

**OSAGE MINERALS COUNCIL
REGULAR MEETING
OSAGE COUNCIL CHAMBERS
PAWHUSKA, OKLAHOMA
DECEMBER 16, 2016
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:03 A.M.

OPENING PRAYER

Chairman Waller gave the opening prayer and Councilwoman Boone read the names of deceased Osages.

ROLL CALL

Osage Minerals Council Executive Administrative Assistant Lacey Reynolds called the roll. Osage Minerals Council Members present were Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Everett Waller. A quorum was declared. Talee Redcorn arrived at 10:20 A.M.

Visitors signed in were David R. Coast, Mike Patt, Linda Heskett, Julie Wilson, ON Congressman John Maker, Janel Perry-OST, Joy Ledbetter-OST, Tony Benavides, Curtis O. Bear, Bob Knappe, Clem Bennett, Beverly Brownfield, Teresa Rutherford, Sandra T. Maker, Okla. Secretary Michael Teague, Tom Robins, Dr. Dan Yates, Florence Bigheart-Tranum, Okla. Secretary Chris Bengé.

NEW BUSINESS

Newpek: Concession Extension – Randy Palka

STEVE MCNAMARA: Mr. Chairman, Steve McNamara. I was asked today to accompany a gentleman who came up from Texas and contacted me, a week or so, ago about their concession. A little bit of background, there was a large concession granted many years ago. It was divided in half. One side was BGI to the far north part of the county, and the other half to the west was now Newpek. Before that, it was Century, referred to as Century Extension. So, it's governed by the same concession agreement and the concession was set to expire on February 19, 2017, which is just 60 or 80 days from now. We're here to request a two-year extension. There's a little more than 30,000 acres that are covered by the extension. We propose that some of the terms which was agreed to, on the BGI concession, BGI conceded the concession, that would be the drilling of one vertical well between now and February 19, 2018 and two additional vertical wells before February 19, 2019. I believe that, just in terms of concessions of \$50 an acre and 3/16 royalty and all the seismic data that has been shot up to date has been processed and both the raw seismic data and the process to interpretation of the seismic data. It's my understanding, it's been turned over to the BIA for and on behalf of the Minerals Council. So, that's it in a nutshell what we're requesting. Again, our proposal would dovetail their BGI side, but we'd like the Council's thoughts and feedback before we make a formal presentation. I think Mr. Palka will not be able to be here on Wednesday but I intend to come back next Wednesday and I thought, maybe, we'd have a dialogue with what terms would be acceptable to the Minerals Council, so if I formally proposed it on Wednesday, it would be acceptable to the Council.

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COUNCILMAN CRUM: When I saw the new pickups, searching my mind about what we've done, it seems like that BGI was looking for a funding partner about Century. You have since acquired the Century portion of what was once BGI?

STEVE MCNAMARA: Yes, sir.

COUNCILMAN CRUM: OK.

STEVE MCNAMARA: And, one time, if I understand it correctly, they were joint venturers on the whole concession, and then...

COUNCILMAN CRUM: And then, it didn't quite work out. Century took a portion or a part of whatever they'd done.

STEVE MCNAMARA: Tried to cut it down the middle.

COUNCILMAN CRUM: Right. And when did this occur?

STEVE MCNAMARA: The original concession would have been late '11, early '12. Then, we acquired Century's position in 2013.

COUNCILMAN CRUM: '13?

STEVE MCNAMARA: Yes, sir.

COUNCILMAN CRUM: OK. So, what have you guys done there, since 2013?

STEVE MCNAMARA: We've processed the data, delivered all data, and interpreted data. We have a JV area to the south of BGI's concession, but we do participate with BGI. We're partners in that area.

COUNCILMAN CRUM: And you haven't drilled any wells because you haven't selected or tried to take the leases? You don't hold any leases?

STEVE MCNAMARA: Correct.

COUNCILMAN CRUM: What is your operating plan, now?

STEVE MCNAMARA: Our plan would be to go in and select another permit, once the beetle survey has been done, and drill a well.

COUNCILMAN CRUM: So, your plan goes no further than the offer for the minimum for the deal.

STEVE MCNAMARA: Well, in addition to that, it'd be the other wells, and we're following it.

CHAIRMAN WALLER: Vertical wells.

STEVE MCNAMARA: Vertical wells. Yes, sir.

COUNCILMAN CRUM: Is there anything that's held by production on your part?

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STEVE MCNAMARA: There are a few tracts that are still held by production. They've always been held by production. Not by us, but by them.

CHAIRMAN WALLER: Councilman.

COUNCILMAN YATES: You mentioned in your presentation, how many acres does this encompass?

STEVE MCNAMARA: I say 33,000, and some. Correction. Our total concession is 37,000. What I thought as we were visiting on the drive up here that I know that the Council is sensitive to a large drop, but this is an area that is particularly unique in its infrastructure with electricity. Pretty rare, up there. So I thought that maybe if at the end of the first year, the extension which made our commitments, if we could give up some disclaims of interest in some of that 37,000 acres, if that would be acceptable to the Council. So I think that is something we've recommended to their management the first year we give up 10-20% of that acreage. That would allow third parties, if they wanted to come in there and drill with lots of competition. But, frankly, I don't think that there's been a lot of competition in this particular area of the county.

COUNCILMAN YATES: Is that with Foraker?

STEVE MCNAMARA: It's a little northeast of it.

COUNCILMAN YATES: Northeast?

STEVE MCNAMARA: Mm-hmm.

COUNCILMAN YATES: What was the royalty on this?

STEVE MCNAMARA: The royalty, right now, is 3/16.

COUNCILMAN YATES: \$50 an acre was what the current, what you paid for?

STEVE MCNAMARA: Yes, sir.

CHAIRMAN WALLER: They could take it down.

STEVE MCNAMARA: So that's open for your consideration, too. But, obviously we pay a lease bonus that's more expensive than it is to drill a well. I'd generally like to put the money in to build and then some production.

COUNCILMAN YATES: Deep formation drilling? I mean, from right here. 3,000.

STEVE MCNAMARA: I'm not certain.

CHAIRMAN WALLER: Go ahead and give us what you would, right now.

STEVE MCNAMARA: I don't have the background in geology. So to agree or disagree...

COUNCILMAN YATES: Let me ask you what your target formation is?

STEVE MCNAMARA: I'm not certain on that, either.

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CHAIRMAN WALLER: Councilman, then Councilwoman Erwin.

COUNCILMAN CRUM: I think the bonus is nice, but I'm interested in the wells in the ground, drilling and that sort of thing, and of course, royalty, percentages of a little bit of a problem with 3/16. As you may remember, also, Mr. McNamara, I was a little more than skeptical about what we did with BGI.

STEVE MCNAMARA: Yes, sir.

COUNCILMAN CRUM: And, I still am. I think that was a pretty small drilling commitment for that much ground. I think it's extremely small drilling commitment for that much ground. I'm trying to work ideas around in my mind a little bit to tie up 37,000 for two years for three wells. You know, essentially, what that is.

STEVE MCNAMARA: Correct. Well, if we didn't drill the first well in the current year, then it would just be a one-year extension.

COUNCILMAN CRUM: I understand. When I first came on the Council, there was a lot of concessions that didn't have much or any drilling commitments. It tied up a lot of ground, and we're pretty open-ended on it. BGI's one of them. In the meantime, all of them I was involved doing are gone now, in terms of one way or another, the concession part would have been done in four years. I'm not trying to make any demands of you, I'm just going to be skeptical about that small a drilling commitment.

STEVE MCNAMARA: Do you want the drilling commitment to be increased?

COUNCILMAN CRUM: Right, and/or strengthen your size. A drilling commitment that in some way matches from our side to the amount of ground tied up to do that with. I'd also like to hear a little bit about, and you don't have to say this in Open Meeting, but for your capitalization or ability to do what you say you're going to do. One of the things we're doing is that we're looking at the company, and we're saying, are these guys going to really do what they want. Right now, we don't really know, fully, what you want, other than drill three wells to keep a whole 37,000 acres. Maybe you could tell us a little about the ownership and structure.

STEVE MCNAMARA: So Newpek is a small division of a Mexican conglomerate company, out of Monterrey, and that company's name is Alfa. So, we're the smallest, newest division as far as Cafex and structure and things like that. If you look at the qualifications of Alfa that's publicly displayed on their website...that's A-L-F-A. So, they have a website you can go, and it's (dot) com (dot) mx. It's in Monterrey, and of course, I'm very confident in their capital abilities.

COUNCILMAN CRUM: You guys have a presence up here of any sort, now, or do you plan to have a presence here, or is it going to be just run from Dallas?

STEVE MCNAMARA: We'll run from Dallas. We have ties with BGI. The fields, there, we may be able to utilize.

CHAIRMAN WALLER: Is your open production in Oklahoma and Texas?

STEVE MCNAMARA: Well, this is the only asset that we hold in Oklahoma. BGI and Osage. Other than that, it's in Texas, Kansas.

CHAIRMAN WALLER: Thank you. Councilwoman Erwin.

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COUNCILWOMAN ERWIN: OK. I just want to recap what you just told us. Most of my questions have been answered. You said one, will drill one well before 2018, and you would drill two wells before 2019. Is that what you said?

STEVE MCNAMARA: Yes.

COUNCILWOMAN ERWIN: When is the end of the session that you have now?

STEVE MCNAMARA: February of '17, which is not very long. That's why I don't really have a hard proposal. I wanted to get the general gist of what the Council would prefer, because we don't have the...what we did in BGI, you remember I came back two or three times and my view is I want to shorten that time down and get the general feel of the Council so that when I come back on Wednesday, I can put the formal proposal to you that would be acceptable to, at least, the vast majority of the members of the Council. What I hear from Mr. Crum is that you really want to focus on a larger drilling commitment.

COUNCILMAN CRUM: A few other things. A drilling commitment or lesser land tied up for that. Something that matches up. Also I had one other nuts-and-bolts question. Do you recall what the length of your lease is?

STEVE MCNAMARA: Three-year lease.

COUNCILMAN CRUM: Three-year lease. I suspected what it would be. That was done back at that time. So, a three-year lease, when you do take down a lease, prior to that, we received no money whatsoever. Did you guys run the seismic or did BGI already do the seismic that you guys acquired through Century?

STEVE MCNAMARA: I'm trying to think back in our files on the timing of that. I think it was shot by Century, but we process it.

COUNCILMAN CRUM: Yeah, you did process it.

STEVE MCNAMARA: But I don't think we got up there and hired to run the lines.

COUNCILMAN CRUM: Right. OK.

CHAIRMAN WALLER: Actually, to review, it went back to you, then you sent the copy to Denver. You OK with that? Is that part, stipulated under concession...?

STEVE MCNAMARA: Yes, it was.

CHAIRMAN WALLER: So they've covered that a deliverable.

STEVE MCNAMARA: Yes. OK.

CHAIRMAN WALLER: I'm very comfortable with that. I'm a little uncomfortable with, also, the drilling commitment with the royalty amount. Councilwoman.

COUNCILWOMAN ERWIN: I thought, when we gave BGI an extension, they were supposed to include all the seismic. Now you're telling us that was done by Century? It wasn't done by BGI?

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STEVE MCNAMARA: Well, the seismic work that's now on the BGI side of the concession is BGI's property. They, BGI, have done their own seismic and work in their own interpretation of the base seismic. Century, on their side, which is to the east...

COUNCILWOMAN ERWIN: After they sent it to us?

STEVE MCNAMARA: Yes, ma'am.

COUNCILWOMAN ERWIN: OK.

STEVE MCNAMARA: I believe that on the Century side, yeah, I delivered it, last year...oh, not the BGI portion.

CHAIRMAN WALLER: That was already taken care of.

COUNCILWOMAN ERWIN: OK.

STEVE MCNAMARA: What I'm trying to say is, after the split, they're responsible for their side of the seismic, and BGI is responsible for theirs.

COUNCILWOMAN ERWIN: I'm just trying to understand.

CHAIRMAN WALLER: Councilwoman Boone.

COUNCILWOMAN BOONE: I would like to see more wells drilled.

STEVE MCNAMARA: OK.

COUNCILWOMAN BOONE: Less land, higher royalty rate.

STEVE MCNAMARA: OK.

COUNCILWOMAN BOONE: Thank you.

STEVE MCNAMARA: I'll remember those three things.

CHAIRMAN WALLER: Very good. Council, do you have anything else? Thank you, sir. Be ready for Wednesday.

Hoppock Blder: Sandy Soil Permit – Mike Catlin

CHAIRMAN WALLER: Were you able to get a legal description?

MIKE CATLIN: I was. Hopefully, it's sufficient. If not, I'll go to...

CHAIRMAN WALLER: OK. May I assist you with this, since you and I visited about this? This gentleman was looking at getting a permitting. He passed a location in the Osage. You are getting this product to take care of foundations for homes in Bartlesville, is that correct?

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MIKE CATLIN: Yes, sir. I take care of a fellow. He's in the Bartlesville area. He's 92 years old, and we've been just piddling with building a few houses, and came across this area that has a shell that would suit our needs and doing, there'll be no big-time operation or nothing. We was wanting to try to use some of that shell.

CHAIRMAN WALLER: Thank you, and also on this, once it's actually the sale of it, that you'll have to go through the purchase permitting process with the Bureau, and we just have this letter. One of the responses from the Bureau was that we needed a location and I think, now, the process will go back to you, and then...

DEPUTY SUPERINTENDENT WINLOCK: Yes. It would go to us in the BLM, and Cammi can take care of that.

CHAIRMAN WALLER: Everything's in order. You'll go with the Bureau of Indian Affairs, and they'll issue this permit. You'll be responsible for payment of the royalty at 10%.

MIKE CATLIN: OK.

CHAIRMAN WALLER: As the permit will dictate to you, you will be dealing with, of course, the United States Bureau of Indian Affairs. Same place we sent you to take care of that. Council, do you have any other questions?

COUNCILMAN CRUM: Again, I was looking for comments from the BIA and if they will also require an EA with that. Do you understand what that is? Environmental Assessment?

MIKE CATLIN: I don't know what that...

DEPUTY SUPERINTENDENT WINLOCK: Environmental Assessment, and you can also go through us, if you can't do one, we'll do one for you and you can actually go through our department. We can get Ben Daniels and ask for him, and he can actually do that for you.

MIKE CATLIN: OK.

CHAIRMAN WALLER: Yes, Mr. Catlin, that will help your processing and get you where you need to go. Councilman Redcorn.

COUNCILMAN REDCORN: Thank you, Chairman. I guess, to me, if I were in your situation, I would have a long discussion with her, friends of the Bureau and understand all the requirements in this project. We want you here, once you establish everything you need to do, including environmental and all the other things, you're coming back to us just to determine value. We're going to either say, 'yes' or 'no'. Hope that kind of helps you, but it's a really important step that you understand all there is and all the requirements.

MIKE CATLIN: I'll just have to take it one step at a time.

CHAIRMAN WALLER: That's the best way, sir.

COUNCILMAN REDCORN: Great. We appreciate it.

CHAIRMAN WALLER: Thank you, very much. I would like for you to meet with the Bureau of Indian Affairs and get all that process started. We'll see it, after the fact.

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MIKE CATLIN: Do I need to make an appointment?

DEPUTY SUPERINTENDENT WINLOCK: You can come up here, after we get done here.

MIKE CATLIN: OK.

CHAIRMAN WALLER: Thank you, sir. Good luck.

GeoStabilization International: Sandy Soil Permit – Matthew Reihl

CHAIRMAN WALLER: This is another where we'd like to go ahead in this proposal. It already has the ODOT work on it. The documents are prepared for it. They are not removing this soil. I'd like for them to go ahead and waive the permitting on behalf...

COUNCILWOMAN ERWIN: What are they doing?

CHAIRMAN WALLER: They're going to remove that 1,000 cu. yds. of soil from the shoulder of South Highway 99. Shoulder will be moved approximately ½ mile to the intersection of 99 and Rock Creek and will be regraded by Oklahoma ODOT. All that is in front of you.

COUNCILWOMAN ERWIN: OK.

CHAIRMAN WALLER: Yes, Council.

COUNCILMAN REDCORN: How much volume are they expecting to do?

CHAIRMAN WALLER: A thousand cu. yds.

COUNCILMAN REDCORN: OK. Thank you.

CHAIRMAN WALLER: In just reviewing, it's literally going from one shoulder, and we're moving it to the next, and after a while, we're going to have a wonderful time with our Secretaries from the State of Oklahoma. We're going to have to fix a couple of MOU's, and in these cases, we're facing the Bureau of Indian Affairs talking about a new Code of Federal Regulations 214, on evaluating the royalty amount of our soil, and as you see the new groups and contracts going to pay that, and with that, we'll entertain a motion Wednesday to allow that, and we'll have the letter signed. While we're on the subject, we have an MOU with the ODOT, and what we did is call back the State and ask them is that this new law was brought to us by our Trustee. Your MOU has everything that I think the Osage Minerals Council can live with, except for, we needed a requirement where we're allowed to put that into the new MOU. Is there any other stipulations? Councilwoman, is there anything you want to add?

COUNCILWOMAN BOONE: There was one project that was rather large, and the others were simple projects, a thousand, I don't know. They weren't very big, but yeah, I wouldn't mind to taking a second look.

CHAIRMAN WALLER: I think with the embedding this effort into the MOU, we can cover that, because it will be under your contract that you let out for specific projects. Councilman. Then Councilman Redcorn.

COUNCILMAN CRUM: It was referred to as a new rule. It wasn't a new rule; it was one that we weren't aware of, given the one when we first went out there. We were using the same one we were using for the

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same pricing method that we were using for our other rock people and stuff, and that we set a price for time. But there is a CFR that is already in place that says we, the Osages, are to get paid 10% of the sale value of those kind of materials, and we've been adjusting that, ever since. Everybody comes in, and we tell this gentleman here that it's 10%. Also, within that, it gives him the parameter that you're after, the other Councilman asked the amount of soil removed, and if it's less than 5,000 cu. yds., why, that doesn't kick in, and our own position has been largely, I hear about it, we make a decision, we're requesting the 5,000 or not selling the product, we just waive any kind of permit and let you get away with going through all the Government processing. So, that's where we're at. Our MOU will show the difference between the 5,000 cu. yds. in and not, what is the material that you're working with, is being...I don't know, they're still here?

CHAIRMAN WALLER: They're still here.

COUNCILMAN CRUM: Well, I mean someone is interested, though.

CHAIRMAN WALLER: I think both Secretaries will be interested.

COUNCILMAN CRUM: OK.

CHAIRMAN WALLER: We are still paying Gross Production Tax.

COUNCILMAN CRUM: What we've also done is that the royalty end of it, is for materials that either are not really being sold, necessarily, but with materials that you might have had to buy, otherwise if you'd not created from our materials.

CHAIRMAN WALLER: And with that, we'll just add stipulations, 214, on stabilization will be allowed to go with all of ODOT's EA's, all requirements that you've already had encompassed. Councilman.

COUNCILMAN REDCORN: Thank you, Chairman. Making it a simpler conversation here, any kind of project that you're doing is moving dirt, and moving it off-site. On materials, moving it off-site. We need to know the volume and what you're going to do with it. If you're going to sell it, of course, we have to get our share of it. It's that simple. So, just real description, real brief, I like this summary. You're moving dirt, whatever you're doing in Osage County, contact the Bureau, tell them how much dirt you're moving, and the price is what Mr. Crum says, 10%, and that's it. There's not too much else when we make a decision to make it easier for our developers out there. It's a very simple process and I would encourage you to contact Mr. Winlock, Ms. Phillips and tell them what you want to do, and they'll be really nice, clean and clear. Here's what you got to do. Thank you, Chairman.

CHAIRMAN WALLER: Thank you so much, and we have the maintenance evaluation from ODOT. All that has been led throughout the process. There's a couple of those areas that two of your larger elements should do in the Osage. Is there anything you'd like to add to that? I appreciate you all, because that will cut us out of an item, when I get ready for the presentation.

David Coast: Lease Issues

DAVID COAST: I bought an adjoining lease from southeastern Osage from Steve Cornelius and he wasn't producing enough oil to pay his electric bill, and the electric got turned off, and I was using his electric on another lease of mine to use a transfer pump. So I asked him how much money he needed to borrow to turn on the electric on. He said, 'I'm worse than that, I need that the 7th' and this quarter section is one of five that's part of a quarter plug unit, the quarter section I'm talking about in '92, they drilled three wells that

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were in different zones on the quarter plug unit, and it has its own tank battery and a different royalty rate. It's got a 3/16 royalty rate, and I went through and reworked the well and I've got it producing, like at about 1/2 barrel a day, and I haven't been able to get my assignments approved, because the BIA said that it's a water plug unit and you can't buy one. You've got to buy all five of them for this particular thing, and those three wells are in different zones. The waterflood unit, itself, sold over a 1.5 million bbl. In the last 78 years and right now, he hasn't produced in over a year and a half and I would just, and the royalty rate is 3/16 on the quarter section, and he's held by production, but I produce mine until I fill the tanks up, but I'm not able to move the oil and it's up and down and it's half a barrel, but there's two wells I can rework, but I would like for you to consider.

CHAIRMAN WALLER: Go right ahead, sir.

COUNCILMAN REDCORN: Thank you, Chairman. I understand you've bought a lease, a quarter section from another individual.

DAVID COAST: Yes, sir.

COUNCILMAN REDCORN: This one-quarter section, initially, you found out it was part of a waterflood and there's four other sections on it. However, the waterflood operates in a different zone. The three wells that are on this lease, somebody drilled three wells in another zone. I guess, I'd have to ask the Bureau, would it be possible to treat this as a separate lease from the waterflood, since it is in a separate zone. Maybe we could talk to our attorney, Tim Dowd, to see if we could do anything with that.

DEPUTY SUPERINTENDENT WINLOCK: OK, this is a part of a Marine unit, which is a waterflood, and it couldn't be separated from the other one. The first well...let me go back from the beginning. The lease hadn't produced in quite a while, and, plus, there's no bond, hadn't been any bonding on it for quite a while, so it's up for cancellation, OK? And what we're in the process now of doing, leases, we've got most of them completed and the rest will be completed by Monday. But we're looking at a termination because of no bonding. Once it's terminated/cancelled, then the cancelled could elect to take that quarter out of that waterflood if you wanted to. But, right now, see what happened was they turned in assignment to sign it, Mr. Coast, but assignment couldn't go and it hadn't been approved, because it is cancelled, because of no bonding and no production.

COUNCILMAN REDCORN: So, I'm hearing two things. #1 – no production and no bonding.

DEPUTY SUPERINTENDENT WINLOCK: Right.

COUNCILMAN REDCORN: OK. How can we, is that possible with – It sounds like to me we wait for the Bureau to cancel this lease. How soon can that happen?

DEPUTY SUPERINTENDENT WINLOCK: Well, hopefully, if we get everything by Monday, we can cancel it or terminate it next week.

COUNCILMAN REDCORN: Next week, and then you come back, as soon as this thing is cancelled to cover that one-quarter section.

DAVID COAST: That sounds good to me.

CHAIRMAN WALLER: All five will be cancelled?

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DEPUTY SUPERINTENDENT WINLOCK: Yes.

CHAIRMAN WALLER: Councilwoman.

COUNCILWOMAN ERWIN: Do you own any acreage up there, outright? Do you already have a lease up there?

DAVID COAST: Yes.

COUNCILWOMAN ERWIN: And you're pumping that lease to the tank battery that's sitting on the quarter section that's in question.

DAVID COAST: Yes.

COUNCILWOMAN ERWIN: OK. And have you been red-tagged?

DAVID COAST: Yes. There's red tags put on.

COUNCILWOMAN ERWIN: OK. But, you actually need that quarter section to the electricity?

DAVID COAST: Electricity to run...

COUNCILWOMAN ERWIN: That's why the reason you bought it, because of the electricity on your...

DAVID COAST: Yes.

COUNCILWOMAN ERWIN: ...your lease that you've already got it there.

DAVID COAST: Yes, and what I've got going is the skinner zone, which my other leases are in the skinner, and have them hooked up in water in the skinner, and I would like to have, if I'm pushing water, somewhere, I'd assume have it. But it's still ½ barrel. Maybe it'll grow. I don't know.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: I'm a little confused by the question and answer from Councilwoman. You're not pumping any of the oil from your other lease in that tank battery? The tank battery that has been red-tagged?

DAVID COAST: Yes, sure.

COUNCILMAN CRUM: And it sounded like the thing that looked to me like the solution has already been stated, that we terminate the waterflood thing, and then you come try and release that piece that you have from us, and I'm pretty sympathetic to your cause. One of the things, in order to expedite that quite a bit, though, you will need, and you can talk to the BIA about it, I believe you will need Mr. Cornelius to waive his right of appeal of being terminated. Otherwise, he has any action by the BIA, he has six weeks?

DEPUTY SUPERINTENDENT WINLOCK: He has 90 days to recover the service, plus float all oil.

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COUNCILMAN CRUM: So, in order for this to happen in the timeframe you probably need, is for him to sign off on it that it has been terminated. So, you'll need to make that happen, too, or otherwise, the BIA will be forced to wait 90 days, in case he wants to do...

CHAIRMAN WALLER: ...hasn't asked...

COUNCILMAN CRUM: ...before they can even talk to us about it, officially canceling it, then renewing for a new chance at a lease.

DAVID COAST: I hadn't been able to contact him the last six to eight months.

COUNCILMAN CRUM: Oh, really? May I ask the...You guys have any contact?

DEPUTY SUPERINTENDENT WINLOCK: We can try to contact him. Sure can.

CHAIRMAN WALLER: OK. Councilman Yates.

COUNCILMAN YATES: Thank you. So, Mr. Coast, you're not interested in picking out the rest of that waterflood?

DAVID COAST: No. You could spend \$100,000 just trying to get the roads in good enough shape for what the landowner would be able to get along with.

COUNCILMAN YATES: Who is the landowner?

DAVID COAST: John Zink Ranch.

COUNCILMAN YATES: John Zink Ranch.

DAVID COAST: They have stampede trucks. Their frames have been bent.

COUNCILMAN YATES: I'm familiar with that waterflood.

DAVID COAST: Yeah. It's hard to get in. It's easier to fly over.

COUNCILMAN YATES: Let me ask you another question, if we did cut that one quarter section out of the rest of the flood, and this may be a question for Richard, also. Would that handicap the rest of the lease? I mean, would that be detrimental being able to turn in leases? Could they still run their operation?

DEPUTY SUPERINTENDENT WINLOCK: Yes.

COUNCILMAN YATES: OK.

DAVID COAST: Yeah, there's two different electric meters. One runs the flood, and the other is what they call the pat bring side, and the electric goes to the bream, and there's also three injection wells that go with the flood that is on the quarter section that I'm talking about. The contract I signed with Mr. Cornelius, he was going to keep the disposal just to keep the flood intact. But, there's a lot of oil in the ground over there, but I don't have the resources to go in and plug everything, if you have a half million barrels that's still left. When they flooded it, they flooded it with lake water. It's very corrosive.

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CHAIRMAN WALLER: Council.

COUNCILMAN YATES: What's the legal description of that?

DAVID COAST: It's in 14-21-10. I'm not sure which quarter section.

COUNCILMAN YATES: OK. Thank you.

CHAIRMAN WALLER: Any other questions?

DAVID COAST: In the SW/4.

COUNCILMAN YATES: SW/4.

CHAIRMAN WALLER: I think it's imperative that you try to have Mr. Cornelius, or your representative get you that letter, and that we'll have the Bureau go ahead and assess the five tracts. I think that'll be your opportunity then. The Bureau, of course, will do a lease element that has to cover those disposals on it, and that will be taken care of. Is there any other questions from the Council? Do you feel like we need to take care of this, Wednesday?

COUNCILMAN REDCORN: I think so. I think we'll need to hear back from the Bureau on this.

CHAIRMAN WALLER: Wednesday?

DEPUTY SUPERINTENDENT WINLOCK: Yes.

COUNCILMAN REDCORN: A brighter picture of what is going to happen.

CHAIRMAN WALLER: Perfect. Thank you so much, Mr. Coast.

DAVID COAST: Thank you, sir.

Director of Minerals Council Office: Kathryn Red Corn

COUNCILWOMAN RED CORN: Under Tab 4 is the position description for the Director of the Minerals Office, and I wanted to draw your attention so you can look at it. You can discuss it. We've had it in our budget since we've started. So, I think it's time we fill that position.

COUNCILMAN REDCORN: ...fill it up.

CHAIRMAN WALLER: Thank you, dear. Is there any other comment?

COUNCILWOMAN RED CORN: That's all. I just wanted everybody to review it. So, we can add to, or delete some things from it...

CHAIRMAN WALLER: Yes, ma'am.

CHAIRMAN WALLER: Council, do you have anything?

COUNCILMAN REDCORN: Councilwoman, are we wanting to discuss this on Wednesday?

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COUNCILWOMAN RED CORN: Mm-hmm.

COUNCILMAN REDCORN: OK.

COUNCILWOMAN RED CORN: Because I don't think anybody has seen it. Just take a look at it.

CHAIRMAN WALLER: Thank you, ma'am.

OK Secretary of State, Chris Benge & OK Secretary of Energy & Environment, Michael Teague:

Chairman Waller asked that each Council member introduce themselves, which they did. He also mentioned that out of respect for their positions, he was always told to have these folks always talk to them.

OK SECRETARY CHRIS BENGE: Thank you, Mr. Chairman, and members of the Council. I appreciate your words of talking about collaboration, because it's something that Gov. Fallin and her administration takes seriously. I'm just going to make a brief introduction and turn it over to Secretary Teague, because he has the presentation to bring to you all today. But, I wanted to also make it aware that my job title has been modified. I was Secretary of State under Gov. Fallin, up until two months ago, because she asked me to be her Chief of Staff. So, what that means is that I told people that I got a bigger seat at the big kids' table, Mr. Chairman. So, I'm the Chief of Staff, but also, I asked to maintain the Secretary of Native American Affairs, and so I still hold that title, as well, and I have been doing the liaising for the last two years. But that Secretary of Native American Affairs, I've maintained. So, I'm Secretary of Native American Affairs and her Chief of Staff.

What I bring to you, today, is to kick this off, a desire to collaborate with the tribes, and, in this case, with the Osage Nation and the Minerals Council, and we are really taking seriously those efforts to work with the tribe, and as Secretary Teague and I visited in discussing, we thought that it might be helpful if we could come up here and share some of the information that his office has learned over the last couple of years that relates to the seismicity issue. I served twelve years in the Legislature going back to 1998, and I never, ever dreamed that I would be talking about earthquakes in Oklahoma. I mean, I knew we had them, but of course, with the level that we've seen them the last couple of years, it's been quite surprising to have to deal with. So we all have been trying to educate ourselves and part of that is, of course, his presentation, you'll see, is gathering data and understand what's going on underneath the ground. But I want to express that it is our desire to work with you all, and I know Gov. Fallin takes the relationship with the Tribe very seriously, and if you all have issues, of course, as I mentioned to you, earlier, Mr. Chairman, please let me know, especially related to the ODOT issue that you spoke of, a moment ago. If you run into any issues, please feel free to call upon me. With that, I will turn it over.

CHAIRMAN WALLER: Councilman.

COUNCILMAN REDCORN: Just a real quick question. Is Gov. Fallin going to be the Interior person, or...?

OK SECRETARY CHRIS BENGE: That's a good question. The news we heard, yesterday, is that they were focused on this Congressman from Montana.

COUNCILMAN REDCORN: OK.

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OK SECRETARY CHRIS BENGES: And, yes, and, it kind of came out of the blue, we didn't know he was on the radar until this week, and so, it sounds like the Trump Administration has actually asked him, and I believe he's accepted, but of course, there's confirmation, and all that.

COUNCILMAN REDCORN: Well, we appreciate our Governor being considered.

OK SECRETARY CHRIS BENGES: Well, thank you.

COUNCILMAN REDCORN: She's got a lot of oil and gas experience and stuff. Thank you.

OK SECRETARY CHRIS BENGES: I appreciate your saying that. She's honored being considered, and she had a lot of tribes that wrote letters in support, as well, for her. I'll turn it over to Secretary Teague.

COUNCILMAN CHESHEWALLA: Are you Cherokee?

OK SECRETARY CHRIS BENGES: Yes.

COUNCILMAN CHESHEWALLA: You're the Benges that used to live in Pawhuska a few years ago. My dad used to run around with some Benges.

OK SECRETARY CHRIS BENGES: Yeah. So, one of the Chiefs that led one of the Trail of Tears groups was Chief John Benges. There are many around the state, but I don't know. I could ask, frequently, do you know so-and-so from Enid or Sand Springs, and I don't know them all.

COUNCILMAN CHESHEWALLA: We even had some kin buried on Benges Mountain.

OK SECRETARY CHRIS BENGES: Wouldn't be surprised.

CHAIRMAN WALLER: Thank you so much.

OK SECRETARY CHRIS BENGES: Thank you.

CHAIRMAN WALLER: Secretary.

OK SECRETARY MICHAEL TEAGUE: Chairman, I just really appreciate the invitation. We've spoken on the phone about this issue for several times. This is an issue for the State and for everybody in the State that we've been working on for three years, and so what I'll show you is kind of where we are in this learning about what these earthquakes are. I just retired from the Army and like what Secretary Benges said, I went to the very first meeting that week. I brought all the State Agencies together that are a part of Energy and Environment and said, 'What are you working on?' and first thing they said was on earthquakes. I live in Tulsa and we certainly felt the earthquakes. We hadn't felt any of the rest of them, and I didn't realize that there was such a problem in the state, and there were three other agencies in the room. All of them working on earthquakes, and none of them were working together, which is what you don't want out of any level of government. So, we had been working on this, together, the last three years. Let me show you a couple of pieces and then I'm going to introduce Dan Yates. I keep track of every earthquake in the state above a magnitude of 3.0, because our people who I think that are stronger than that, are generally accepted around the country. 3.0 is a level you can feel. The last one we had was December 14. But, look at the numbers for 2012 until last year. You cannot look at this and say that that's natural. We do have natural occurring earthquakes in Oklahoma. But those numbers, and you go from 36 to 100, 500, to almost a thousand over the course of about three years. That's not natural. But three years, when we started this, we had some

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people that said these are naturally occurring and has nothing to do with oil and gas industry. It's not anyone in that group. That's not correct. Our problem is disposal wells in North Central Oklahoma into the Arbuckle Formation. This is what that rate looks like. So, that red line is that increase that you saw in earthquakes. You also see that it comes back. So we're going to finish this year probably around 650, and it'll be the first of its kind of earthquakes above 3.0 since 2011. We saw 600 earthquakes above 3.0. That is a problem and a public safety problem. These are not earthquakes of the magnitude that you've seen in Italy or even in California, but these are earthquakes that are absolutely impacting public safety. "60 Minutes" came to cover the story. They ran it last Spring and ran it again in September. There's a video on there from a Beta monitor, and we take it very seriously and we are fixing it. But it's not been fracking, and it's not all natural. It really is disposal wells into the Arbuckle Formation in the North Central part of the state. I have a hard copy of where we are, right now, and I'll pass this around, Chairman. You're welcome to keep it. One side of this, is that the dots on it, those are all the earthquakes above 1.0 in the state, in this area that we're talking about, just in 2016. The flipside are the disposal wells. You could almost just flip the paper over in your hand and say the earthquakes were related to the disposal wells. I carry that in my notebook, but I won't give mine because it's folded. I go through them about every couple of weeks. If you look at disposal wells in Oklahoma, this is all of the underground injection wells in the state. Osage County is blank on us, because these are the wells that the state manages, and obviously the EPA manages the disposal wells in Osage County in the Osage Nation. There are 11,000 disposal wells in the state of all kinds. We have 1,000 that are in the Arbuckle Formation, and we have 700 that are in what we call the area of interest. So, if you look at that hard copy that I am passing around, there's a big dash line around it we call that the area of interest. So, the area in where we had had earthquakes, those are the wells we are focused on. I don't know, out of those wells, since we've gotten this close, that these are injection wells into the Arbuckle in this area of interest in the state. I don't know if it's big wells or little wells. I don't know if it's a certain well causing a certain earthquake, and you've got a thousand earthquakes and 700 wells, it's hard to find that one-to-one correlation. This is really an area problem, and so what we've done for that is we bring everybody together. So we bring researchers and the regulators and the oil and gas industry and the Groundwater Protection Council as a non-governmental organization and we bring our three major universities for the state. That's how we get to the researchers. We bring them together into a coordinator council every single month. We met last Monday. Every single month, and we try to close that gap. We're trying to figure out from the researchers what have you found through your studies that tells us more detail of what we need to do, from the regulators, what are you doing. You can't wait for the researchers. You need to fix this problem now, and so, regulators are in there, making decisions. The industry is in the room, and I'll explain that in a second how valuable that is. It took a lot of flak after we first started this, and, kind of 'the fox in the henhouse' questions. That's absolutely, not true. The industry has been a great partner in this. So, let me show you a couple more pieces. There was a huge problem of who was going to tell the public what they said. You had these competing stories. We felt that was our responsibility from our office, and so the earthquakes.ok.gov website is run from our office. Tom Robbins is the Deputy Secretary for the state. Tom maintains that website. There is an email address that is part of this, as well. Folks can email us questions. We do get some that are very helpful. We get a lot of emails that are not very nice. People are not happy with what we're doing. But, we've had some great suggestions from high school kids asking us should we do tornado drills for Oklahoma, should we teach kids in school what to do if there's an earthquake, and they did a video, and so we've put their information up on this website, because it's really awesome. We work with the Office of Emergency Management. The communications piece, we thought was very important for us to do and to leave this.

I talked about the industry being such a huge piece and so that red line is the area of interest. These are older with modified data on the hard copy that is going around. But, just to show you, back on the left, that's all the fault data that we knew about at the state in 2014. Back on the right, all faults are on that map, all of those faults, all that data, came from the oil and gas industry. So, you asked before, one of the questions you asked me, I think, was about seismic, one of those proposals before. So this industry is out doing their

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3-D seismic to identify where the plays are. They're also identifying faults, because they don't want to drill in a fault, either. They've taken all of that data and provided that to our geologic survey, and I'm going to talk a lot about data, because it's hard to figure it out, and it's hard to unravel it, if you don't have the right data. They didn't charge the state for anything. They paid millions of dollars to get this 3-D seismic. They didn't charge the state when they gave us this. We worked some things so that there was not any proprietary information, trade secret kind of stuff, kept company names off of the top when we run it through the Corporation Commission into the geologic survey, like, they gave us all this data. There are still on that fault from this state from the Pawnee earthquake was on that fault. Even on that map, we've got all that data, and we've been able to fill in this map, but that map is not complete. There's still a lot of areas that we don't know where the faults are. So, we continue to work with that, and they continue to work with researchers to get that data, and put it all together. I'm going to turn this over to Dan Yates in one second, but we had...The earthquake catalog is run through the geologic survey in the state. They're down at OU in Norman. They are a part of the Energy and Environment Cabinet. So, that's helpful for us, that they're a part of our Cabinet Secretary, but all of the earthquake catalog is maintained by the geologic survey. The disposal wells, outside of Osage Nation, are managed by the Corporation Commission. So, when we started down this road, and we had this problem, the Corporation Commission said we need more data around those disposal wells. We know what the volumes are. We need to report it more frequently. We know what the pressures are. So there was an increase of reporting requirements with no way to gather all that data. Dan Yates will tell you that was a mess. I mean, we had people literally writing it down on the back of a gas receipt in the truck, and they would take a picture of it and send us what they were reporting. You need a database so the researchers can use it. So, Dan's going to talk about this dashboard, but that picture up there on the left is all the earthquake information. On the bottom is the disposal well information, and the map in the middle shows you where they overlap. The first volume production the state did, on that map, was around Luther, Logan County. It probably took us a month to get that first volume production in place. We didn't have a good understanding of the wells and the well-owners. Commissioners were not convinced on the volume production, because we're still in the middle of doing all this research. It took us a month to get that volume production in place. The Pawnee earthquake happened Saturday morning of Labor Day weekend. I know all of you felt that, and we certainly did, in Tulsa, too. That afternoon, the Corporation Commission took additional action to reduce wells, based on that earthquake – a matter of hours, and the only thing that slowed them down was that the remote server went down, so they all had to drive into the office. This has been a huge benefit for us. I think that Pawnee earthquake was the first time that this really has moved and impacted the Osage Nation.

CHAIRMAN WALLER: That's correct.

OK SECRETARY MICHAEL TEAGUE: ...and so, this is a pressure problem. So, it's not that this water that's disposed into the Arbuckle is finding its way thousands of feet over here into a fault, and lubricating a fault. It's not that the water molecules are doing it. It's the pressure of this water, and that pressure pulse can travel. The Arbuckle Formation, across the state, is so deep, takes water, takes it on the backing. People will talk about it all the time. But, you are still building up pressure in that formation, and when that pressure pulse reaches these faults, that's when you trip an earthquake. That pressure pulse, even as we've taken these volume reductions, it's still spreading out throughout that formation. So, the water volumes came up in 2011, the earthquakes were about 12 months behind it, on the way up. The water volumes have come down, the major reductions were done last April and May, and you saw on that chart that the number of earthquakes are coming down. But that pressure is still going to spread and permeate throughout this formation. What we have to focus on is what are the additional things we should do to fix this problem.

COUNCILWOMAN RED CORN: Could I ask a question?

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CHAIRMAN WALLER: Please.

COUNCILWOMAN RED CORN: How many barrels are you bringing in from Kansas and Missouri and Texas and injecting into that formation?

OK SECRETARY MICHAEL TEAGUE: So, that 2014 numbers. In 2014, we disposed of 1.5 billion barrels across the state, and the out-of-state was less than 2 million.

COUNCILWOMAN RED CORN: OK.

OK SECRETARY MICHAEL TEAGUE: So, that's the latest I've got.

COUNCILWOMAN RED CORN: OK.

OK SECRETARY MICHAEL TEAGUE: There's not a lot of out-of-state water anymore. There was a lot from Arkansas, when they had the Greenbrier issue. Not a lot of out-of-state water anymore. Kansas has the same problems, and even as you see at the top of the area where the earthquakes are, is the state line. Well, obviously, the earthquakes have not stopped at the state border. Kansas would like it, if they did.

COUNCILWOMAN RED CORN: So, when did you decrease the volume?

OK SECRETARY MICHAEL TEAGUE: In Oklahoma, July, 2015, and then we started with having these smaller areas, and so, again, we were learning about this, about having an earthquake here, and draw a ten-mile circle around it, and then we reduce the volumes in that circle. When the Arbuckle is so permeable, that operators would take that water and they'd drop that water outside that ten-mile circle, and they comply, they can dispose of it within a different disposal well. It would go down and it would still spread down in the formation. So, the map that you have, it's easier to see it on the earthquake side, instead of the disposal wells, those with the dots. The big red area, big blue area, the northwest and the central, those are 40% volume reductions that were put in place last April and May, and then the smaller shapes you can see Luther, Cushing, Pawnee, those are additional volume reductions, basically, on there.

COUNCILWOMAN ERWIN: I was wondering that when we have these earthquakes, is there more likely to happen on the end of the weekday? Do you know whether or not...?

OK SECRETARY MICHAEL TEAGUE: We haven't seen the day of the week trimmed, but we do tend to see them either at night or early in the morning. We've gone back to the operators and said something you're doing differently.

COUNCILWOMAN ERWIN: I was told a lot were happening on the weekend, and there's a reason why for that. There's a lot of stuff being injected. So, I don't know.

OK SECRETARY MICHAEL TEAGUE: We haven't seen that trend.

COUNCILWOMAN ERWIN: OK.

COUNCILMAN REDCORN: Appreciate the comment on pressure problems. My working knowledge of the Arbuckle in the Osage is we're taking a lot under vacuum. So, just want to make sure that if we're taking it under vacuum, we would not be as part of the pressure problem, or what would your comments be on that?

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OK SECRETARY MICHAEL TEAGUE: Still a pressure problem. So, all around the area of interest we have Arbuckle wells, still. You can put your hand on top of that and when it's open, you can sit back and find it there. We have a separate study that's going on. I keep talking about the research, and we're still continuing, and we have a project right now where there's eleven wells that have been instrumented. So these were wells that were shut down because the Corporation Commission directive based on the earthquakes, the operator has turned that well over to the geologic survey with money from the Oklahoma Energy Resources Board (OERB), and they combine the resources and they're instrumenting the bottom of the well to see as we do these volume reductions, are we seeing the pressure groupings, and we're not. The pressure down holds only changing by 1 or 2 psi, and the problem is we put so much water in to this thing that it's going to take a while for that pressure the dissipate.

COUNCILMAN REDCORN: So what's the formation and pressure of our goal?

OK SECRETARY MICHAEL TEAGUE: I don't know.

COUNCILMAN REDCORN: Will we see an elevation to a certain pressure? Is that what we're saying?

OK SECRETARY MICHAEL TEAGUE: No. What we're saying is, that, we've never measured the bottom hole pressure before, because it was just a disposal well. So, when we started this particular piece of research, it was just a couple of months ago, and so we've got wells primarily out of Alfalfa and a couple down in Pawnee to measure one of the differences now. So, when we look at the pressure from where we are, going forward, and see the reductions that will tie back to the volume reductions. It's not been a big difference, yet.

COUNCILMAN REDCORN: One of the benefits we have with the Osage is from Ground Zero, we collected data and still have it, and I think we enjoyed that benefit that no other county around does, and I try to use it on an economic benefit. So, we push to get that information, historical production and the notes, etc. So, I hope the benefit to our side would be the additional information, from Ground Zero, what has, historically, been going on in these areas from the start.

OK SECRETARY MICHAEL TEAGUE: I was going to say 'research' and 'data' a lot, and I do think that data is a critical piece of this, and so even as we put this dashboard together, what started with we're getting all this data in the Corporation Commission, and we don't have it in a database that you can use it. You can't do this trend analysis to find a provenance, so we should fix that part of the database. But, because we include operators and researchers in this coordinating council, the operators said, you know, if you get an electronic filing on this end, so that we could get you cleaner data from a home, out in the field, that would help operators get the data into the system, and you'll get better data. But we have researchers in the room, too, and they said we don't really care how you get it in the database, we just want the data out the back end, and so instead of fixing this problem, we actually fixed *this* problem. And, so now we have researchers, Stanford, Cornell, OU, OSU, TU that are pulling the data out of this database, that Dan's going to show you more detail, and they're using that to do the exact kind of study that you're talking about. So we need to figure out what causing this problem, so I can keep closing my hands and figure out exactly what this is.

COUNCILMAN CRUM: On your pressure, your global pressure, into the Arbuckle question for me. This may be simplistic, but your working theory is that water taken out of the Mississippi, which is fairly close to the Arbuckle, and you put it into the Arbuckle, when it was in the Mississippi, then the structure between it was supporting that water and not causing pressure to go down clear through the rock and through to where you're saying, because there's no water going down thousands of feet down there, it's the pressure.

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OK SECRETARY MICHAEL TEAGUE: Right.

COUNCILMAN CRUM: And you understand what I'm saying?

OK SECRETARY MICHAEL TEAGUE: I do. And, so, my answer to that would be, when you pull it out of the Mississippi, the Arbuckle's sitting below that. So, the Arbuckle is the buckle to that pressure. For the same reason it's permeable and takes water in backing, this is the mattress, the sponge that's buckling that pressure and doesn't let that pressure get to the rock, and you put that water directly into the Arbuckle, and in some places you have another confining layer between the rock and the Arbuckle, which is generally the western part of the Arbuckle, where it's really deep. But on the eastern part, where it's fairly shallow, that tiny layer is gone, and so you're now putting it in the mattress on the floor. That's how the pressure transfers...

COUNCILMAN CRUM: So, that's the working theory, now.

OK SECRETARY MICHAEL TEAGUE: It is, yeah. From a civil and junior, not a geologist or seismologist.

COUNCILMAN YATES: I have a question. You were saying something about seismic activities being increased during nighttime and mornings. Have you looked at any major correlations with the lunar cycle?

OK SECRETARY MICHAEL TEAGUE: Actually, the pressure monitoring that I was talking about, they have to take out the tides. So, when they're measuring if they're down to the '1' or '2' psi levels of the wells, they have to take out the tides because, in order to see if there's a trend of pressure going up or down...

CHAIRMAN WALLER: ...if they grab the element alone from it. And the other is that we don't have such things as a vacuum here. That's the pressure of the actual liquid that goes in to the Arbuckle, and I think the engineering element there, alone, that was her question, is that if we don't have those high-volume pressurized disposals, we have a clear road of our relationship with how the Bureau and us have went after the extraction of our product, and putting it back in the ground. We're going to have to look at that, sooner or later, and the answer was the same. It's all in the Arbuckle. We're putting some pressure back into the system that they're trying to analyze what's causing it.

OK SECRETARY MICHAEL TEAGUE: Correct.

CHAIRMAN WALLER: Councilman.

COUNCILMAN YATES: With all this increased injection to the Arbuckle, especially associated with horizontals, do you foresee any increased activity in producing that Arbuckle formation where it would act as sort of a flood, where it would push the fluids and oil to certain high spots. Traditionally, Osage County and everyone is wondering about an Arbuckle high. That's a very good production well, there. But, I wonder has anyone looked into that?

OK SECRETARY MICHAEL TEAGUE: Not that I know of. I know there's a lot of operators, particularly in this area of interest that are being impacted because there's no restrictions on their disposal well operations, and so, if they want to produce, right now, they generally don't, \$50/bbl. oil. \$60 and \$70, they're wanting to run those wells and they're going to have to figure out what to do with their water. The restrictions are going to stay. There's a lot of operators out there, right now, trying to figure out if there's something else I can do with this water. Willow – there's a lot of movement into shallow formations, and again, if you move it shallower then the Arbuckle becomes that buffer, again, so it prevents the pressure from transferring to the basement. But, we're also doing stuff at the state level to figure out who we clean this. To answer your

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question, in 2014, we disposed of 1.5 billion barrels of water. This is not in the water cycle. This is produced water. This water has come up from the ground with the oil and gas. That's 1.5 times the size of Lake Thunderbird (located southeast of Norman), and in 2014, we were in a drought. So, is there a way in which we could clean some of this water? I don't know an answer to that. It's going to be a long research project for somebody. The one who figures that is going to make a lot of money, but I think, we, at the state, want to make sure that we can continue that conversation, particularly with the research folks and the universities. Can we figure how to clean that water to be able to use it? I don't know the answer to that. It's worth looking at.

CHAIRMAN WALLER: We've had people come tell us they had that answer. We're going to have to see it proved in the field, or maybe you'll help us go find a location, and let's 'R & D' it. Then we'll be first to know. Councilman Redcorn.

COUNCILMAN REDCORN: Thank you, Chairman. Real quick. The Oil and Gas Summit we had, Phil Dellinger and EPA communicate with our producers and our annuitants. Their thoughts on the earthquake issue to how they're handling it. So, that discussion's going on and we're involved with the State and your folks. The other thing we talked about was we had Dr. Peter Clark come over and talk about dispelling the connection of fracking and earthquakes. So, I'm sure you're in communication to him, but my question's kind of general. Now that, and I'm really interested, too, now that we're moving into new National Directorship of part of the DOI, the Bureau and EPA and coupling that with your graph showing me, at least me that you're moving forward, and these earthquakes are starting to go downward. Do you think we're going to see a different picture nationally on how we want to attack oil and gas? We want to promote the business. We've been in discussion with our folks, within, I wanted to see what's going to happen beyond, say, the Department of Interior, Sally Jewell, which I'm sure she's not going to be there anymore. We're going to have this gentleman, possibly from Montana (Rep. Ryan Zinke). What's your conversation going on stateside, as far as promoting oil and gas in this big earthquake discussion going on?

OK SECRETARY MICHAEL TEAGUE: I think, certainly for Oklahoma, we can continue to promote oil and gas. But we continue to do it as part of all the above. So, when we see the benefits of power moving, and the utilities using natural gas and wind out of the Panhandle, and I know wind is contentious here, too, but we really do see the benefits of all the above. You just got to do it the right way.

CHAIRMAN WALLER: Exactly.

OK SECRETARY MICHAEL TEAGUE: Oil and gas are the same answer. We should be able to produce oil and gas. It can't be fast. You've got to do it safely, producing oil and gas if you're going to roll that baby across that crib, and so there's a right way to do this. We need to make sure that your policy to the regulators is that you're doing it correctly. I think we have to achieve that balance. I think we'll see that.

COUNCILMAN REDCORN: I appreciate that. I just, quickly on the discussions with us, and the EPA. We have our systems in place, and we have, pretty much, fielded interaction daily with Dallas, which, we're kind of collecting and just using different protocol to collect data that's simpler to yours. I don't think there would be, but this is how we could change our business to be more aligned with the State of Oklahoma.

OK SECRETARY MICHAEL TEAGUE: You don't think it would take much effort or you don't think it be a benefit?

COUNCILMAN REDCORN: I think it would be, quickly, we could sit down and talk and say let's change our process, do what we need to do, keep our relationship in a different place with any Osage and Dallas, which I enjoy, and then we're working in communication with communication with the State to ensure flow

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of data, so these gentlemen can monitor effectively who are doing the backside, looking at all the data. I guess you're saying you don't care how it gets there, just as long as it gets there.

OK SECRETARY MICHAEL TEAGUE: That's exactly right.

COUNCILMAN REDCORN: So we're on the same path.

OK SECRETARY MICHAEL TEAGUE: If Kansas is not pulling their data in, and if the Osage Nation isn't pulling their data in, then it's kind of "the six blind men touching the elephant", you're not quite sure what you got. You need that whole picture, because there's still so much unknowns in this thing, and we've got to do this research, and if you don't have all the information in the same place, it's just really harsh to figure this out, and so, that is the reason that, and I'll turn it over to Dan and have him show a demonstration of this dashboard that I talked a little bit about. But to be common about EPA, and Nancy Dorsey, one of the phone calls that we were on, and we were talking about this data sharing, and so we asked who's the lease person for the State of Oklahoma, and it was Tim Baker, Corporation Commission. So he's the Oil and Gas Director. Who is the lead person for EPA? And you kind of heard this fumbling. Somebody was messing with the phone, and finally, Nancy Dorsey came up. The fumbling on the phone is that Nancy Dorsey from Region 6 in Dallas was sitting in Oklahoma City and she was across the table and Tim Baker was trying to slide the phone across to her. That's the cooperation you see, right? It's just like when I first started at the State, and there's four agencies working on earthquakes and nobody's working together. That's a horrible model of government.

COUNCILMAN REDCORN: I was on Minerals 1, 2006-10, and we went to the Southern Ute. We got there, there's the Chief of the Tribe, head of the Bureau and State Governor all sitting at the same table, and their effective work on oil and gas was moving quickly there, and set the standard. So I was always asked maybe we need to, what we need to do on our end to get to that table, and so we can share data and keep this place flowing with oil in the correct way, and I think we're interested in that, too. Thank you, sir.

OK SECRETARY MICHAEL TEAGUE: That's really helpful.

CHAIRMAN WALLER: Councilwoman Red Corn, please.

COUNCILWOMAN RED CORN: I wanted to say, of course, we're oil and gas people. We don't like the idea of blaming our wells to the earthquakes. So, I wanted to know, have you ever looked at the land and energy, and we never had earthquakes until we brought those windmills.

OK SECRETARY MICHAEL TEAGUE: So, we've done kind of the same type of map, and so you look at earthquakes, and you look at disposal wells. Like I said, if you just flip the paper back and forth, that's pretty compelling. If you do the same for earthquakes and wind turbines, you don't see the same correlation. So, for where we are, and again, the value of research, I'm not a civil engineer, I'm not a seismologist, so we can get really smart seismologists on this from someplace else and Stanford, all of our universities, Cornell, everybody is pointing at, at least for Oklahoma, they're pointing at disposal wells. There are other causes of earthquakes. When you build a dam, that's my background with the Corps, so when you impound the lake, you can cause earthquakes. In Canada, they have a problem, right now, with fracking causing earthquakes. Alberta, British Columbia, a couple of 4.5's up there. That's a significant earthquake. So, we actually, the Commission is working on a protocol of being proactive around any earthquake monitoring being around fracking jobs to make sure we don't have that problem. So, we're looking at other areas in the state and in other causes, but this is just really about those wells in the Arbuckle.

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CHAIRMAN WALLER: And I think if we identify them as the Canadians are dual completion of those wells, the fracking at different levels, and also some of those wells right next to each other. So you have multiple events going on. With that, please, go right ahead. We appreciate your time, more than anything, allowing us questions.

COUNCILMAN CRUM: I have one really quick practical question about when you have your data from your producers about fault lines. Were they already filtering that data for you to show/give you where they were talking about fault lines, or were they giving you raw data, and you had so many to do that.

OK SECRETARY MICHAEL TEAGUE: For the most part, they had already done the analysis and they were saying, hey, here's a fault, here. But there was some of that that was raw data, and the state seismologist was then doing the analysis. It's been a combination.

COUNCILMAN CRUM: I can't speak for our producers who are willing to share their data, but I do know one thing, and maybe you heard, a while ago, every piece of seismic that has been done in Osage is kept by us, and it's in Denver, actually outside of Denver. Lakewood, but some of it is complete, old 2-D. But none of it had been interpreted specifically to look for faults that they would pull it out, but, perhaps, that's a Council decision.

OK SECRETARY MICHAEL TEAGUE: Some of our more recent stuff...

CHAIRMAN WALLER: It has anomalies in it.

OK SECRETARY MICHAEL TEAGUE: ...Because the problem is you frack through a fault, you're going to lose your frack. So, they're looking for faults to avoid it.

COUNCILMAN CRUM: Well, I noticed on your map, when you were showing those, the ones before and after, looks like the same squiggly lines where Osage County is before and after. You didn't file it. Maybe we don't have a lot of faults. But chances are, maybe you didn't get a lot of data in Osage County.

OK SECRETARY MICHAEL TEAGUE: Well, but again, because we don't regulate...

COUNCILMAN CRUM: Well, I understand that...

OK SECRETARY MICHAEL TEAGUE: ...we were asking for data in the area of interest. So, a lot of the stuff is like Osage County, because we never asked, because we don't have the authority, and weren't focused on a problem here. A majority of the earthquakes are a lot further west, but I think if they move, continually move to the east, that's the idea of this conversation.

COUNCILMAN CRUM: ...and what I was trying to get to was, we do have the data if the Osages, if the Minerals Council wishes to share. I don't know the value of it, but everything, except the most recent seismic is already stored with us.

OK SECRETARY MICHAEL TEAGUE: It'd be really helpful.

CHAIRMAN WALLER: We'll be happy to entertain that.

OK SECRETARY MICHAEL TEAGUE: Let me turn it over to Dan Yates.

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Ground Water Protection Council Presentation: Dan Yates

CHAIRMAN WALLER: Dan, thank you for waiting. We appreciate it.

DR. DAN YATES: Absolutely. Good Morning, I'm Dan Yates with the Ground Water Protection Council, or the GWPC. We're the national non-profit association of state and tribal underground injection and ground water protection agencies. We're a non-profit association, but our members are state agencies. We've actually done some work here in the Osage Nation on the UIC side. On databases, we do a lot of work with our states and we've done a lot of interaction with Navajo EPA on lots of different areas focused on ground water protection. But we're founded as an underground protection patrol group, and one of the things that we've seen a lot of our time working on is helping our members with data management, so we have a large robust program, 27 states, and a couple of tribes that use data management tools that we design, and the Oklahoma Corporation Commission is one of those. After everything that the Secretary was telling you was going on, the Commission realized they needed better data tools to make some quicker decisions and more information at their fingertips. So, the list you see here on the screen, several entities came together with both the time, resources and money to build a better mousetrap to get some things in the hands of the staff of OCC to get a quicker look and a better look in what is going on in the state. I've got about six slides to show you, today. So, it's not going to take a lot of time. It's a browser-based app, so it's not available – you can't download it on-line, but the staff that uses it have permission to open it up, and it consists of four main screens, and they're all showing us the same data. So, if you focus on the top left – the red bar – that are the earthquakes, the earthquakes are shown in red. I see the faults for the last 30 days, but you can get into a filter and change it into whatever type you want. Earthquakes that have happened within the last 24 hours show up in red. This was not taken this morning. The earthquake data comes from the Oklahoma Geologic Survey (OGS). It's a live feed connecting this app to OGS, updated every 20 minutes. So, every 20 minutes, they're getting near real-time data on earthquakes. The injection well data, and you see the blue bar coming towards the bottom, that is the well thread, which houses all of the injection wells data. It'll show up as blue on the map. Not every injection well in the state of Oklahoma is in this map. This is only the wells that are in the area of interest. Typically, injection wells report their volumes on a monthly basis, in the area of interest, and now reporting to OCC daily volumes of pressure on a weekly basis. Secretary Teague says in the early days, that was coming in, in any number of different ways. At one point, they compiled a large spreadsheet. Now, the data is all coming in via an electronic form. The OCC IT staff, themselves, built the electronic form and we designed this to be able to talk to their form, and the other charts you see are just some data tools and earthquake charts so you can select an area and compare different types of data. So this just shows you each grid. You can click behind, and they have different filters. You can plug in an address, you can plug in a zip code, a county. You can get into a date range over a certain month or six-month section, and each one of these have that kind of interactivity. Each well also has what we call the well card, so if you click on one of the blue dots, it gives you the really kind of top level information – who owns the well, what company, who's the operator, when was it drilled and approved, some quick information on volume, and then the map, itself, has several different filters that can be turned on and off. So you'll notice on this map, the size of the document. There's a filter you can turn on that for the wells will change the size of the blue dots based on injection volume. It'll change the size of the red dots, earthquake, based on magnitude, and so, again, this doesn't automatically give you a decision that you need to make, but it gives you a good first look, and kind of compare ranges and sizes. Each of these charts has a function where they can pop it out, so it will pop one out larger. Every little dot you see at the top, the injection well volume or the magnitude of earthquakes you can turn things on or off depending on what kind of question you're trying to answer. They will often pick screens on one of these and go through a director or whomever is asking for the data. So several users are available. This one here is a scatter chart, and then also I wanted to show you on the right hand side, you saw the small well card pop out. You can, also, bring out the full well card, and actually scroll down and give an EXCEL

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spreadsheet. It will show you, over time, for that well what the daily volumes and pressures were going back as long as wells have been reported.

OK SECRETARY MICHAEL TEAGUE: So that would answer the question of the days of the week, the times, night vs. day. This is how we're doing the analysis here out. Everyone shows up for work at 7:00 a.m. and they all crank up the pumps at the same time that's causing it. This is how we're doing that stuff.

DR. DAN YATES: That's right. So you open up the app, the top of the data, everything for the last 30 days, you can hit 'export', pull that right out into an EXCEL spreadsheet. That's what the researchers want. Just give me the data, so we have an easy ability. You can also, once you've done the queries, you've honed in on a date range and certain area for this county, at this time, and even these six operators. There's a lot of regularity you can manipulate it. Once you've gotten the data you want, then you can export it to the EXCEL spreadsheet. You can upload it to GIS and their kind of data stuff that I don't know anything about, but I'm told that they do, and then it gives them a lot of feasibility. So, take it from me, the success story of why this is important, because some of this work the staff were already doing. Again, it's a quick-look tool. It can give me data, right this second. What was taking three staff members at the OCC up to three days, working together, to get the data, it now takes five minutes, and one person sit down here. Again, they're not going to look for five minutes to make a regulatory decision, but they're going to look for five minutes and answer the question they want, and that's a piece of their decision-making process to us. So, we're proud of this core of solutions as a third-party group we use to do the design work. We're not IT, we're a non-profit group, but all of our state members have seen this are very excited about it. I think it's a really good opportunity for Oklahoma, Osage Nation, Region 6, Kansas and all work together. There's a lot of different options. Each have your own system that somehow talks to each other. All use one system a lot of different ways. It can be done. We got a full demo for the Region 6 staff and we're already seeing them with other different issues, very well.

CHAIRMAN WALLER: Which of the earthquake element – we had to. That was our first conversation that having you answer exactly that. Give us something we can look at. Also, are you going to be able to work with the R&D being done on the down hole pressure with injection? Is that going to be some of the information that you have?

DR. DAN YATES: Oh, Kyle's research project. Yeah. I don't know if that's going to find its way into the app or not. It's something that is part of the whole conversation.

CHAIRMAN WALLER: May I have the gentleman's name, again?

DR. DAN YATES: Kyle Murray.

OK SECRETARY MICHAEL TEAGUE: Dr. Kyle Murray. He's a micro geologist at the Oklahoma Geological Survey.

CHAIRMAN WALLER: Thank you.

DR. DAN YATES: And again, a limited amount of time and money to put this together, and like any software you develop, as soon as you develop it and hand it to your customer in your member group, there's 12 more things we wish it would do.

CHAIRMAN WALLER: And you're OK with it?

DR. DAN YATES: We're OK with that, because it's an on-going development.

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CHAIRMAN WALLER: Well, we're also looking at some other funding to come through BLM. The appropriations made it through. We are getting some millions for plugging, and I think this issue here also needs to come up from the gentlemen here, is that we need to review everything, but the funding is the next question. We had the United States that the Secretary is, right now. There's a residual funding. We'd like to go after it, maybe, with your help. We request some more, so we can have everything we need for the Osage. Go right ahead.

COUNCILMAN REDCORN: Thank you, Chairman. I appreciate the presentation. We did some light work early on. As I mentioned again, we have drawers full of hard data, a copy, and so we've done bits and pieces to try to digitize it and get it out there. So, one of the things we did, early on, was to ask our producers what information do you want to see, then we attack and battle it. So, what I'm going to ask, is it possible or could you give us a list of what you would like for us to hand over, and then we could work on with Mr. Crum, who's going to bring up the proposals. We're looking heavily on digitizing what we've got. We have a list, and then our consultant we can scope that out on our process to, here's your – we need an export/import procedure developed, so that your system will be uploaded with each and every piece that you want, but I think it would start to get our conversation going if you could tell us, give us a bucket list of all the data you'd like, and then, that would get us going to town on. We've got to get started digging when and where we're getting it, and how we can change our processes, etc., etc. So, I believe that would be a great start.

DR. DAN YATES: We can give you a list of data elements, and it'll probably be on an EXCEL spreadsheet.

COUNCILMAN REDCORN: Great.

DR. DAN YATES: All of the data elements that are currently there.

CHAIRMAN WALLER: Council. Would you like to continue?

DR. DAN YATES: That was the end for me.

CHAIRMAN WALLER: I think, in closing, is that pressure is going to be the main object for us. We'd like to show the benefit of having custodianship over an underground injection control project that the Tribe had UIC brought in. That measurement on the down hole side is going to be most important. And then, if we go after anything to look for a drilling or to review those disposals, is there anywhere we can't look or do you see just us testing not only by high volumes, if I go to one end of our Arbuckle in the Osage Reservation to the other? Is that going to be important to you, later, trying to analyze all of this for seismic activity?

DR. DAN YATES: I don't know if location within the Osage Nation is as critical as to have some measurement within the Nation. Right now, our stuff we've instrumented some grant in Alfalfa County and a couple in Pawnee. We've instrumented only eleven wells, and so we need to continue to do this, and like I said, the operators have been very helpful. But the whole idea is we need to continue to paint this picture, because we just don't completely understand it, and the more we understand it, the better answer we're going to come up with.

CHAIRMAN WALLER: Council. Councilman Yates or Councilman Crum.

COUNCILMAN YATES: Sure, I've got a question for Mr. Yates. Getting back to the risk base standup data management, RDMS, is there going to be a website support type thing that will be able to get this dashboard

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up, then we'll have some initial cost/setup, then there'll be a yearly charge for accessing that website, and their updates, what-have-you?

DR. DAN YATES: There's a number of different ways that we can do that. So, what we're currently doing with OCC is that we turn the system over to their IT who uploaded it and then we're offering helpdesk support on an as-needed basis, and it hasn't been a lot. It's been 50 hours of support the last three or four months. So, we would be very happy to figure out a cost to have a service agreement. Now, the way that the current app works is that it's co-owned by the Groundwork Protection Council. They have full rights to their system. They don't need us. If they wanted to make a change, they could, and we also have rights to get us to other groups, and the way we work with our medium access, we're on a user's fee, like for Microsoft WORD or something, there are costs to installing it, but there is no cost, directly from Osage Nation or State. We are doing it with several states with a service agreement, where we stay on, long term, as the help desk support.

COUNCILMAN YATES: And you're associated with which organization?

DR. DAN YATES: I'm with Ground Water Protection Council.

COUNCILMAN YATES: OK.

CHAIRMAN WALLER: 501(c)3

COUNCILMAN YATES: But you're not with Data Solutions or Data Management, anything like that?

OK SECRETARY MICHAEL TEAGUE: Data Solutions was the IT contractor that we used for this.

DR. DAN YATES: We use about half a dozen IT contractors for various projects.

COUNCILMAN YATES: Might need to get cards.

DR. DAN YATES: Absolutely.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: You only have monitors, and you'll know whether there's in Osage, right? You don't have any.

OK SECRETARY MICHAEL TEAGUE: There are none of those. That's Dr. Murray's research project that I was talking about, and none of those eleven wells are in Osage County.

COUNCILMAN CRUM: And we have a limited number, like you said, the criteria using those that are shut down. We have a limited area in that area of interest. But we do have some injection wells. Doesn't Devon have two, Richard?

DEPUTY SUPERINTENDENT WINLOCK: They actually had three. One of them was shut in.

COUNCILMAN CRUM: Yeah. But, they're not using them now, anyway, and Devon has no interest in restarting them, according to what they're saying now. Whether oil went up to \$100/bbl. next week, Devon might become reinterested. At some point, we would have some recently drilled wells that I'm sure was done Cracker Jack by Devon that are setting there right now, not being used and they don't have any

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interest. Richard, they would need to go to Devon to get permission to do that? How would they get permission that they wished...?

DEPUTY SUPERINTENDENT WINLOCK: Yes, they'd need to go through Devon.

OK SECRETARY MICHAEL TEAGUE: OK.

COUNCILMAN CRUM: And, they're in your target shut down zone?

OK SECRETARY MICHAEL TEAGUE: Right.

CHAIRMAN WALLER: Thank you, Council. Anything else we can add? Again, we're so thankful. The effort which you have has been something that has been brought to this Council. We haven't been here before, and I appreciate everything you have done. The Council, just to be able to answer these questions, we're trying to pick a future up here for our kids, and with your help, and I appreciate everything all your staff has done. The EPA, all these groups, we're going to start working. There's no tomorrow. It's today. One item that hadn't come up is aftershock. Now, everyone has to realize we've had numerous ones. It's criteria for something else, and without saying any more, we really need to keep our eye on it. Thank you all.

Motion to go into Executive Session by Councilman Cheshewalla, 2nd by Councilwoman Erwin.

MOTION PASSED: CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-YES,

Executive Session – 12:08 P.M.

* * * * *

Motion by Councilwoman Erwin to Exit Executive Session, 2nd by Councilwoman Boone – 1:45 P.M.

MOTION PASSED: JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-ABSENT, CYNTHIA BOONE-YES.

COUNCILWOMAN BOONE: Mr. Chairman? I'd like to ask Congressman Maker a question.

CHAIRMAN WALLER: Could I make one presentation before then? Very short.

COUNCILWOMAN BOONE: OK. OK.

CHAIRMAN WALLER: That we're not going to have any votes coming out of Executive Session. That'll be handled Wednesday for Performance Energy and just put that on record there won't be a vote on that. OK. Thank you.

COUNCILWOMAN BOONE: Congressman Maker, I want to ask you a question about Pay Merit System. I mean, we just mentioned about hams...

CHAIRMAN WALLER: Ma'am.

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COUNCILWOMAN BOONE: Is your Pay Merit System...Is that allowed for employees to have hams and turkeys at Christmas time? Is that constitutional or unconstitutional?

ON CONGRESSMAN JOHN MAKER: For the record, I'm speaking for myself.

CHAIRMAN WALLER: Thank you.

ON CONGRESSMAN JOHN MAKER: Because that legislation is, right now, in H.R., and they're having to redo a lot of those policies and procedures, it's been repealed, that old law.

COUNCILWOMAN BOONE: The Pay Merit has been?

ON CONGRESSMAN JOHN MAKER: Yeah. We're going to redo it.

COUNCILWOMAN BOONE: Oh, my. OK. So, right now, it's constitutional for them to have the ham or the turkey. They can get it?

ON CONGRESSMAN JOHN MAKER: They can get it, the way it was before new legislation gave Principal Chief authority to do, as we have in the past. When I was an employee, here, years ago, all employees received a ham or turkey.

COUNCILWOMAN BOONE: As I recall, years ago, they either, I mean, that was one of the benefits, is to have a ham or a turkey, but now, it's my understanding that the bonuses they get for Christmas superseded the ham or turkey.

ON CONGRESSMAN JOHN MAKER: Well, that's under discussion, right now.

COUNCILWOMAN BOONE: Oh, OK. Thank you.

CHAIRMAN WALLER: Thank you, sir. We appreciate it. I think that's more than abundant.

ON CONGRESSMAN JOHN MAKER: Personally, I'd like to add, I think we need to reward our employees for a job well done.

CHAIRMAN WALLER: I concur. Brother, thank you.

ON CONGRESSMAN JOHN MAKER: You bet.

COUNCILMAN CHESHEWALLA: There's 18 hams here, but I just signed for us. There's 19 on here, but I signed for us. So, now we have our hams.

OLD BUSINESS

Grant Proposal & Deliverables: Galen Crum

COUNCILMAN CRUM: I was talking about the data contract, and a court order to get this out. My understanding is that we're required to let out bids, according to whatever the...

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CHAIRMAN WALLER: SBA process.

COUNCILMAN CRUM: There you go. Sometimes, I lose track, but the SBA's process, and in order to that, we need to be pretty specific on what we're asking.

CHAIRMAN WALLER: That's correct.

COUNCILMAN CRUM: And I'm thinking that the Minerals Council should be ones that are talking about this on what we want, and so, I wanted people to be thinking about. I just wrote down a few things I scratched down here, and I'm not sure it's worded the way it should be, but what we need to do is to say what we want done, and what we want done, to my thinking, is to digitize all the production and lease data that is stored with the BIA and the Department of Interior, and the contractor given to us, should use this data to populate a searchable database that will support data mining activities and functions. So, just having a data that won't help if you don't put it in some kind of format that can be used. They need to provide that for us. Data from our previous works should be imported also. It may be easier for them, if the records are still over there, to digitize to go with it, that they could use our old data. At any rate, the ownership of that data, the control of it should remain with the Osages. We should be making agreements with contractors, if possible. We're probably talking in the neighborhood of IHS. Maybe there are others that can do it, I don't know. I keep hearing about slowing everybody up. But, the contractor, we should make agreements with them, negotiate with them, their use of commercial data, any or all of that data we decide what they have, and how to do it, we can negotiate those agreements, and that any such data, any such agreement should include the Osages having access to the contracted services free of charge, what we talked about, that we would have a spot here that we can activate this. That's about as far as I got on this. There may be others that we want to include, but it needs to be a little specific, and one of the reasons we need to be to get all these things, is probably many people that can do little-bitty pieces of it. People that can do digitation and maybe put it into database, but they're not going to be able to make an agreement with us to be available. Those are my thoughts. I'm looking for your thoughts.

CHAIRMAN WALLER: Yes, I'd like to turn to Deputy Superintendent. Do you see the resolution? Is there any other need that you can field, to help us get that digitalization?

DEPUTY SUPERINTENDENT WINLOCK: No, and I've already, Galen, I showed him where the records are.

CHAIRMAN WALLER: Perfect.

DEPUTY SUPERINTENDENT WINLOCK: So, they're all in the vault, because we don't send any of the drillers' logs or permits off to the records or anything. We keep them all in one location.

CHAIRMAN WALLER: Yes, sir.

COUNCILMAN CRUM: And not all of our people were in the improvement meeting, when we discussed these, I don't think. One of the things that I discussed with him was giving us some place to work by us the contractor, the work that does the digitization, and the BIA committed themselves to finding a spot for them to do the work.

CHAIRMAN WALLER: And after we leave, we'll put the kiosk here, and we'll be good. Council.

COUNCILMAN REDCORN: I think that's a good plan. What I want to ensure is that if we have – I'm not quite sure what the Class II data, what format it's in. So, I'd like to, if possible, include that data into all of

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this. That way, when we talk to the State, we'll have that list that he's going to give us. Just explore that possibility. Can we get that data from UIC, as well? And then, we're hitting all cylinders on getting data. My guess is this thing's going to be probably higher than what we have money for in this grant. But, maybe since Mr. Manydeeds is so interested, we continue contact communications with the Bureau, and say, OK, we've got this money. We need this. Is there any way we can get this other 60%? That way, we'll have a full packet.

DEPUTY SUPERINTENDENT WINLOCK: Yeah, and a lot of the UIC information we already have and what we don't have we can get it.

COUNCILMAN REDCORN: If that list that's coming, I'm going to chat with the guy from the State. He's going to give us an EXCEL list. If we could communicate with the Bureau, here's where we are, here's what we don't have, etc., I think we could start there.

CHAIRMAN WALLER: Council.

COUNCILMAN YATES: At the Oil and Gas Summit, Chief Standing Bear offered us more than a half-million dollars. Maybe we could put in for some of that money.

(Conversation with several Councilmembers. Unable to transcribe.)

COUNCILMAN REDCORN: I think, number one, we got to get the data, but we got a short turnaround, I think on possibly my vision as to give the State what they want. We can do an executable or keep that conversation going with Ashlee Decker-Bailey or whoever's going to do this. Let's say IHS gets this. Keep in the back of your mind how you can grab more data, continuously, and write some kind of code that will shoot that data maybe monthly, or whatever. We want that one. Maybe we ought to include that in this overall, maybe as an additional item, just to get a bid on, so we'll know. So I'd like to capture what State wants in this effort, and the rest of it sounds good to me.

Meeting Minutes:

COUNCILMAN REDCORN: I got Meeting Minutes, here.

CHAIRMAN WALLER: No. Oh, with our Meeting Minutes. We were sent them to review. Is that the last of them, Mr. Brock on our Meeting Minutes?

LOU BROCK: Yes, sir.

CHAIRMAN WALLER: Has those reviewed?

COUNCILWOMAN BOONE: For November?

CHAIRMAN WALLER: The November?

LOU BROCK: Yes, sir.

CHAIRMAN WALLER: We'll see you Wednesday to approve those, and get those out. Review them and make any changes necessary. Have Mr. Brock change those for you, and then we'll bring them up Wednesday.

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Biennial OMC Chair Selection: Talee Redcorn

COUNCILMAN REDCORN: Biennial. That's every two years. It seems like, as a Minerals Council, we have selected a Chair every two years. Maybe I'm wrong in two. Did you all do it in two? You had to switch somewhere, I heard. I don't know if that's the...

FORMER COUNCILMAN CURTIS O. BEAR: You want me to answer, now? The only thing we ever did was after the first time we elected (Councilman Dudley Whitehorn), a number of the Council wanted to make a change. They came to me to ask if I'd take the Chair, and I made the rule for myself that we would visit that every June.

CHAIRMAN WALLER: Every June?

FORMER COUNCILMAN CURTIS O. BEAR: We'd have a vote to either retain or not retain. If we're going to retain, we would vote on who we would replace. There's a two-piece deal. (Councilman Andrew Yates) followed the same method at the end of his one-year term, shortly before we had new Council members. So, that's how it worked before, as far as I know, there's nothing in policy or writing. It's just my own rule. Thank you.

COUNCILMAN REDCORN: Mr. Crum, Cynthia?

COUNCILWOMAN BOONE: To add to that, the meeting minutes reflect that it was going to be done on an annual basis and the only person that didn't give up their chair was Galen Crum, because he said, "I enjoy being on the Negotiated Rule Making Committee and he had some unfinished business he wanted to take care of". But, we do have a resolution I found that says, "The Osage Minerals Council, elected on June the 10th to carry out blah-blah-blah-blah-blah believes it's in the best interest of the said State to approve by signature authority. Therefore, be it resolved that we approve the nominations for Chairperson." Now to me, that makes no sense at all. First, you talk about signatory authority, then you're talking about nominations for Chairperson, and who signed this resolution? Galen Crum. I couldn't find anything in the past records that documented what he said.

COUNCILMAN REDCORN: Maybe Councilwoman Red Corn could tell us what happened on Minerals 1. We had a change in Chairperson.

COUNCILWOMAN RED CORN: I think it was two years.

COUNCILMAN REDCORN: Two years? So, that's something we did, and I think you had. So, I'm thinking that, number one, I appreciate (Chairman Waller) coming aboard, and taking the role. He's done a great job. I think he's done a tremendous help to our people, help provide the direction for the Osages for our Mineral Estate, our folks, our annuitants and what I would like to ask is that we consider mid-terms change like we did in Minerals 1, I thought Minerals 2, but that's still up for question, but we consider a change and we've been talking about this two months, kind of, in Executive Session, and the name kind of thrown out there is (Councilman) Joe Cheshewalla. We've been talking and I like Joe (Councilman Cheshewalla). I mean (Chairman) Everett (Waller) is great. I like Joe (Councilman Cheshewalla). It's just a change. We've done a change, at least I thought, every Minerals Council, and so, I want to ask that we get a resolution on Wednesday to vote to appoint Joe Cheshewalla as the Chair taking office after January of the new year. That gives Everett (Chairman Waller) another month to tie up whatever you've done. And again, Chairman, you've done a great job. It's been an honor sitting next to you. I've been sitting here. I would like to offer my chair to (Councilwoman) Ms. Boone, because you've been here on the Minerals Council three times.

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But that's a different issue. That's my comment to you. But I think I need to step down from this stage, too, and I'll leave it up to the Council.

COUNCILWOMAN BOONE: Did we vote to put you up there?

COUNCILMAN REDCORN: Well, no. You all just told me to come sit here.

COUNCILWOMAN BOONE: We were playing 'musical chairs' at that time.

COUNCILMAN REDCORN: Let me refresh your memory. I was sitting there (pointing), and you moved me over there, then you told me to come up here, because I'm the youngest on the Council.

CHAIRMAN WALLER: Wait a minute.

COUNCILMAN REDCORN: Council, I want to make a motion, to be voted on Wednesday, that we appoint Joe Cheshewalla as our new Chair and serve out our term as the 3rd Minerals Council, and I want to give Joe, and I'm from the Wa-Xa-O-Li, Zon-Zo-Li brother. When I got on the 1st Minerals Council, Mineral 1, I went over to Fairfax, and I went out to the Grayhorse people. But I went to the cemetery, where these ladies come from, and I think we're moving into a different era among our people, and it'd be an honor for me to ask a member of the Grayhorse people to come up and sit up here. I think it's just time. I've had a good time. I hope you have, too, sir, and that we'd like to see someone from the Pah-Sue-Lee people come and sit down and lead the rest of the way this 3rd Minerals Council. I hope we can talk as Osages and say brother over here. I feel like, as my dad told me, we're the Little People, Little Osages. The Pawhuska people. That's where we're from, but our Great Village people were coming from Fairfax, and then, I know you guys want to tell me that, but I think it's time that we see that happen in our Council. So, if I could move down wherever you guys want to put me...

COUNCILWOMAN ERWIN: So are you making this a motion? You need a second?

COUNCILMAN REDCORN: I made a motion to put (Councilman) Joe Cheshewalla as the Chair for the 3rd Minerals Council term to take office the first part of January 2017.

COUNCILWOMAN ERWIN: But you don't want to vote on it, until Wednesday?

COUNCILMAN REDCORN: Wednesday.

COUNCILWOMAN ERWIN: Wednesday vote. Alright. So, are we going to hold that motion until Wednesday?

CHAIRMAN WALLER: Actually, you'll have it, Wednesday.

COUNCILWOMAN ERWIN: OK. Alright.

COUNCILMAN REDCORN: Can we make a second?

COUNCILWOMAN RED CORN (and several other Councilmembers): We don't vote on Friday.

COUNCILWOMAN ERWIN: I second it, if it'll make you feel better.

COUNCILMAN REDCORN: Thank you.

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CHAIRMAN WALLER: It wasn't requested.

COUNCILWOMAN ERWIN: I know, but if it'll make him feel better.

COUNCILMAN CRUM: I'm not going to weigh in too much on (Councilman Cheshewalla), and I am not going to do that. I am going to correct Councilwoman Boone's selective memory that I refused to go down. That is an absolute and total lie.

COUNCILWOMAN BOONE: Whoa. Wait a minute. *(Several people talking all at once.)* Don't you be calling me a liar. *(To Chairman Waller)* You better shut him down.

COUNCILMAN CRUM: I brought up, in the Council, that it was time to vote on retention or not, and as part of that vote, I said, I don't wish to step down, necessarily. I can still have my name involved. So, we had a vote to retain, and not change the deal. So we didn't have to vote for him to come in. I did not refuse to get down. I'm the one that brought it up, that it should come up for a vote, whether I was to be removed. I did that myself both times that it was done. I brought myself up for a vote. So, to state that I refused to get down, is just wrong. Now then, let's go back to the purpose that I did this thing, in the first place, and that was because when we removed my vote, our first Chairman, it caused a lot of hard feelings and things were said, and it was an ugly scene, and so what I wished to do was to avoid ever having another ugly scene again, to do that. So that's the reason I put it in there. What we're doing now is OK. But I think we ought to add, that is, if we do a biannual, that we do that as a vote, as a policy. Are we automatically going to remove the current Chairman after two years, or are we going to vote to retain him or not and then have a vote for him? That, I wonder what our policy should be. I'm not waiting on the merits of this request. I'm talking about how we keep it from ever being, make sure we keep it from being one of those scenes like what we had, the day we voted that Chairman out.

CHAIRMAN WALLER: Don't add to this. Go ahead.

COUNCILMAN YATES: Wow, I've got the floor. Cool. Didn't think I'd get in there. I appreciate what Talee's wanting to do, but I got to be skipping a few steps. I think we should have a vote to decide what we want to do, and if we do decide to get a new Chair, then we should nominate individuals for that Chair position, and if that seat up there is for no reason, maybe we ought to add an assistant to the listing because, before, we just whoever we arbitrarily pick, we pick to sit over there on the side of the Chairman and everyone assumes there...

COUNCILMAN REDCORN: It's just a chair.

COUNCILMAN YATES: So, maybe we ought to go to that far, and go ahead and put someone else second. So, that's my thought. I think we should vote first and say, do we want a new Chair or are we happy with the Chair that we have, and if we decide, we go ahead and do the nominations. I'm just saying, but you know, you've got a nomination, (Councilman Cheshewalla). He'd do a good job.

CHAIRMAN WALLER: Wednesday. Thank you, all. I need a motion to adjourn.

COUNCILWOMAN BOONE: Whoa!

CHAIRMAN WALLER: Excuse me, dear. Wait, wait. Excuse me. Yes.

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COUNCILWOMAN BOONE: Shame on Councilman Crum for even saying in open meeting and calling me a liar, and shame on you (to *Chairman Waller*) for not pounding that gavel and making him stop.

CHAIRMAN WALLER: I understand that.

COUNCILWOMAN BOONE: Alright, and I'm going to add something else.

CHAIRMAN WALLER: Go ahead, dear.

COUNCILWOMAN BOONE: I was embarrassed by Councilman Crum at our Oil and Gas Summit when he weirded out, and I think if anyone that's even contemplating electing him as a Chairman, that would be a move in the wrong direction. I read what I read about the situation from the record.

CHAIRMAN WALLER: OK.

COUNCILWOMAN BOONE: And maybe Galen and I don't agree, but to sit there and call me a liar, those are not, we have a policy that you'll be respectful, and that was not respectful, whether you like me or not. You should respect my position, and not be calling me a liar.

COUNCILMAN CRUM: Is there anywhere on that paper that says I refuse to step down like what you made in the statement?

COUNCILWOMAN BOONE: I told...

COUNCILMAN CRUM: That's disrespectful to me.

CHAIRMAN WALLER: Let him finish. Hang on.

COUNCILMAN CRUM: I'm done. Let's get out of here.

COUNCILWOMAN BOONE: I'm just saying, I read from the record that I had.

CHAIRMAN WALLER: I did hear no comments on the Chair side.

COUNCILWOMAN BOONE: Yes.

ADJOURNMENT

Motion to adjourn by Councilwoman Erwin, 2nd by Councilman Redcorn.

MOTION PASSED: GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-ABSENT.

Adjournment – 2:05 P.M.

Approved:



Executive Administrative Assistant



Chairman

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