

Osage Minerals Council

Regular Meeting

September 16, 2015

MINUTES

**Call to Order**

Chairman Waller calls the meeting to order at 10:00 A.M.

**Opening Prayer**

Chairman Waller gives the opening prayer.

**Roll Call**

*Lacey Reynolds calls roll.* Osage Minerals Council members present Councilwoman Boone, Councilman Cheshewalla, Councilman Crum, Councilwoman Erwin, Councilman Redcorn, Chairman Waller, Councilwoman Yates

**Guests in attendance:**

Florence Bigheart Trantum, Nona Roach, Joy Ledbetter-OST, Linda Jackson, Sharon Long, Jinx Geurin, Gene Bowline, John Fate, C Ann Norris, Shane Matson, Janel Perry- OST, Jack Yates, Julie Wilson, Jerry Renje, Don Williams, Joe Hall, Leslie Young, JL Holt, Lonnie Hudgins, Jamie Sicking

**Accountant Reports –Leslie Young**

In the bank account there is \$84,508.10 thru Oct. 1. All drawdowns are done. Total \$977,000 of which we spent \$845,146.82. Councilman Crum when was the last month you have paid for Tom Fredericks? Leslie said, "July and the first part of August." Councilman Crum said, "They haven't been paid yet?" Leslie said, "Yes, everything has been paid so far. Councilman Crum states Fredericks has been paid in opposition to resolution. Councilman Redcorn asks about Akin & Gump. Leslie states most of the legal fees were to Akin & Gump. Councilman Redcorn wondered what Leslie thought of why they were getting high billing from Akin & Gump. Leslie said, "From her perspective just them being Lawyers." Councilman Redcorn would like to get a list of what the costs were with Akin and Gump. Leslie will get whatever the Council needs on the run down of the cost. Stephanie states we owe a lot of money to Fredericks. Councilman Crum asks what will happen if they spend more money before September the 30<sup>th</sup> ? Leslie states you would have to use the FY16 funding to pay for it. Councilman Crum thought they couldn't do that. Leslie says, "I don't say you can or can't do that, it just shows you have no choice." Chairman Waller states that he wants Leslie to go on record that we are not there yet. Leslie states we are not there yet. Chairman Waller said, "You put the comment out there that we all will be facing now." Councilwoman Boone states that from Leslie's report that we have not spent all the allowable funds. Leslie states no you have not. Councilwoman Boone says we can do another draw down. Councilwoman Boone gives how much each attorney charges per hour. Councilman Redcorn would like

Leslie to call Akin & Gump to make sure that there is no billing after August 22. Councilman Redcorn wants a three sentence summary of Akin & Gump to be emailed. Leslie will email to everyone.

Councilman Yates would like to make a motion to withdraw his motion with the approval of the budget.

Motion to Table Budget by **Councilman Yates** and seconded by **Councilman Redcorn**.

**VOTING:** BOONE-YES, CHESHEWALLA-YES, CRUM-YES, ERWIN-YES, T.REDCORN-YES, WALLER-YES, YATES-YES

**MOTION PASSES:** 7-YES 0-NO

#### **Auditor Report – Jim Swan**

Collection for August 2015 is \$4,329,019.19. Average price per barrel of oil for July 2015 is \$49.47. Highest posted price \$56.03. Today's highest posted price is \$41.01. Average daily barrel price for July 2015 is 12,646. Gross barrels for July 2015 is 392,243. Royalty barrels for July 2015 is 61,358. Gross royalty barrels for July 2015 is 15.64%. Total oil royalty for August 2015 is \$3,053,171. Total gas royalty for August 2015 is \$1,164,713. Tank bottom royalty for August 2015 is \$246. Total oil & gas royalty for August 2015 is \$4,218,130. Royalty bonus of \$1.49 per barrel average.

#### **BIA Reports – Jeannine Hale**

Robin Phillips reads branch of field operations & lease management. Branch of Field Operations there are 4287 purchase run tickets were reviewed and encoded, 83 lease inspections, 31 lease inspections/follow-ups, 35 spills/leaks inspected, 53 spill/leaks inspection/follow-up, 10 pluggings witnessed, 28 tanks gauged, 8 tank bottom removals witnessed, 34 calculations, and 1 PET attended BLM certification training. Branch of Lease Management had 8 leases approved, 99 division orders, 16 lease terminations. Branch of Enforcement and Lease Compliance there were 2 NOAs, 1 EA for 2 permits for DK&K Energy and 1 EA for 5 permits for CEP Mid-Continent. There are 3 number of producers working with them so that they can prepare their EAs. Wellco Operating, Inc. with 2 EAs for 4 permits and Palindrome with 1 EA for 2 permits. Charles Hurlburt retired on August 31<sup>st</sup>. September 22<sup>nd</sup> will have a reception for Charles. Jeannine has been selected for Environmental she is leaving October 2<sup>nd</sup>. Councilwoman Erwin asks about Penta. She has been informed they are moving the rock out. Robin Phillips will check into that. Councilwoman Erwin windfarms, do they have to pay penalty every day for not having a permit? Robin can't answer in litigation. Councilwoman Erwin said, "ok, I wanted to put it out there." Councilwoman Boone asks about addition of one million for positions or was that two million? Robin said, "one million." Councilwoman Boone wanted to know who all was added. Robin states they added the Branch of Enforcement and Lease Compliance, those consist of Supervisory, a Lease Compliance Officer, Admin support and additional PET for Field Operations. I think that was a total of seven. Jeannine said they added them up for Mr. Black and there were 13 PET's total. Councilwoman Boone said, "there are lease compliance department 4 and PET 7." Robin said, what she was saying that total Field Operations. Councilwoman Boone said, "For the million dollars you got

eleven people.” Robin said, “Yes, and another Petroleum Engineer.” Chairman Waller took a moment to thank Charles Hurlburt for everything and the years he had been with the BIA. Councilman Redcorn asks about page 2, how are those working for EAs coming along? Jeannine said, “Wellco and Palindrome are very close to being finished. They have a 60 day consultation to do with the Fish and Wildlife Service and she think those have been initiated on both of those. Councilman Redcorn asks, “How is the Historic Preservation going with all these permits.” Jeannine said, “I can’t tell you, he hasn’t noted that, but of course that process.” Councilman Redcorn asks if the process has begun. Robin said, “It has to happen in the intro, it’s all happening together.” Jeannine said, “not sure, some of them may already done the consultant do theirs, will have to do some checking on it.” Councilman Redcorn states that it’s my understanding that the Tribe has to bless certain pieces of the lease. Jeannine says, “there is a 30 day notification that we send to the Tribe as well as Dr. Hunter. Sometimes Dr. Hunter has comments for special conditions she would like to request. BIA takes that in to consideration if they are reasonable.” Councilman Redcorn asks, “when breaking ground you go beyond PEA, actually digging? You are doing some ground disturbances. PEA no longer works, you would have to go full blown EA, is that correct?” Jeannine said, “a workover or a drilling permit?” Councilman Redcorn said, “on a permit, on all permits. Jeannine said, “we found that most of the workover’s have been covered under our PEA, we found a way to make most of them work. Because very seldom is there a lot of disturbance outside the original footprint of operation that has already been disturbed.” Councilman Redcorn asks, So if there are expanded operations beyond the disturbed area blessed, then you do a full EA? Jeannine said, “we will try to work with them.” Councilwoman Boone asks Robin, she would like to know what kind of notification letter went out to the producers that the new rules are not in effect. Robin said, “they sent out a letter as well as updated their website. Councilwoman Boone asked if she notified all by a letter? Robin said, “that everyone was supposed to get a letter.” Councilwoman Boone says, everyone was supposed to get a letter? Robin said, “she will provide a copy of the letter to the Osage Minerals Council.”

#### **Devon – Jack Yates**

Jack Yates gave updates. Devon just received this week from the BIA approving their approval to pay a penalty per day for lack of compliance. They were here to propose an interest payment amount for unpaid royalties. They are currently awaiting approval for an amount that we proposed to pay for flared gas. After today they will be waiting approval to pay interest. Chairman Waller said, “that is what we are actually waiting on and he just wanted to let the Council and the shareholders know.” Councilwoman Erwin needs some time to digest the information. Robin Phillips said it’s going to take time to make sure it all matches.

#### **Delegate for ONES – Talee Redcorn**

Councilman Redcorn wants Jill Jones to come discuss with us. Councilwoman Boone has some concerns with the projects with ONES has already put into place that went caput. Councilwoman’s feeling is that the Council don’t need to be in the Nation’s arena for their own projects, we are separate. There is a lot of issues we need to look at and she will be voting No. Councilman Crum asks, if Jill Jones was invited to come today. Chairman Waller said, “yes, but I received a call at 9:50 a.m. that she was unavailable.”

Councilman Crum asked if Councilwoman Boone said we are litigation with ONES. Councilwoman Boone said, "No, you misunderstood. With oil and that kind of thing I don't know if we could discuss a whole lot about the priorities or any of that stuff. Councilwoman Boone states that is her opinion."

Councilwoman Erwin wanted to clarify that they are in litigation with the government, anything that has to do with oil and gas are not to be discussed. Councilman Redcorn would like to table this until Jill Jones has time to come and discuss this.

#### **Shareholder-Linda Heskett**

Reminds Council of Judge Frizzel's ruling and we have sovereignty and he doesn't think this Council should interact with the nation.

#### **Oil and Gas Summit-Talee Redcorn**

Councilman Redcorn said, "the Oil and Gas Summit would like Chairman Waller to give presentation at the Oil and Gas Summit. Chairman Waller would be happy to. Councilwoman Erwin doesn't think they would need a resolution for the Chairman to give a presentation.

#### **Oil and Gas Summit – Galen Crum (gift for producer of the year)**

Councilman Crum reads resolution into record. The Osage Minerals Council was elected to carry out the business of the Osage Mineral Estate and is tasked with developing and promoting the Osage Mineral Estate; and the former Osage Tribal Council once selected and gave an award each year to a producer they considered as making an outstanding mineral production effort; and recognizing Osage County mineral producers who go above and beyond what is normally expected of them will show that the Minerals Council and Headright holders are appreciative of their exemplary efforts. Therefore, be it resolved, The Osage Minerals Council creates an award known as the "Osage County Outstanding Producer of the Year", to be given to one producer each year. The selection of the recipient shall be determined by majority Minerals Council vote of candidates nominated by members of the Council to receive the award. The Chairperson of the Osage Minerals Council is hereby authorized to sign this resolution and all supporting documents. Resolution for an award to the producer of the year. Councilwoman Boone wanted to know how much and what budget it was coming out of. Councilman Crum said he would be willing to amend his resolution to show the monetary amount and what budget it will come out of. Chairman Waller would like it to change from County to Minerals. Councilman Crum is open to all the ideas.

Motion to approve producer of the year resolution by **Councilman Crum** and seconded by **Councilwoman Erwin**.

VOTING: CHESHEWALLA- YES, CRUM-YES, ERWIN-YES, T.REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES

**MOTION PASSES: 7-YES 0-NO**

**Open Tundra – Josh Fate**

Josh Fate gives presentation “Exhibit A”. Josh states their solution is a simple solution that monitor actual inventory in the tanks in real time and can tie into the existing equipment that maybe on the Property. The primary focus is to provide information to the operator. It always track production in real time. Environmental risk litigation in case of tank overfill or salt water overfill. To manage of the information and operators. Real time reporting. Councilman Crum ask the cost for installation and monthly fee. Josh states they can do it a couple of ways. Rough numbers \$1,000 tank for the sensor that goes in the tank. \$1,000 to \$1,200 for what they call Rats. Those can monitor up to 10 tanks and they can tie into the gas meter and can tie into the same meter. In a typical 2 or 3 tank you would be into \$3,000 to \$4,500 depending on what is being installed. They have been done over wifi, radio and cellular data. Councilman Redcorn asks, “How are you with conditioning these sensors?” Josh says, “It is a full contact probe at the bottom of the tank. The probe we use are digital and no calibration in the field. Councilman Redcorn asks, “How are you handling the pressure for gas?” Josh said, “an A B system would measure. They taking readings every 5 minutes. Councilman Cheshewalla asks, “How secure is your system?” Josh said, “the software originally wrote is a progression of that. There is nothing that can prevent from sharing login password. They try to do all they can.” Chairman Waller said, “They will review everything they sent them and the Council will contact Open Tundra. Give the Council a little while to absorb this.” Councilman Yates said, “Josh might pick up an Oil & Gas Summit brochure.” Councilman Redcorn asks, “If he would send information on the one Open Tundra did in Louisiana to Chairman Waller?” Josh would be happy to send any information they need.

**Resolution regarding Inhofe and Lankford – Cynthia Boone**

Councilwoman Boone did the corrections on the resolution. Correction on the where as part, on number 4 there was some question on where she had seen the information about authority of the Osage Minerals Council to make the decisions regarding the Osage Minerals Estate. She changed that and added in that this is stated in and not limited to the U.S. Congressional act of 1906 article 15 of the Osage Nation Constitution and Federal Register in July 31, 2012 and May 11, 2015. Also, on the back the second page under number 3, she added that the Council did not approve or authorize any official Osage Nation government, added for their representatives to gage into communication with US representatives regarding the Minerals Estate. Number 6A a TERA has been available since 2005. Number one needs to be changed to Tribe.

Motion to amend Inhofe & Resolution by Councilwoman Boone and seconded by Councilwoman Erwin.

**VOTING:** CRUM-YES, ERWIN-YES, T.REDCORN-YES, WALLER-YES, YATES-YES, BOONE-YES, CHESHEWALLA-YES

**MOTION PASSES:** 7-YES 0-NO

**Resend Resolution 3-44-** Talee Redcorn

Motion to resend resolution 3-44 by *Councilman Redcorn* and seconded by *Councilman Yates*.

VOTING: ERWIN-YES, T.REDCORN-YES, WALLER-NO, YATES-YES, BOONE-NO, CHESHEWALLA-ABSTAIN, CRUM-YES

MOTION PASSES: 4-YES 2-NO 1-ABSTAIN

### Meeting Minutes

Motion to table Meeting Minutes by *Councilwoman Boone* and seconded by *Councilwoman Erwin*.

VOTING: T.REDCORN-YES, WALLER-YES, YATES-NO, BOONE-YES, CHESHEWALLA-YES, CRUM-YES, ERWIN-YES

MOTION PASSES: 7-YES 0-NO

### 2016 Meeting Dates

Motion made for 2016 Meeting Dates by *Councilwoman Boone* and seconded by *Councilman Cheshewalla*.

VOTING: YATES-YES, BOONE-YES, CHESHEWALLA-YES, CRUM-YES, ERWIN-YES, T.REDCORN-YES, WALLER-YES

MOTION PASSES: 7-YES 0-NO

Motion was made to adjourn by *Councilman Yates* and seconded by *Councilman Redcorn*.

VOTING: YATES-YES, BOONE-YES, CHESHEWALLA-YES, CRUM -YES, ERWIN-YES, T. REDCORN-YES, WALLER-YES

MOTION PASSES: 7- YES 0 - NO

(Adjourned at p.m.)

Minutes by: cr

Submitted by Jacee Reynolds  
Approved by 