim Gaul says that they are here to tell the Council about the project, and to look for insight to what they would need to do. Councilman Redcorn says that the structure seems really big, and suggested communication with the bureau as far as construction, it would be his recommendation to start there. Councilman Redcorn asks how they got on the agenda, Chairman. Director Lynn says that they contacted him. Councilman Redcorn says that he is a little concerned on production, oil and gas, and he wants to know why we are talking about this issue. Director Lynn says that they brought it to us and asked to be on the agenda. Councilman Redcorn says his question is what do they need from the council, and how to get it expedited. Chairman asks Tim Gaul to go ahead. Tim Gaul talks about the structure, this would be the highest voltage in the

United States. The base is approximately 40 to 50 feet square, and each leg sits on a 3 to 5-foot diameter concrete foundation that goes down 10 to 30 feet. They typical ride away is 200 feet, and the average distance between structures is between 1,000 and 1,500 feet. Councilman Cheshewalla asks if they will be going down ride ways that they already have, or will they be creating some new ones? Tim Gaul says they are looking at using existing ones when they can. Councilman Crum asks how far a rig has to be away from a line like this. Tim Gaul says that it would be around 100 feet on each side. Councilman Yates asks if they have done a study on how many wells are potentially in the pathway. Tim Gaul says that they will try to avoid wells in the pathway. Councilman Crum asks if this line will open up the potential for other wind farms to tap into the line nearby. Tim Gaul says that the line is being built specifically for this project, the megawatts is full for this line. Councilman Cheshewalla says that they mentioned natural gas, where will they be purchasing it? Tim Gaul says that they buy under the Corporation commission. Chairman says that they would like to go into business with them for gas storage. John Harper says that is an interesting opportunity to look into for the future. Tim Gaul says that they are still working on the study segments, which will help determine the final location. They provided a map of potential routes to the council, Tim Gaul says that the northern route is out due to airfields, and the southern route allows some overlap of an existing line on some parts. Councilwoman Boone asks if the landowner meetings have been well attended. Tim Gaul says that yes they have. Councilwoman Boone says that she heard that the meeting in Wynona had 4 people there. Tim Gaul says that there were more than 4 landowners there. Councilman Redcorn asks if they are familiar with endangered species acts in the County. Tim Gaul says that the ABB has been their biggest battle in Osage. Councilman Crum that since they will be moving a rock, they would need a 214 lease for the whole project. Chairman says that the Council appreciates them coming, and is open to hear this. The council needs to know what effects this will have on oil leases, and need seismic.

b. Osage Casino – Kimberly Pearson & Byron Bighorse – 214 lease

Kimberly Pearson says that they have gotten a large dirt pile at the casino construction site that needs to be redistributed, they are asking to spread the dirt over one and two properties. Chairman says that since they are not selling, they do not need a permit. Councilman Yates asks if the one and two zones are located in Osage County. Mrs. Pearson says that it is in Tulsa County, but is owned by the Osage Nation. Chairman says that the council will do a resolution at the next meeting to waive the permit.

c. Pennant Energy – Roy Fletcher – Breene Waterflood Unit

Roy Fletcher said that he started his own oil company in 2010. Mr. Fletcher says that he always enjoyed working in Osage Co. They are wanting to come back in and get the Breene unit up and running. Mr. Fletcher says that they have come to negotiate a few

things that go along with that lease. It was originally a water flood, and is now leased as 5 quarter sections. He says that there are two tank batteries. They are requesting for it to be approved as a water flood again. They believe that the oil cut will be less than 1% from the get go, they are requesting a sliding royalty for the first 23 barrels per day. Mr. Fletcher says that it is their understanding that the equipment that is out on the lease is the Minerals Councils, they would like to use that equipment. Mr. Fletcher says that the sliding scale would be good for them in the beginning, but it is a pain to deal with. Councilman Crum says that the equipment is the property of the OMC, and they would have to decided what to do. Mr. Fletcher says on the equipment side there are 8 pumping units, an injection pump on the main tank battery. He says that the equipment will need work. Mr. Fletcher says there is a workover rig and a vac truck, if it is deemed that if this is the Cornelius's, then he would like to make a deal with them. Councilman Redcorn would like to have Mr. Lynn look into what the other water flood royalties are in the County. Mr. Fletcher says that he is assuming they are going to be moving a lot of water, but when the oil cut is less than one percent it makes it tough. Chairman asks them to come back on Thursday with a proposal.

d. Shelly Cornelius – Removal of property

Chairman announces this will be moved to Thursday.

e. Discussion of making a change to OMC elections – Galen Crum

Councilman Crum would like to change the terms. He says that his proposal is, for the next election, the people that run for minerals council sign up on one of two groups. A group that will be elected for 4 years, and a group to be elected for 4 years, with 4 people in each category. The two-year term would only be in effect this first election, then all terms would be 4 years. This would allow more continuity for the council. Councilwoman Boone says that he is proposing that staggered terms just like the nations does. Councilman Crum says that he is not doing this because of the nation. Councilwoman Boone says that the shareholders are governed by the 1906 Act, and the CFR's say that we will all run at the same time. She says that she would be opposed to this. Councilman Crum says that he will have something prepared for the next meeting. Chairman Waller says that he has selected Billie Ponca as the Supervisor for the election, and she has accepted. Councilwoman Red Corn says that she likes the idea. Councilman Crum says that he believes the Council has a right to determine their own rules.

Performance- Scott Ducharme

Mr. Ducharme says that Performance owes the Council 9 wells this year, all of the assessments had been posted, and they were on track to start before thanksgiving, but there isn't an engineer at the Agency right now so everything has to go to Denver. He says all of the studies were completed, and they are ready to drill 6 wells, but they came

back and said that they have a positive study, after they already had a negative study. He says that today they are here today to ask for a 90-day extension in the finishing of the 9 wells, due to waiting on the engineer.

Councilman Redcorn makes a motion to suspend the rules, seconded by Councilman Crum.

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

Councilman Redcorn makes a motion to grant Spyglass a 90-day extension on concession agreement on 9 well agreement, seconded by Councilman Crum.

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

5. EXECUTIVE

6. Old Business

a. Personnel yearly bonus

Chairman announces that there is a personnel yearly bonus due to the longevity of their employment.

Councilman Crum makes a motion to suspend the rules, seconded by Chairman Waller.

MOTION PASSED: Councilman Crum-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (6-yes, 0-no)

Chairman Waller announces that there is a resolution in the books approving a 5% bonus for Lacey Reynolds.

Councilwoman Red Corn makes a motion to approve the 5% yearly bonus for Lacey Reynolds. Seconded by Councilwoman Boone.

MOTION PASSED: Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes. (6-yes, 0-no)

b. Biannual meeting agenda

Chairman Waller says that there is one prepared that is similar to the last agenda, Wednesday the Council can decide if they want to add to it. Councilman Crum says that he would like to add discussing the surface owner notification system.

c. Softball field well plugging

Councilman Redcorn says that they said they found no evidence of impact. He also says that the report is very important and we need to get it out there. Councilwoman says that they need to talk about the Oklahoma Corporation Commission paying half of the plugging. Lacey Reynolds clarifies that the State and Council agreed for the OCC to pay half of the plugging, up to \$50,000.

d. Breach of Trust Lawsuit Update – Andrew Yates

Chairman Waller moves this item to the next meeting.

e. 2018 Meeting dates

Chairman Waller moves this item to the next meeting for approval.

Councilman Crum requests that lease sale dates for 2018 be added to the next agenda.

g. Meeting Minutes

Chairman Waller moves this item to a vote on Thursday.

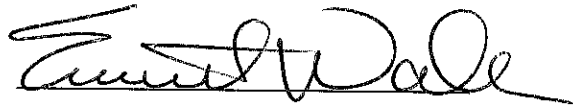
7. Committee Reports

Councilwoman Boone makes a motion to adjourn. Seconded by Councilman Crum.

MOTION PASSED: Councilman Redcorn- Yes, Chairman Waller- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Red Corn- Yes. (6-yes, 0-no)

Adjournment: 12:32 PM

Approved by:



Chairman



Executive Administrative Assistant