



# Osage Minerals Council Newsletter

Fall 2017

3rd Osage Minerals Council Official Publication

## Chairman Waller appointed to National Committee

It is our pleasure to announce, Chairman Everett Waller has been appointed to the Royalty Policy Committee (Committee). The Committee was established on March 29, 2017 by the Secretary of Interior, Ryan Zinke. The Committee is "will advise on the potential impacts of proposed policies and regulations related to the development of such resources, including whether a need exists for regulatory reform" to give a voice to the public during meetings with Federal Agencies and groups regarding federal Indian policies that pertain to mineral rights. Chairman Waller was appointed as one of four primary members that represent American Indian Tribes across the United States and will serve a three year term.



**See page 2 for Chairman Everett Waller's trip to Washington D.C.**

## OFFICE RELOCATION

The Osage Minerals Council office flooded during a recent storm, we are currently located at Osage Nation Welcome Center at 239 W. 12th St. Pawhuska, OK in rooms 215 and 217A. The OMC currently does not have a date that they will be back in their regular offices.

## OMC to Submit Grant Application to Complete a Feasibility Study on Orphan Wells

By Talee Redcorn, 3<sup>rd</sup> OMC Council Member

The OMC established the Orphan Well Committee and charged it to develop a plan to deal with orphan wells. Recently the BIA Pawhuska Agency submitted a list of approximately 1600 orphan wells or wells where no lessee can be assigned responsibility for operation and plugging.

The Orphan Well Committee has developed the following plan to deal with orphan wells: 1) to clean up the list and ensure the accuracy of the list presented by the BIA, 2) develop plan to plug wells or leave wells in place and monitor, and 3) for the OMC to operate wells with potential or submit those for auction. At this point the Committee feels that approximately 90% of these wells are candidates for plugging.

The Osage Mineral Council will submit the Orphan Well Plan in a grant application to the Office of Energy and Mineral Development Program (EMDP), BIA. BIA's EMDP program funds feasibility studies in Indian Country. If

funded the Committee will meet bimonthly and will hire and direct a project manager to ensure the accuracy of the list and develop the list of wells to plug or operate. Last the Committee will consult with plugging experts, experts in new technologies, and other fields in developing this plugging plan.

Throughout the years orphan wells continue to trickle through the BIA process. Unfortunately the list grows but moneys for plugging continue to dwindle. With this feasibility study the OMC desires to establish a solid plan to plug or operate wells. If moneys are not available the Committee desires to ensure wells are left in place and develop a process to monitor these wells. The OMC feels quite comfortable with the plan and feels it may have a good chance of getting funded.

Orphan Well Committee members are all Osage shareholders – Henry Rennick, Homer Holding, William Lynn, Myron RedEagle, Joe Cheshewalla, and Talee Redcorn.

## Washington, D.C. Meetings on Energy Development and Superintendent Issues

From August 2 to 4, 2017, I travelled to Washington, D.C. to meet with officials at the Department of Energy, the Department of the Interior and the White House. Attending the meetings were myself, Osage Nation Principal Chief Standing Bear, Chief's Advisor Ken Bellmard, and Osage Minerals Council Attorney Rollie Wilson. We met the Administration's top officials working on Indian energy matters, including:

- Department of Energy, Office of Indian Energy Policy and Programs, Director William Bradford
- Department of the Interior, Deputy Assistant Secretary for Indian Affairs Gavin Clarkson
- White House, Office of Intergovernmental Affairs, Deputy Director William Kirkland and Native American Affairs Advisor Ben Keel

These officials informed us on policy and regulatory changes they are working on to advance Indian energy, tribal authority and tribal economic development, and I asked for their assistance in resolving personnel issues at the Bureau of Indian Affairs (BIA) Osage Agency Office and National Environmental Policy Act (NEPA) issues limiting oil and gas development of Osage minerals.

Director Bradford and Deputy Assistant Secretary Clarkson reported that they are working as a team to combine and restructure resources within their offices to better support Indian energy and economic development. The first major undertaking is an update to the Indian trader regulations that they are calling the "Indian Trade and Commerce Regulations." The regulations were originally issued in 1957 based on acts of Congress providing the Commissioner of Indian Affairs the authority to regulate trade with Indians. They hope to enact updated regulations to eliminate state taxation and regulation of activities on Indian trust lands and resources.

Clarkson asked for information from tribes showing the lost economic opportunity because of state taxation and regulation. Comments are due August 30th. Clarkson's Dear Tribal Leader Letter is attached to this report.

In addition to this regulatory effort, they are working together to restructure Indian energy offices and resources within their two agencies. Their goals are to increase tribal authority, decision-making and promote tribal economies, by streamlining agency processes and sending agency funds directly to tribes. While they also promise to maintain trust responsibilities, it is not yet clear how their proposed restructuring will maintain the various responsibilities of the Federal government to Indian tribes. Bradford and Clarkson are interested in working with us and promoting tribal authority and energy development, but they are still very new to their agency positions. They are still learning the agency processes that they will need to use and the new Administra-



tion has not yet provided them with the staff and advisors they will need to support their work. We should continue to follow up with them to highlight their government-to-government relationship to the Osage Minerals Council.

These were good introductory meetings, but more effort will be needed to get their focus on issues specific to Osage minerals. We told them about problems with the BIA Superintendent and the need to move from an Environmental Impact Statement to an Environmental Assessment for oil and gas permitting, but they currently lack the staff and advisors to focus on these issues. Over time we will need to educate them further on issues specific to Osage and how their efforts can include or promote development of Osage minerals.

At the White House, Deputy Director Kirkland and Advisor Keel continued to express their support for Indian energy development. In particular they are promoting Indian advisory groups to help advise the new Administration on how to best manage Indian energy resources. They are also interested in consolidating what they consider to be duplicative offices. They do not seem to recognize the different missions and functions that Interior and Energy perform in relation to Indian energy. During the meeting it also became clear that further discussions between the White House, Interior and Energy are needed to ensure that the Administration moves forward together and in the same direction.

The new Administration is just beginning to figure things out, but they seem to share our goals of increasing energy production. We should be actively involved with their efforts and advisory panels to be sure that any changes do not harm production of Osage minerals. We should also continue to follow up with each of these offices to educate them on issues related to Osage minerals and to ensure that their actions are supportive of Osage mineral development.

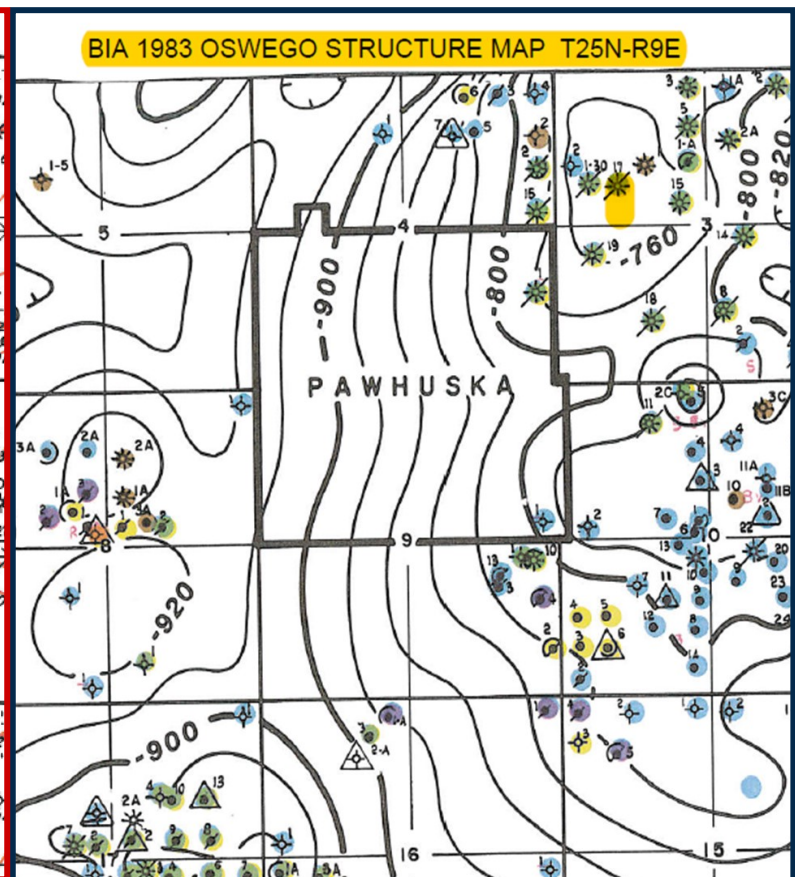
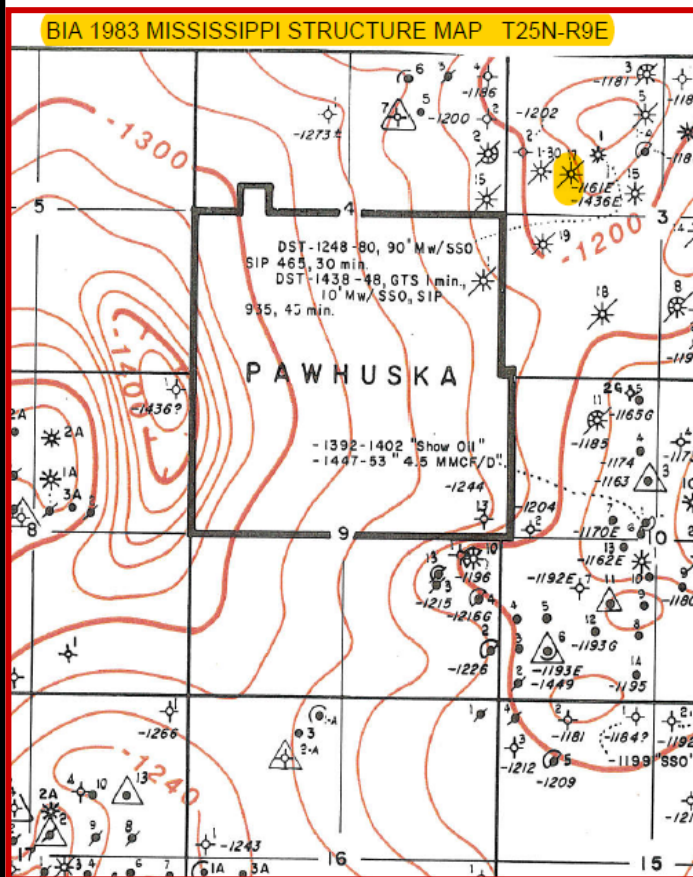
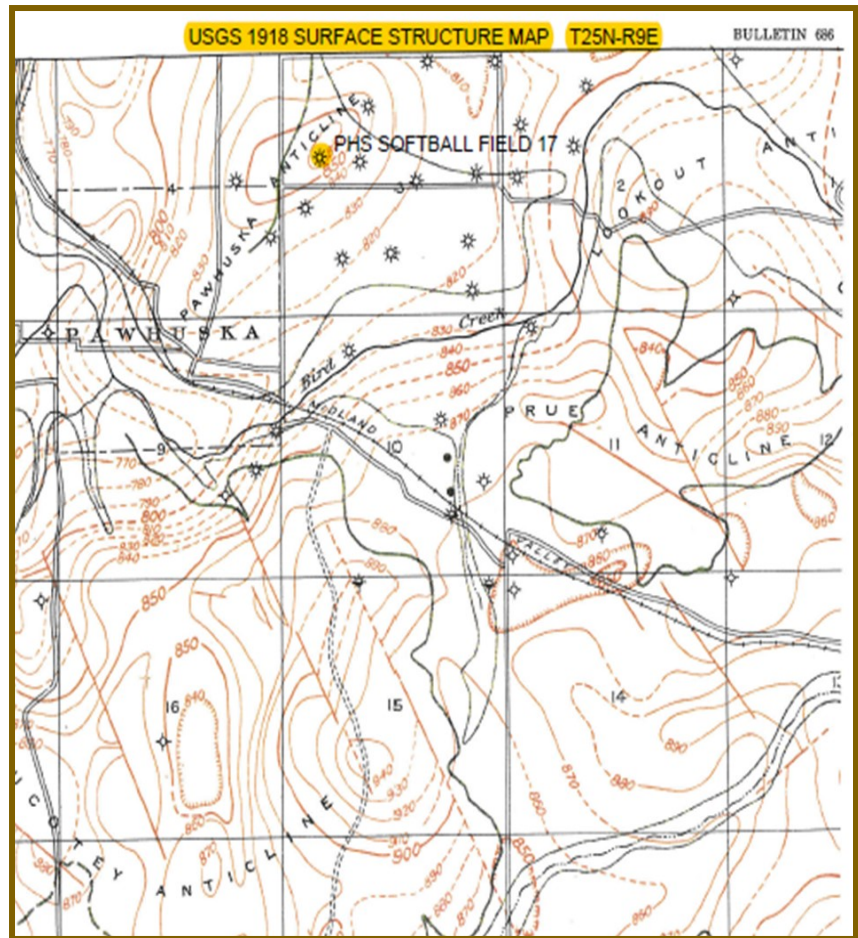


## Gas Seep at the Pawhuska High School Softball Field

9/13/17

Work continues on a gas seep on the Pawhuska High School softball field that has resurfaced from a well drilled in 1915. The well was originally completed by the Pawhuska Oil & Gas Company through the Indian Territory Illuminating Oil Company on the Pawhuska Anticline in the Pawhuska Oil Pool. The well was plugged and abandoned in 1940. The well has seeped gas, been re-entered and plugged three times over the years. The well was reentered, plugged and abandoned with 900 sacks of cement this month and the location is being restored today. The PHS Softball field should be ready for use within the next week.

William R Lynn – Minerals Director



### **Data Digitizing Project**

For as long as I've been involved in the Osage mineral discussions I've heard the same complaint, that we have the most complete and oldest records in all aspects of our oil and gas production of anywhere in the United States. However, they are not digitized and not universally shared with other federal, state, and private data bases. They are only available at the Osage Agency. This creates a roadblock for oil producers that might be interested in expanding their operation into the Osage Reservation. Oil producers can't research our data to find potential oil and gas opportunities from their offices like they can pretty much anywhere else in the U.S.

In July of 2016 the Osage Minerals Council applied for a grant from the Office of Indian Energy and Economic Development (IEED). The IEED office offers various grant opportunities, the OMC applied for the Energy and Mineral Development Program (EMDP) grant. This grant is meant to help us digitize the plethora of paper records that are held at the BIA. We received the grant, took bids and selected a contractor to begin working on the project within the next month.

Obviously this is an immense project, and is not going to happen overnight. We have had to prioritize what we want to attack first, and how we were going to store and make the data available. We have selected a cloud based storage platform which will provide an economic storage system, as well as doubling as the access point for the potential producers. In the first phase of the project we will scan, geo-reference, mosaic and digitize subsurface and surface structure maps. The newly digitized plat books, showing all current and past well locations will be joined with available production records for each quarter section lease.

When this phase is complete we will have the most important basic data for oil finders, that both current and potential new producers need to search and find new opportunities in the Osage. At the completion of the project, our system will be one of the top in the nation, because our data will be available in one central location, instead of being scattered among multiple government and private providers.

By Galen Crum

### **Director's Report on EIS**

We are a unique people, who have purchased our reservation, retaining our minerals as one owner. We have pre-emptive rights to extract oil in a timely manner. There is very little environmental impact to the environment from oil and gas wells. A drilling permit should be issued with one line on the Osage Form 139 satisfying any environmental issues. Rules like the National Environmental Policy Act (NEPA) Freedom of Information Act (FOIA) and American Burying Beetle (ABB) under the Endangered Species Act (ESA) have decimated our local economy and are stopping drilling permits in their tracks. NEPA is not a rule making document. There are too many leases were being terminated (302 terminations this year), Osage production is way down, activity is very low compared to the surrounding region and our annuity payments are on a downslide. Our trustee has informed us that any further money to plug wells would have to come from appropriations and a 13% cut was in place for 2018 and something has to change because there are zero resources.

Annuity money is being spent to stop ongoing government overregulation and the seven ongoing almost identical Drummond lawsuits filed to halt oil and

gas activity on the reservation. Six of the seven are identical NEPA based litigation since 2014. The Hayes 2 case is different in that it attacks the imposed BIA's 2015 Environmental Assessment EA possibly holding up some further drilling permits. It has been a year since the 10<sup>th</sup> Circuit heard oral arguments on the wind case. The Donelson case was won in the 10<sup>th</sup> Circuit and is under appeal. However, the continual push by the BIA to impose new regulations on the Osage Reservation under the guise of an Environmental Impact Statement (EIS) is against the wishes of the OMC as a whole. The EIS push is ignoring our Sovereignty and also opening up a can of worms over fee simple land.

A government team is in Tulsa now to get new regulations in place for digital reporting. Osage royalties are the only government royalties in the land not reporting digitally by well. Osage reporting is done like all industry standards by the sales point or lease. The OMC is not in favor as a whole of giving approval to digitally reporting by well because it is detrimental to the majority of our producers, the owners of marginal wells reported by lease. The BIA continues to move forward without OMC approval.

By William Lynn



**RESOLUTIONS****7/14/17****3-212-** Approve Bi-annual meeting agenda. BY: Yates, 2nd by Waller; 7 yea 0 nay, 1 Absent (T. Redcorn). **PASSED****7/19/17****3-213-** Purchase Watchman-Schroeder oil log library. BY: Erwin, 2nd by Cheshewalla; 7 yea 0 nay, 1 absent (Crum). **PASSED****3-214-** Sign and send letters to Zinke with changes. BY: T. Redcorn, 2nd by Cheshewalla; 5 yea 2 nay (Waller & Yates), 1 absent (Crum). **PASSED****3-215-** Chairman travel to Washington DC. BY: Erwin, 2nd by Cheshewalla; 6 yea 1 nay (Boone), 1 absent (Crum). **PASSED****3-216-** Approve attached purchase of equipment for director. BY: Erwin, 2nd by K. Redcorn; 7 yea 0 nay, 1 absent (Crum). **PASSED****3-217-** Approve budget amendment for C-395. BY: Erwin, 2nd by Yates; 7 yea 0 nay, 1 absent (Crum). **PASSED****8/16/17****3-218-** New oil lease for CEP. BY: Yates, 2nd by T. Redcorn; 8 yea 0 nay. **PASSED****3-219-** Wave 214 lease for Osage County bridges. BY: Erwin, 2nd by Yates; 7 yea 1 nay (T. Redcorn). **PASSED****3-220-** New oil lease for Continental Refining. BY: Crum, 2nd by T. Redcorn. 8 yea 0 nay. **PASSED****3-221-** Amy Bledsoe emergency hire. BY: Erwin, 2nd by T. Redcorn; 8 yea 0 nay. **PASSED****3-222-** Form LLC as provided. BY: Erwin, 2nd by T. Redcorn 2 yea 6 nay (Yates, Boone, Cheshewalla, Crum, K. Redcorn, Waller). **FAILED.****3-223-** Fredericks Peebles & Morgan back pay from S510.

BY: Boone, 2nd by Erwin; 6 yea 2 nay (Crum &amp; Yates).

**PASSED****3-224-** Modify S510 to fulfill resolution 223. BY: Boone, 2nd by Erwin; 6 yea 2 nay (Crum & Yates). **PASSED****3-225-** Nov. 1&2 for Oil & Gas Summit. BY: T. Redcorn, 2nd by Boone; 7 yea 1 nay (Yates). **PASSED****3-226-** Approve scholarship recommendation to Gabriel Pelayo for Fall 17. BY: Yates, 2nd by K. Redcorn; 8 yea 0 nay. **PASSED****8/23/17****3-227-** Accept agreement with Osage Nation and OCC with revision to include only PHS softball field, no geothermal wells. BY: Yates, 2nd by Cheshewalla; 5 yea 1 nay (K. Redcorn), 1 Abstain (Erwin), 1 absent (Boone). **PASSED****3-228-** Halt the EIS. BY: Erwin, 2nd by K. Redcorn; 5 yea, 2 nay (Yates & Crum), 1 absent (Boone). **PASSED****3-229-** Allow Hydration Engineering to develop an EA. BY: Crum, 2nd by T. Redcorn; 6 yea, 0 nay, 1 abstain (Erwin), 1 absent (Boone). **PASSED****3-230-** Pursue EMDP grant for Orphan Wells. BY: T. Redcorn, 2nd by K. Redcorn; 6 yea, 0 nay, 1 abstain (Erwin), 1 absent (Boone). **PASSED****3-231-** Pursue additional funding for stage two of digitization project. BY: T. Redcorn, 2nd by Yates; 5 yea, 1 nay (Erwin) 1 absent (Boone). **PASSED****3-232-** Have a lease sale during Oil and Gas Summit. BY: Crum, 2nd by T. Redcorn; 6 yea, 0 nay, 2 absent (Cheshewalla & Boone). **PASSED****3-233-** Authorize Bill Lynn to be point of contact for EMDP Grants. BY: T. Redcorn, 2nd by Crum; 6 yea, 0 nay, 2 absent (Cheshewalla & Boone). **PASSED****Back on Track!**

The Osage Oil & Gas Lease Sale & Summit will be held at the Skiatook Casino on Wednesday and Thursday, November 1st and 2nd. The lease sale will begin at 9am on November 1st, and will be open to the public. The Summit will require registration.

\$100 attendee Pre-Registration

\$150 Attendee On-Site Registration

\$75 Shareholder Registration

\$250 Exhibitor/Vendor Booth Registration

For more information regarding the Oil & Gas Summit you may contact Christy Redeagle at: [Christy.redeagle@osagecasinos.com](mailto:Christy.redeagle@osagecasinos.com)

**Quarterly Report**

**Payment for the third quarter (September) is \$3,550 per headright.**

## **Legal updates**

### **NEPA litigation**

Despite losing several cases, the Drummond Law Firm continues to file lawsuits in the United States Court for the Northern District of Oklahoma challenging the United States' compliance with the National Environmental Policy Act of 1969 ("NEPA") in regard to the United States approval of leases and drilling permits for the Osage Minerals Estate. The Drummond Law Firm's most recently filed cases are *Persimmon Ridge, LLC v. Zinke*, Case No. 17-cv-025, and *Hayes v. Jewell, et al. (Hayes II)*, Case No. 16-cv-615.

The following cases were dismissed by the federal district court, in favor of the defendants, but the plaintiffs are appealing the dismissals to the Tenth Circuit Court of Appeals: *Chance v. Zinke et al.*, Case No. 16-cv-549, and *Donelson v. Devon Energy Prod. Co., et al.*, Case No. 14-cv-316-JHP-FHM. Although the district court in *Lenker v. Ceja Corporation, et al.*, Case No. 16-cv-532, entered its decision in favor of the defendants, the court has stayed the case pending the Tenth Circuit's decision in the *Donelson* appeal.

All of these cases were initiated by owners of surface land in Osage County, and all of the surface-owners are represented by the Drummond Law Firm. In the cases, the landowners have asked the Court declare the Osage Minerals Council's ("OMC") leases void. The OMC moved to intervene as a limited intervener in the *Hayes I* and *Donelson* cases in order to file motions to dismiss for failure to join a required and indispensable party under Federal Rule of Civil Procedure 19.

In the *Donelson* case, the District Court dismissed the case, ruling in favor of the United States and the Producer Defendants, without ruling on the OMC's motion for limited intervention. Donelson has appealed that decision to the Tenth Circuit Court of Appeals.

The *Lenker* and *Chance* cases were both dismissed at the federal district court level because, in each case, the court found that the plaintiff's claims were barred by the statutes of limitations, that the plaintiff failed to establish a waiver of the United States' sovereign immunity, that the plaintiff failed to exhaust the administrative remedies, and that the

plaintiff failed to identify any final agency with respect to the claim regarding unknown leases and permits.

In the *Hayes I* case, the district court granted the OMC's motion to intervene, but denied its motion to dismiss, and ultimately ruled in Hayes' favor on the merits of the case. The OMC appealed this decision to the Tenth Circuit Court of Appeals. On June 30, 2017, the Tenth Circuit issued its order vacating the district court's ruling and dismissed the case as moot, which was the exact result that the OMC requested. This was a positive result for the OMC and the Osage Headright owners.

Hayes has filed a new case in the United States Court for the Northern District of Oklahoma challenging the United States' decision to reissue the leases challenged to a new operator. This case is pending in the district court.

### **Osage Regulation Status**

After Judge Frizzell imposed an injunction on favor of the OMC, barring implementation of the revised regulations for oil and gas leasing on the Osage Mineral Estate, 25 C.F.R part 226, the United States voluntarily agreed to remand the rules back to the Bureau of Indian Affairs. The Osage Mineral Estate is still being governed under the regulations as they existed prior to the negotiated rule making. The Bureau of Indian Affairs is currently reviewing the existing regulations and the OMC and the Osage Nation will be involved in any future revision of the regulations in accordance with the United States' consultation policy and trust responsibility.

### **Osage Wind Litigation**

On September 30, 2015, Judge Payne of the United States Court for the Northern District of Oklahoma issued an Order & Opinion in the *United States v. Osage Wind, et al.* litigation that ruled against the United States and established bad precedent for the Osage Minerals Estate. The OMC was not a party in the district court. The OMC appealed the merits decision and the decision denying the OMC's right to intervene in the district court case to the Tenth Circuit Court of Appeals. The Tenth Circuit Court of Appeals held Oral Arguments on the appeals on November 16, 2016. The OMC is still waiting for the Tenth Circuit to issue its decision in this case.

## OMC Hires Executive Administrative Assistant

Amy Bledsoe graduated from Woodland High School in 2013 and Oklahoma State University last May, obtaining a degree in Political Science, and a Minor in American Indian Studies. During her time at Oklahoma State she was a member of a National PanHellenic Sorority and the Native American Student Association. She was an intern at Legal Aid Services of Oklahoma in Stillwater. Amy is currently a member of the Wah-Zha-Zhe Youth Council. She is a member of the Eagle clan, and from the Grayhorse district. She is the Daughter of Billy and Teresa Bledsoe, the Granddaughter of the Bill and Dee Bledsoe, the late Barbara McKinley, Howard Holloway and Russell Cannon. Amy is passionate about her Osage culture and people. She has plans to continue her education, and is excited to serve in this new position and is eager to learn more about the unique status of our Osage mineral estate.



## OSAGE MINERALS COUNCIL

[minerals@osagenation-nsn.gov](mailto:minerals@osagenation-nsn.gov)  
(918) 287-5346

Cynthia Boone (918) 698-3314  
(918) 287-2920 \* [tom@cowboy.net](mailto:tom@cowboy.net)  
[cboone@osagenation-nsn.gov](mailto:cboone@osagenation-nsn.gov)

Joseph Cheshewalla (918) 440-4909  
[jcheshewalla@osagenation-nsn.gov](mailto:jcheshewalla@osagenation-nsn.gov)

Galen Crum (918) 504-3275  
[gcrum@osagenation-nsn.gov](mailto:gcrum@osagenation-nsn.gov)

Stephanie Erwin (918) 287-8008  
[serwin@osagenation-nsn.gov](mailto:serwin@osagenation-nsn.gov)

Kathryn Red Corn, 2nd Chairwoman  
[kredcorn@osagenation-nsn.gov](mailto:kredcorn@osagenation-nsn.gov)

Talee Redcorn (918) 441-7059  
[talee.redcorn@osagenation-nsn.gov](mailto:talee.redcorn@osagenation-nsn.gov)

Everett Waller, Chairman (918) 277-9730  
[ewaller@osagenation-nsn.gov](mailto:ewaller@osagenation-nsn.gov)

Andrew Yates (918) 504-1240  
[jayates@osagenation-nsn.gov](mailto:jayates@osagenation-nsn.gov)

Director - Minerals Office William  
Lynn (918) 287-5433 [wil-liam.lynn@osagenation-nsn.gov](mailto:wil-liam.lynn@osagenation-nsn.gov)

Executive Administrative Assistant  
Lacey Reynolds (918) 287-5447

## BIA – OSAGE AGENCY

Superintendent's Office (918) 287-5700

Office of the Special Trustee  
IIM (918) 287-5791

Trust Call Center Toll-  
Free (888) 678-6836  
Probate (918) 287-5750

DEPARTMENT OF INTERIOR  
Office of the Solicitor  
(918) 669-7730

WHISTLE BLOWER HOTLINE  
Phone (918) 287-3107  
Toll Free (855) 495-0373

## WAH-TIAH-KAH SCHOLARSHIP

Spring 2018 by February 1, 2018

Fall 2018 by August 1, 2018

Must be Pursuing an **Oil Industry Field of Study**

Four **\$1,000** Awards Per Semester

To apply contact the Osage Nation Minerals Council  
(918) 287-5346

The Application is available on the Osage Nation Minerals  
Council website:

<https://www.osagenation-nsn.gov/who-we-are/minerals-council/wah-tiah-kah-scholarship>

## Scheduled Osage Minerals Council Meetings for 2017

September 15 & 20  
October 13 & 18  
November 9 & 15  
December 15 & 20

**As of September 8th the Osage Minerals Council meetings are being held at the Osage Law Building in room 121 downstairs. Please call the office for more details. (918) 287-5346**





## Third Osage Minerals Council

Osage Minerals Council

813 Grandview Avenue Pawhuska OK, 74056

Phone: (918) 287-5346

Fax: (918) 287-5369

Email: [minerals@osagenation-nsn.gov](mailto:minerals@osagenation-nsn.gov)

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**3RD OSAGE MINERALS COUNCIL**

L. TO R. - COUNCILWOMAN CYNTHIA BOONE, 2ND CHAIRWOMAN KATHRYN RED CORN,  
COUNCILWOMAN STEPHANIE ERWIN, COUNCILMAN JOE CHESHEWALLA, CHAIRMAN EVERETT WALLER,  
COUNCILMAN GALEN CRUM, COUNCILMAN TALEE REDCORN, COUNCILMAN ANDREW YATES