

**OSAGE MINERALS COUNCIL  
REGULAR MEETING MINUTES  
MARCH 20, 2019**

**1. Call to order- Chairman Waller**

Chairman Waller calls the meeting to order at 10:12 AM.

**2. Opening Prayer and Reading of deceased Osages**

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

**3. Roll Call**

Amy Bledsoe called roll. Council members present were: Susan Forman, Margo Gray, Marsha Harlan, Talee Redcorn, Myron RedEagle, Paul Revard, Everett Waller, and Andrew Yates. Guests present were: Robin Phillips, Nicole Payne, Lenzy Kriebel, Frances Williams, Billie Ponca, Nona Roach, Marcy Graham, Beverly Brownfield, Teresa Bates Rutherford, Julie Malone, Gene Bowline, Candy Thomas, Larry Morphew, Jenny Buttron, Michelle Weaver, Andy Matson, Roni Malson, Rhonda Wallace, Billie Ponca, Bob Knappe, Scott Ducharme, and Stephanie Erwin.

**4. Superintendent Report**

Superintendent Phillips reports the following: The Branch of field operations reported there were 5 trucking permits prepared, 8 lease checked for production/primary term, 3 plugging witnessed, 43 lease inspections, 40 lease inspection follow ups, 1 damage appraisal, 6 tank trucks checked for permits, 14 tank strappings witnessed, 132 landowner/lessee meetings, 10 complaints, 27 spill/ leaks inspected, 2 OERB assessments, 66 tanks gauged, 4 tank bottom removals witnessed. The Branch of Lease management reported: 25 assignments approved, 214 pending assignments, the 2 for FY 2017 will be returned, 6 of the 91 from FY 18 will be returned. 87 division orders approved, 4 returned. 22 lease terminations approved. February 2019 producing wells reported 18086 less 3,236 for SWD and other wells for a total of 14,850. The three leases that sold the most under 25 CFR part 214 were: APAC- 19,592 tons for \$18,895, Burbank Materials- 12,450 tons for \$13,446, Candy Creek Crusher-14,029 tons for \$10,844. There were 3 requests for lease information, 0 FOIA requests, and 3 non FOIA requests. The Branch of Subsurface Minerals reported that there were 15 drilling permits, 7 approved workover permits, 6 approved plugging permits, 147 permits pending. The branch of accounting reported the top 3 producers for 25 CFR part 226 were Perdure Petroleum- 110,905 barrels, CEJA 22-barrels, Performance petroleum-18,112 barrels. The Branch of enforcement and lease compliance reported there were 9 EA's received covering 37 wells for APD's. 2 noncompliance letters, 1 penalty letter, 14 extension letters, 13 final notice letters, 9 spill reporting letters.

The Superintendent addresses that she sent JBD, Scout, CEP, ENG Family, Performance, requesting gas information, they have 30 days to submit the information. The Superintendent reports that the wells on highway 11 are ready for plugging. The subject lease had a 1/6<sup>th</sup> royalty rate. ODOT paid \$8,000 to plug well #5 and paid Flat Rock \$354,550 to relocate well #6 so that ODOT could plug. The Superintendent suggests that the Council requests ODOT to

submit 1/6<sup>th</sup> of the payment they paid to the lessees, around \$60,425. Councilwoman Harlan asks about flaring in Osage, Superintendent says there is not supposed to be flaring unless they are paying a royalty for flaring, and is not aware of anyone doing so. Councilwoman Harlan indicates she has seen a picture of flaring in the Osage. Councilwoman Harlan asks why the performance reviews are now being completed. Superintendent acknowledges that Councilwoman Forman has identified a loss of revenue for gas royalties, so the agency has started to focus on this area for reconciliation by picking the top producers. Councilwoman Harlan states that what is received is dependent on the honesty of the producer. If the Producer was dishonest the first time why would one assume they would be honest 4 years late. Superintendent states this request is what they are currently doing, if they have to go out later to do audits that's what will be done. Councilwoman Forman asks the Superintendent when the last time the Bureau reconciled the well head with the sales, or if it has ever been done. Superintendent will need to ask the Accountant. Councilwoman Forman questions why ARC surveys have been turned back. Superintendent says that they had gotten a letter from the Osage Nations historic preservation office. Discussion over landowner/lessee meetings. Councilman Revard asks how many gas meter inspections the Bureau completes a month. Superintendent would have to check. Councilman Revard would like to see more gas meter testing. Councilman Revard asks if ABB surveys are required to plug a well. Superintendent cites that if the vegetation is below 6 inches it does not. Discussion on landowner/lessee meetings. Chairman asks about terminated leases, and the equipment that is left. Superintendent says the equipment will be considered abandoned.

**5. New Business**

**a. BIA terminated leases**

Chairman asks about terminated leases, and the equipment that is left. Superintendent says the equipment will be considered abandoned.

**b. Equipment left on leases**

Chairman asks what happens to the equipment that is left on a lease that was terminated. Superintendent cites 25 CFR part 226.29.

**c. Plugging contract**

**d. MYFA**

Chairman explains that this amendment is to accept the 3 million dollars from the Congress appropriations.

Candy Thomas reports that the AG has reviewed the amendment to the Multi Year Funding Agreement (MYFA) and it has been approved.

**Motion by Councilwoman Harlan to approve the funding agreement, seconded by Chairman Waller.**

**MOTION PASSED: Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes. (8 yes, 0 no)**

**e. Consultation- Biannual**

**Motion by Councilman Yates to set the biannual consultation meeting for May 13<sup>th</sup>, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates- Yes, Chairman Waller- Yes, Councilwoman Forman-Yes. (8 yes, 0 no)**

Chairman calls for a break at 11:25AM

Chairman calls the meeting back to order at 11:44AM

**f. ABB Conservation Area**

**Motion by Councilwoman Harlan to table items F & G to the next agenda, April 5th, seconded by Councilwoman Gray.**

**MOTION PASSED: Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes. (8 yes, 0 no)**

**g. Proposed rulemaking ABB**

**Motion by Councilman RedEagle to go into executive session, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilwoman Harlan- Yes, Councilman Redcorn- No, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes. (7 yes, 1 no)**

**6. EXECUTIVE**

**a. Take in kind legal option**

**b. Superintendents letter to producers**

**7. Old Business**

**Motion by Chairman Waller to come out of executive, seconded by Councilwoman Forman.**

**MOTION PASSED: Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates- Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes. (8 yes, 0 no)**

**Time: 11:46 AM**

**Motion by Councilman Redcorn that the natural gas committee work with the Osage nation procurement office to procure a gas consultant to accompany the next gas metering inspection conducted by the BIA.**

**MOTION PASSED: Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes. (8 yes, 0 no)**

**Motion by Councilman Redcorn to support the Osage shareholder's request for land to stay in the restricted status, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes. (8 yes, 0 no)**

**Motion by Councilwoman Forman to exclude any mention of internal personnel matters from the newsletter, seconded by Councilman Revard.**

Councilwoman Harlan asks that the request be more specific.

**MOTION FAILED: Councilman Yates-No, Councilwoman Forman-Yes, Councilwoman Gray-No, Councilwoman Harlan- No, Councilman Redcorn- abstain, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- No (3 yes, 4 no, 1 abstention)**

**a. Universal Field Services/ ODOT plugging of wells**

**Motion by Councilman Yates to accept the Superintendents recommendation for 1/6<sup>th</sup> royalty compensation per the lease agreement from the total amount ODOT paid for well #5 and #6 in section 8 and 17-T23N-R12E, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes. (8 yes, 0 no)**

**b. PSO- Line rebuild**

Consensus that the amount is below the 500 cubic yards, recommended that Chairman sign a waiver.

**c. Schroeder files/DEMD**

Consensus to contact DEMD for a phone conference with DEMD for the next grant application.

**d. PL Account**

**Motion by Councilwoman Gray to transfer the PL account \*\*\*\*\*701 to another account for disbursement to the shareholders, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes. (8 yes, 0 no)**

**e. Committee reevaluation**

Councilman Redcorn would like Orphan Well to be on its own. Councilwoman Forman would like the well plugging to be changed to the production, and include natural gas committee. Councilwoman Forman would like Summit on its own.

**Motion by Councilman Redcorn to table until the next meeting, seconded by Councilwoman Harlan.**

**MOTION PASSED: Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes. (8 yes, 0 no)**

**8. Meeting minutes**

**Motion by Councilwoman Harlan to approve the minutes for March 1<sup>st</sup>, seconded by Councilman Redcorn.**

**MOTION PASSED: Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Abstain, Councilman Yates-Abstain, Chairman Waller- Yes, Councilwoman**

Forman-Abstain, Councilwoman Gray- Yes, Councilwoman Harlan- Yes. (5 yes, 0 no, 3 abstention)

Motion by Councilwoman Gray to accept Cory's most recent bid for \$68,518.56. As recommended by committee, and to accept the one-year service agreement for \$4,580.

MOTION PASSED: Councilman RedEagle- Yes, Councilman Revard- Abstain, Councilman Yates-Yes, Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Abstain. (6 yes, 0 no, 2 abstention)

9. Adjournment

Motion by Councilwoman Harlan to adjourn, seconded by Councilman Redcorn.

MOTION PASSED: Chairman Waller- Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Yates-Yes. (8 yes, 0 no)

Time: 1:37 PM

Approved by the 4<sup>th</sup> Osage Minerals Council on the 17th day of April, 2019.



Chairman



Administrative Assistant