

Osage Minerals Council

Regular Meeting

October 16, 2015

MINUTES

Call to Order

Chairman Waller calls the meeting to order at 10:00

Opening Prayer and Reading of Deceased

Chairman Waller gives the opening prayer. Councilman Yates reads deceased Osages.

Roll Call

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

Guests in attendance:

Myron RedEagle, Jess M. Kane, Matt Jones, Paul J. Buck, Gary Strahan, Joy Ledbetter-OST-Osage, Janel Perry-OST-Osage, Nona Roach, Bob Knappe, Cammie Canady-BIA-Osage

APAC-

APAC called to be put on the November meeting.

Jones and Buck-lease

Jess Kane passed out more information to the Council. They are forecasting a 20% increase in production if they could move forward with this project instead of 16%. Jones and Buck feel like their business is a lot smaller than Chaparral, our overhead is much less. We can operate wells they can't operate. They are happy to get running everything they possibly can. They have their own drilling rig and they want to start drilling on quite a bit of this property. They think this will be a nice piece to add to what they have. They feel like they can put a lot of wells back up that Chaparral shut down and do 45 barrels a day. It would be very beneficial for them. Councilman Crum was curious about them buying the lease from Chaparral, so it's basically an assignment. He asks, "How much royalty do they have on these leases?" Jones and Buck said, "They vary." Councilwoman Erwin wanted to know the total acreage you are getting ready to acquire. Jones and Buck said they would get that to the Council. She also wanted to know if they were able to do the research on these leases. Jones and Buck said, they have 15 leases, all of them are quarter sections leases all but the one that Old Phillips petroleum. Councilman Cheshewalla asks, "How the condition of the disposal wells." Jones and Buck said, "There is a little age to them, but not that much, all the disposals are in good shape." Councilwoman Erwin said,

"On the Phillips Petroleum lease it states oil and gas mining and storage lease. Is it currently being used to store gas in?" Jones and Buck would love to have that canceled. There is nothing being stored in it as far as they know. It is an old lease and not sure if it is even valid. Chairman Waller would like to have a review done by the BIA. The Council will vote on this Wednesday.

Chairman Waller had Cammi Canady introduce herself to the council. She is sitting in for Robin Phillips. Councilwoman Boone asks where the Deputy Superintendent is. Cammi said, Richard Winlock is out on annual leave.

Warrior-Bob Knappe

Bob Knappe hands out papers for his presentation. In August they were up against the end of the season for surveys and they were able to accomplish them. They are in the process of doing the rest of the work on the EA's for drilling permits. In September Warrior brought two wells back on line. The average daily production is increased by 30 barrels of oil per day. Initial drilling of 11 Wells; currently working on completion of EA and permit applications. Warrior would like to ask the OMC for approval and issuance of additional new leases on terminated quarter sections connected to our purchase, SW/4 Sec. 18-T23N-12E; SE/4 Sec. 30-T23N-R12E; and NE/4 Sec. 31-T23N-R12E. Councilman Yates said, "You are wanting to negotiate three quarter sections under the Black Dog lease?" Warrior said, "Yes." Councilman Yates asks, "You are asking oil and gas and coal bed methane?" Warrior said, "Yes." Councilman Yates said, "You prepared to make us an offer?" Warrior said, "Previously in August we offered the minimum bid \$4700 or \$4750 per quarter at 20% royalty rate that will allow us to consolidate those quarter into the current existing production." They have put together about 70 locations for the American Beetle study, following the 35 wells we have done in 2015. In addition to Warrior's request, Performance Group, LLC would also like to ask the OMC for the issuance of a new lease which is a direct offset to existing Performance Group production. Offsetting lease contains one of the new wells that Performance drilled in the past year. Requested quarter section, SE/4 Sec. 16-T24N-R11E. Chairman Waller would like for them to put it in letter form.

Producer of the Year Award-Galen Crum

Council will nominate the Producer of the Year Award. Councilman Crum would like to get the nomination going. The Council will nominate and come back Wednesday.

Superintendent discussion –Stephanie Erwin

Councilwoman Erwin wanted to talk about the new policy that the BIA has. Councilwoman Erwin asks, "How they are able to come and get documents. Cammi Canady states that Robin Phillips said she will address all of this on Wednesday's meeting. Councilwoman Erwin will send Robin Phillips something in writing that is needed. Councilman Crum told Cammi this will affect more than the lease sale with the new policy. Councilwoman Red Corn states that they have met twice a month since 1906 and the Superintendent will not come to the meetings. Councilwoman Red Corn resents that very much and she doesn't think that Cammi should be put in the meeting answering questions that Robin Phillips should be answering the questions. Councilwoman Red Corn said, "We said if she couldn't be at the meetings

than we do not want her here. She needs to come answer for herself, you hear?" Chairman Waller said, "Yes, Councilwoman." Councilwoman Boone said, "There are some problems with the letters she has sent out I received several in my stack that doesn't have date to the lessees; some are certified and some are not. Cammi referenced for them to contact the Minerals Council at the next meeting and references the meeting October 21st and today October the 16th." Cammi thought they were corrected. Councilwoman Boone's letter is not corrected. Councilwoman Boone wondered if all the lessees had letters sent to them stating the new policy. Councilman Redcorn asks Cammi in her words could you tell me what the policy means to her. Cammi states that this will be addressed by Robin from start to finish next week with the Council. Councilman Redcorn asked the Council to recall the resolution about Robin Phillips to see her removed from this post. He asks, "Are we still pushing forward with that?" Councilwoman Erwin said, "We are still waiting for a response." The response will be from her superiors. Councilwoman Erwin has not received anything. Councilman Redcorn asks if Chairman Waller has received anything on the resolution. Chairman Waller said, "No, Sir and that would be handled in Executive, you can't talk about personalities or her job descriptions. Councilman Redcorn said, "That is your opinion. I want to know how the Council feels." Chairman Waller says, "I'm still on the Council." Councilman Redcorn said, "My question is are we going to push this resolution." Councilwoman Erwin said, "We are waiting on the response." Councilwoman Red Corn doesn't like that Robin sends someone in her place. We need someone here that can communicate with the oil men and the Council, and if she can't do it, we got to replace her. Councilman Redcorn asks, "How are we going to replace her?" Councilwoman Red Corn said, "We need to go to our people in Washington." Councilman Yates said, "A possible solution is to pass a resolution. Did we set a meeting date for our improvement meeting? Is there supposed to be one in November? Councilman Crum said, "we didn't specify the meeting yet." Councilman Yates said, "Cammi could you tell Robin we are still waiting on the dates for the meeting?" Cammi said, "Yes." Councilwoman Erwin said, "We received a letter dated October 9th in regards to Devon. The amount in the letter can't be correct. We received a letter from Mr. Jack Yates, he is a landman from Devon on September 15th. His dates and the one we received from Matt Beavers are not the same. Because they are not the same, they are seven months off." Councilwoman Erwin needs to know why and how she came up with the information. Cammi said, "Our letter was dated October 9th, Mr. Yates was September 15th, and Matt Beavers was June 12th." Councilwoman Erwin would like this checked on for next week's meeting. Cammi said, you needing information on flared gas?" Councilwoman Erwin said, "Yes, it hasn't been addressed." Councilman Redcorn said, "Ms. Canady, could have Ms. Phillips to provide Wednesday a summary of what she has you all are to do." Councilman Crum talks about flared gas.

Wellco- Stan Delong

Asking for Wellco to be here Wednesday.

Oil and Gas Summit donation-Talee Redcorn

Councilman Redcorn wanted to give a donation to the Oil and Gas Summit. Council would like to have Rick Torix here at the next meeting.

Meeting Minutes-

Meeting minutes are in the books for review and will be taken care of on the Wednesday meeting. Any corrections need to be made. Council will vote on it Wednesday.

Budget Modification C395 & S510 Approval

Council will vote on Wednesday.

Motion was made to adjourn by ***Councilman Crum*** and seconded by ***Councilwoman Erwin***.

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

MOTION PASSES: 8 – YES 0 – NO

Minutes by: Chul A Riddle

Approved by: [Signature]