



Osage Minerals Council **NEWSLETTER**

FIRST QUARTER | 2022

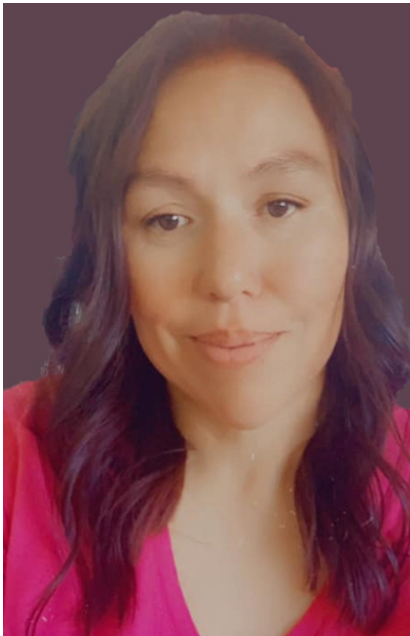
IN THIS ISSUE

-  **Chair's Report**
-  **Updates from OMC**
-  **OMC Election**



BARREL BOTTOM LINE

by Lacey Reynolds. Chief of Staff



Chief of Staff Lacey Reynolds

Date: March 7, 2022

Payment for the first quarter (March, 2022) was \$5665 per headright.

Computation: Total Revenue \$13,286,673.55 for the first quarter production and collections. (\$13,286,673.55 divided by 2,228.97393 headrights equals to \$5655 rounded back to the nearest \$5.00)

Major Details of the \$13,286,673.55

Oil and Tank Bottoms Production: 1,058,283 gross barrels or 156,392 royalty barrels.

Oil Revenue: \$12,440,661.40

Average price per barrel of oil: \$73.89

Gas Production: 999,792 gross M.C.F. or 175,089 royalty M.C.F. and 122,249 gallons

Revenue for M.C.F. \$521,063.26 and Revenue for gallons (liquids) \$33,460

Gas Revenue: _\$554,523.29

Sand and Gravel Royalty: \$203,391.30

Oil and Gas Rental Collected: \$13,772.99

Oil and Gas Bonus Collected: \$19,000

Water Use Royalty: \$40,014

Gross Production Tax Paid to the State of Oklahoma: \$649,807.68

C 395 Budget Drawdown: \$250,000
(Miscellaneous disbursements)

CHAIRMAN'S REPORT

by Everett Waller

Greetings Shareholders:

I'm happy to see the drop in coronavirus cases, and Osage Nation has dropped their mask mandate. Now, it's up to the individual whether they wear a mask. Hopefully in the near future, offices and our OMC meetings will reopen to the public. I'm looking forward to seeing friends and family I haven't been able to see since the pandemic began.

Although we have been busy at OMC with several grant opportunities, we still continue to request answers from the BIA. We don't have access to well records that we used to be able to see. The government has placed too many regulations and stipulations on us to view records that were once viewable to anyone. Now, we have to take a long, drawn-out FOIA request. This has deterred OMC from acquiring more producers. The biannual meeting is scheduled for late March. I hope to receive answers from the BIA at that time.

We have a lease sale coming up in March, too. We hope to sell several leases, so income can be generated for you, the shareholders. The lease sale will be March 16 at 10:00 a.m. Immediately following the sale, we will have a special OMC meeting.

According to BIA reports, we are producing between 11 and 12 thousand barrels of oil per day. The highest posted prices have been up too, and we've seen numbers of \$100 and more, which we haven't seen in years. This will be reflected in June's payment.

Our current OMC knows grants help sustain and plan for our future. We are actively pursuing more grant funding, and we continually look for new avenues and opportunities to generate more income on the Minerals Estate. We want to have a better future for our children and our grandchildren. We look forward to what the future holds for our Osage people.



OMC Chair Everett Waller

Sincerely,



Second Chair Myron Red Eagle

SECOND CHAIR MYRON RED EAGLE

Hello Minerals Estate,

Once again, we have given another student a scholarship award. This Osage student is in graduate school pursuing his master's degree. Saxon Metzger is pursuing a Master of Business Administration at Wilmington University.

In an email the Minerals Council, Saxon Metzger said, "I appreciate the support to finish my degree. Thank you for offering such a wonderful opportunity."

I would like to personally invite any student who has received a scholarship to come visit us at the Osage Minerals Council. We would be glad to provide you with the opportunity to see what the Minerals Estate is all about. We will welcome you and will be happy to meet with you.

If you have questions or would like to visit, please feel free to contact me at myron.redeagle@osagenation-nsn.gov.

Sincerely,
Myron Red Eagle



Osage Oil & Gas Summit 2022

Empowering Our Energy Through Innovation

SAVE THE DATE

April 13 — 15, 2022

Registration Cost

Registration — \$200

Day of Registration — \$250

Shareholders — \$100

Booth — \$350

(Includes 2 Registrations)

Sponsorship

\$5,000 Oil — 4 Hotel Rooms, 4 Registrations, Free Booth Space, Full Page Ad in Program

\$3,000 Gas — 3 Hotel Rooms, 3 Registrations, Free Booth Space, 1/2 Page Ad in Program

\$1,500 Mineral — 2 Hotel Rooms, 2 Registrations, Free Booth space, 1/4 Page Ad in Program



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COUNCILMEMBER MARGO GRAY

Ha.we Wah.Zha.Zhi Tsi.wa.zhu A.thi^ a.pa (Hello Osage Shareholders)

With the price of oil at \$100 per barrel, Shareholders are asking how we are preparing the Osage Minerals Estate for growth.

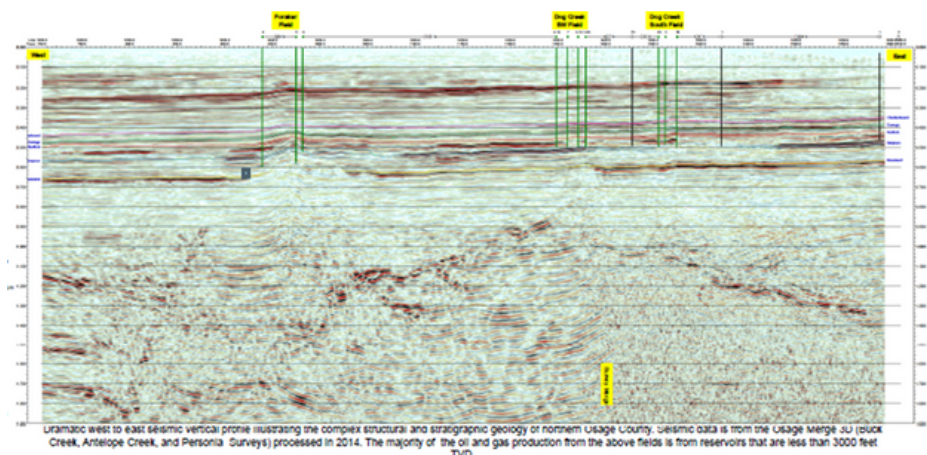
Osage Minerals Council has been writing grants for Tribal Energy projects that conduct resource inventories and assessments, feasibility studies, or other pre-development studies necessary to process, use and develop energy and mineral resources. These grants have the potential to assist the OMC to develop long-term projects and increase revenue in the future each grant will be in the range of from 2 – 2.5 million.



Councilmember Margo Gray

Hydrogen Market Analysis and 3D Seismic for the Osage Minerals Estate – Why does this matter?

Since November 2020, the OMC had requested the DEMD to perform a Hydrogen Market Analysis of the Osage Reservation, and this document was complete last fall. From the findings, it was recommended to apply for an in-depth comprehensive grant on the viability of hydrogen development on the Osage. The OMC passed a resolution to apply for grant funding to hire a specialized hydrogen consultant/firm to perform a hydrogen production and infrastructure report. Why is this important to the Osage Minerals Council? The U.S. Senate plans to increase spending on clean hydrogen research and development. They also strongly support hydrogen produced from fossil fuels from carbon capture. We need to stand ready to seize opportunities for our Minerals Estate and be prepared to enter this market, utilize tax credits, and monetize the hydrogen market for the Shareholders.



At left is the vertical profile of Buck Creek, Antelope, and Personia in 3D. If grant funds are received, we will have seismic information for all of the Osage Reservation

Seismic data on our reservation is available free of charge from the BIA's Department Energy and Mining Development (DEMD) in Colorado. I am working with consultants to apply for additional 3D seismic data grant funding. Our goal is to expand 3D coverage for the entire Osage Reservation. This can be utilized for oil, gas, water, and critical minerals. Many companies that have 3D have found monetary success in utilizing this technology. By adding expanded coverage technology in-house or with a potential partner to share with producers, it will be a benefit and tool for oil and gas exploration.

I will be submitting both grants in April 2022.

see Gray, page 9



Councilmember Talee Redcorn

COUNCILMEMBER TALEE REDCORN

Ha We' Shareholders,

I'm so happy to be sharing our latest efforts with you. In a recent OMC meeting, we voted and, by resolution, WaZhaZhe Thon^pa (Osage-2) was officially founded. It's a nonprofit entity, made up of Osage shareholders, under the Osage Minerals Council. The board will oversee a new endeavor of drilling and producing our own oil. This is exciting because this effort hasn't been done since the 30th Osage Tribal Council. With OMC-4, we have members on the nonprofit board who will push to ensure our success.

It all started when the federal government provided funds for OMC to plug orphan wells. We hired Osage members to plug wells. However when they were searching for wells to plug, they discovered wells that still had potential to produce, wells with value. That's when I had the vision to produce our own wells.

This program is an Osage-led effort. Drilling our own oil has always been a goal of mine. I support Osages doing business for themselves. That means our people will profit in the future. We will be our own producers.

Unfortunately, the BIA doesn't help like they used to. The first wells I asked about producing were at the Avant pool, because it was promising. During a lease sale last year, the BIA sold it, knowing we were interested in producing it. We sent eleven 160-acre leases to BIA at the Avant pool, but the BIA refused to allow the Osages to have them and sold all 11 at the sale.

Next, we discovered the St. John Skinner unit contained value. Fortunately for OMC, the lease at St. John's was canceled. We had to fight for it when Osage County Sheriff's Officers tried to auction the equipment left on St. John's. Our Osage Nation attorneys were able to stop the auction.

Now, thanks to Osage Nation Congress and funding of \$200K, our goal is to start operating the St. John. When we start operating, we will have to have lower royalties in the beginning. The main goal is to get the St. John running.

Members of the nonprofit board are Osage Headright holders Rosemary Wood, Joe Cheshewalla, Henry Rennick, Gary Jones, and Stephen Burns. They are working to get their organization under a nonprofit 501(c)3 charter. All of their work will be approved by the Osage Nation Attorney General, as well as Osage Minerals Council. Every effort they do will have checks and balances. Always looking for operating potential, the board will continually look at the BIA's orphan well list. They will assess if there's additional oil. Then, even more units will be produced.

I'd like to thank Ms. Rosemary Wood, from the 30th Osage Tribal Council, and her initiative as the first Osage and woman to start producing in the Osage. To honor their Council, Osage One, the name WahZhaZhe Thon^pa—which means Osage Two in WahZhaZhe— was chosen. Osage One was successful at producing last time. I'm trying to take the knowledge from Ms. Wood's group, apply it, and resume their success. I'd like to thank everyone who has supported this endeavor. I'm proud to be part of it.

COUNCILMEMBER SUSAN FORMAN

Dear Headright Owners:

Our settlement agreement does not give us too many remedies for fixing the BIA mismanagement of our mineral estate. A previous Council tried the negotiated rule-making but that failed and the BIA had to go back to the drawing board. After six years the BIA submitted a new draft and we have begun the review and rewrite to make the new CFRs work for productive and efficient operations acceptable to the Council. Three Councils have regularly met with an army of DOI officials for Bi-annual meetings with few results, if any, and that is not for lack of trying. We do have Settlement language however that allows on-



Councilmember Susan Forman

site access to all relevant records in the Office of the Special Trustee in Pawhuska and Albuquerque, at least annually, for the purpose of conducting an audit of trust accounts and other Osage Accounts. The Council has successfully complied with the ON procurement process and selected a national accounting firm fully qualified to conduct these audits. The plan has two phases Phase 1. Risk assessment, data validation and a 2-year look back analysis. Phase 2. Based on the results of the 2-year look back an on-going Royalty Reporting and Monitoring Program will be developed in coordination with the Council. The program will include monthly production and royalty receipt reports and use standard monthly reconciliation procedures to validate and recommend corrections if necessary for any discrepancies found. This is a long overdue comprehensive accounting oversight project.

Our consultant has been compiling a list of the top 20% of highest producing gas meters, with locations, operators, and other critical information for phase two of our measurement project. A skid mounted check meter will be installed upstream of the current meters.

Volumes and data from both meters will be compared to verify that the volumes are accurate. If any differences outside the contractual or industry limits are discovered, we will pursue adjustments and corrections. Samples of the gas will be analyzed to determine the gallons of propane, butanes and gasoline which is critical to properly value the gas stream. Producer outreach has been very positive. Happily, there is just no downside to this project.

We are making good progress on our data enhancement grant to organize and download the 70,000 redacted well records received so far from the DC Solicitors office. The plan is to be able to click on a lease on a land grid map of Osage County and get a drop down window of all well records, production, pipelines and other information. The intent is to make the information user friendly for potential investors and producers (new and old). Currently user accounts for data entry are being created for our staff so the site is not ready for prime time but we are getting there.

Please feel free to reach out to Susan.Forman@osagenation-nsn.gov and/or send me your phone number and I will be glad to reach out to you!



Councilmember Paul Revard

Results of grant work revealed that our Mineral Estate, conservatively, has over 90 million bbls. of recoverable oil reserves in several different fields. This oil can be produced by various methods called Enhanced Oil Recovery or EOR. The most successful method of capturing the remaining oil with today's technology is carbon dioxide (CO2) injection. Currently, 20% of the North Burbank field is producing from this method of EOR using CO2 generated as a waste product from the Coffeyville fertilizer plant that is piped down to the field (see Fig 1). In mid-2013 this project began producing oil at the rate of 302 bbls/day. By the end of October 2021, it was producing 4,698 bbls/day! It has fallen lately but that is due to compressor overhauls and a fertilizer plant shut down for 12 days; those issues were addressed by mid-December and production should be back up by now. The Operator of the North Burbank field would like to double or even triple the amount of CO2 that they are injecting but they currently do not have access to additional CO2 for this purpose. Our Mineral Estate has more opportunities to use CO2 in new EOR projects. To launch incremental EOR projects using CO2, we need to find additional sources of CO2 (see Fig. 2). Once the supply source is identified the next step is to determine if this CO2 can be economically delivered to promising oilfields for this technology. The Osage Minerals Council is currently writing a DEMD grant that would fund an economic feasibility study for building surface infrastructure to supply additional amounts of CO2. This is to evaluate the cost of building infrastructure and maintaining and operating it with the value of the oil that can be produced. It is a long-term vision to continue development of our oil and to help solve the problem of taking greenhouse gases out of the atmosphere.

Fig. 1

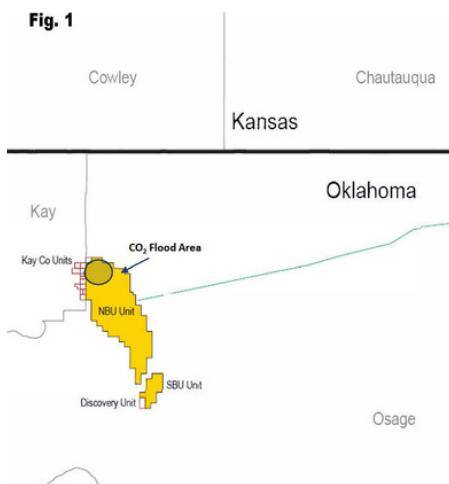
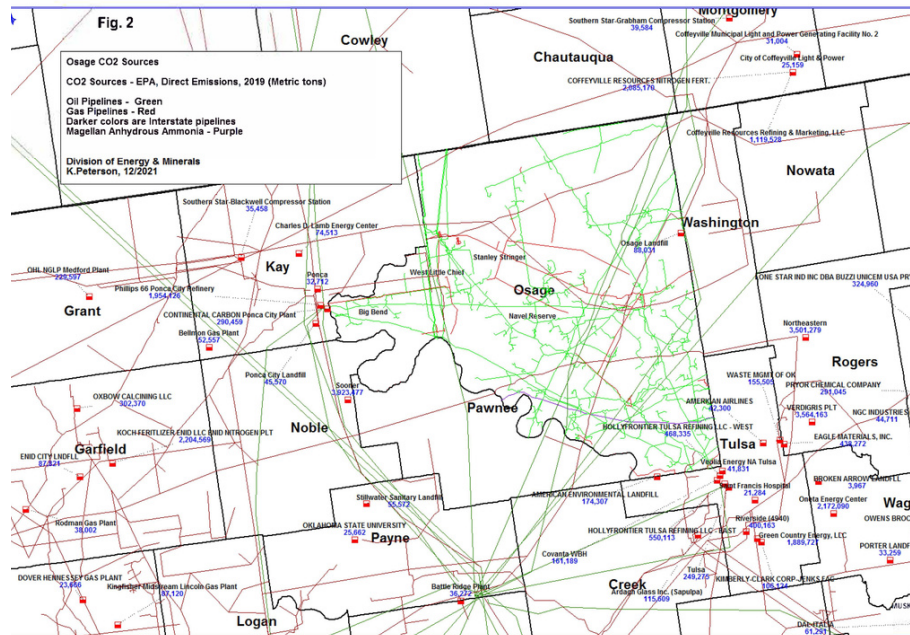


Fig. 2



OMC ELECTION SCHEDULED FOR JUNE 6

The Osage Minerals Council election will be June 6, 2022, which coincides with the Osage Nation general election.

To serve on the eight-member Osage Mineral Council, eligible candidates must be an enrolled member of the Osage Nation and be an Osage shareholder. In addition, candidates must pay a \$100 filing fee and obtain 25 signatures from Osage shareholders. The deadline for candidates to turn in shareholder signatures is April 4, 2022.

After meeting the eligibility requirements, the Minerals Council Election Board will certify candidates. The official candidate list will be available in the next newsletter.

OMC named Billie Ponca as the Election Designee, which is required by federal law. The Assistant Election Designee is Nikki Revard Lorenzo. Julie Malone rounds out the three-member board.

March 1, 2022 opened the filing period to run for the fifth Osage Minerals Council. The last day to file is March 15, 2022. The election office is located within the Osage Minerals Council offices at 813 Grandview in Pawhuska. Office hours are 9:00 a.m. to 4:30 p.m.

If you have questions about the election or for information on how to vote by absentee ballot, call any member of the Election Board at 918.287.0010.

GRAY *continued from 5*

Important dates to remember

Osage Lease Sale March 16, 2022, with
Special OMC Meeting to follow

Save the Date – The Osage Oil and Gas
Summit April 13-15, 2022, Osage Casino Tulsa

We.Wi.Nan

With Respect,

Councilwoman Margo Gray

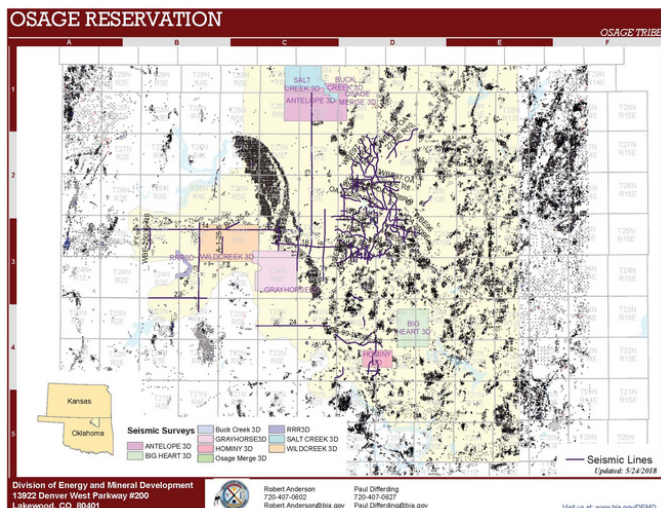
Pa.hu.a.ze

(Deer Clan)

Wa.xa.kolin

(Pawhuska District)

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The above image is the Division of Energy and Mineral Development's Seismic Survey map with some of the 3-D seismic locations on the Osage Reservation.



4TH COUNCIL MEMBERS
FY2018 - FY2022

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