

**OSAGE MINERALS COUNCIL
REGULAR MEETING
OSAGE COUNCIL CHAMBERS
PAWHUSKA, OKLAHOMA
DECEMBER 21, 2016
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:04 A.M.

OPENING PRAYER

Eddy RedEagle gave the opening prayer.

ROLL CALL

Osage Minerals Council Executive Administrative Assistant Lou Brock called the roll. Osage Minerals Council Members present were Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Talee Red Corn, Everett Waller. A quorum was declared.

Visitors signed in were Janel Perry – OST, Joy Ledbetter – OST, Jinx Geurin, Tony Benavides, Steve McNamara, Leigh Kuykendall, Bob Knappe, David R. Coast, Nona Roach, Leslie Young, Mary Jo Webb, Joe Hall, Linda Heskett, Sharon Long, and Julie Wilson.

Chairman Waller announced for a little housekeeping, the issues he'd like to talk about is that they have had some interviews done with Marketwatch complimenting the efforts on the areas of concessions, the companies they're dealing with. There's a possibility of good things coming over the 3-D seismic efforts, which they have tried to work on the past couple of years. He did an interview with Law360, which is against the windfarms. The Council will be contacted by HBO for an Emmy-award winning series entitled "VICE", after the Christmas holidays.

Next issue was the meeting on January 12, where Executive, Congress and Minerals will be involved, as well as the EIS meeting scheduled for January 19.

Accountant Reports:

ON Accountant, Leslie Young, gave the C-395 report. Ms. Roe had already delivered the S-510 report and is in the Council's books for review. Currently, there is \$254,600.62 in the checking account, and have spent-to-date through November 30, \$90,805.53. One reported drawdown on November 2nd is December. Both were for \$250,000. No questions came from the Council, but Ms. Young was invited to discuss a couple of things in Executive regarding accounts.

Auditor Report: Jim Swan

Mr. Swan gave last month's report first. October report showed collections in that month of \$2,590,882.97; Average sale price for September was \$43.93/bbl.; Average highest posted price for October \$46.39/bbl.; Average daily barrels produced for September 11,104; The payment for December per headright was \$3,335.00; Gross production taxes were \$381,563.56; Gross barrels produced in September - 333,116 barrels; Royalty barrels – 51,036. Royalty barrels vs. Gross barrels – 15.32%. Total oil royalties collected

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in October was \$2,341,803; Gas Royalties – \$208,591; Tank Bottoms - \$518; Total oil and gas revenue of \$2,450,912; Bonus was \$2.39/bbl. average.

For November, total collections for November – \$2,968,906.71; Avg. price/bbl. for October - \$48.36; Avg. highest posted price in November - \$42.09/bbl.; Today, the price is \$48.75/bbl.; Gross barrels produced in October – 364,866; Royalty barrels - 55,766; Royalty barrels vs. Gross barrels in October – 15.35%; Total oil royalties collected in November - \$2,698,043; Total Gas royalties - \$234,605; Tank Bottoms - \$899; Total Oil and Gas Royalties for November - \$2,933,547; Bonus in October - \$1.97/bbl. average.

BIA Report: Deputy Superintendent Winlock

Superintendent Phillips asked Deputy Superintendent Winlock to give the report.

DEPUTY SUPERINTENDENT WINLOCK: For the month of November, the Branch of Field Operations 1750 purchaser run tickets reviewed and scanned; 80 Purchase Tank Tables Encoded into Osage Computer System; 281 Purchase Tank Tables Scanned into Osage Nation Report; 8 Leases checked for production on primary term; 14 Gas meter reports scanned into Osage Nation Report; 2 OERB Evaluations; 46 Lease inspections; 24 Gas meter calibrations/provings witnessed; 69 Landowner/lessee meetings; 9 Spills/leaks inspected; 15 Spills/leaks inspection/follow-up; 2 Calculations; 3 Tank bottom removals witnessed.

In the Branch of Lease Management, there were 5 Division Orders approved; 73 Lease Terminations; Producing Wells for the month of November, 18,088 less 3,251 for SWD and other wells = 14,837 production wells.

Top three leases that sold the most sandy soil permits was APAC, Candy Creek Crusher and Casey Hindman. Sales reported for the lease for APAC were 25,741.35 tons at \$13,900.33 Royalty paid; Candy Creek Crusher – 9,421.45 tons with royalty paid of \$4,804.92; Casey Hindman – 3,912.40 cu. yds. With royalty paid of \$2,934.30; Henry Banks – 102 cu. yds. With royalty paid of \$76.50.

Number of requests for lease information – 18 with 4 FOIA requests and 14 non-FOIA requests.

Branch of Subsurface Minerals – 2 approved drilling permits; 7 approved workover permits; 9 approved plugging permits.

Branch of Enforcement and Lease Compliance – Number of EAs received for APDs: 4 covering 16 permits; five of those were for Spyglass, five for Chaparral, five for BGI, and one was Woolaroc; Number of EA's Approved for APD's: 2 covering 5 permits; 4 for Short for plugging and one Wolco for drilling.

CHAIRMAN WALLER: Council. Councilwoman Boone.

COUNCILWOMAN BOONE: Is this correct, only one run ticket was figured?

DEPUTY SUPERINTENDENT WINLOCK: Yes.

COUNCILWOMAN BOONE: Why did it drop to one?

DEPUTY SUPERINTENDENT WINLOCK: I'm not positive on it. I can check with the field section and see. I know a lot of the people out there had a lot of "use or lose" towards the end of the year. So, I know there was a lot of people off, but I can check that.

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COUNCILWOMAN BOONE: OK. Thank you.

CHAIRMAN WALLER: And how many are in that field section?

DEPUTY SUPERINTENDENT WINLOCK: There's ten, right now.

CHAIRMAN WALLER: Thank you. Councilwoman Erwin.

COUNCILWOMAN ERWIN: Is Phillips, do they set in Osage County?

DEPUTY SUPERINTENDENT WINLOCK: Phillips 66?

COUNCILWOMAN ERWIN: Yes, sir.

DEPUTY SUPERINTENDENT WINLOCK: Do they set in...?

COUNCILWOMAN ERWIN: Osage County.

DEPUTY SUPERINTENDENT WINLOCK: No.

COUNCILWOMAN ERWIN: They don't?

COUNCILMAN REDCORN: You're talking about their offices?

COUNCILWOMAN ERWIN: Yes, right there at the stop sign.

COUNCILMAN REDCORN: Research West does.

DEPUTY SUPERINTENDENT WINLOCK: Oh, yeah. Research Center. Yeah.

COUNCILWOMAN ERWIN: Out there. Well, they have a lot of stuff going on out there. I see a lot of dirt on the ground, and looks like some kind of drilling. I don't know what it is. Why don't you send one of your guys out there?

DEPUTY SUPERINTENDENT WINLOCK: Sure. We can do that.

COUNCILWOMAN ERWIN: Thank you.

CHAIRMAN WALLER: Council.

COUNCILMAN CRUM: I have a matter that this reminds me of, and that's the fact on our hard mineral sales of rock. We discovered some time ago that we had done permits, as they are called, improperly in terms of the royalty value situation. It was brought to our attention that the CFRs say that we are to get 10% out of a particular dollar figure or cents figure per ton is what we done. We changed that with APAC, when they came back in to renew their permit. We still have these others that are doing per ton, a dollar figure per ton. It was the intention when we started to converting over that we would get everybody on the same page. We're not going to let somebody sell it for 60 cents a ton or rather pay royalty at 60 cents a ton, and others pay the 10% of sales. You came back with the sale on how these agreements could be done. We'd be told in the past that they were on a yearly basis, but they could be renewed. I think we

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need to solve that problem. We're being discriminatory against one of our producers by having them do it, and all the other people, we've been consistent with all the new ones coming in and charging 10%, so our policy is being 10%, in alignment with the CFR. I'm asking the Superintendent is there a process by which you, as the Superintendent, can say these previous agreements were done against the CFRs against the rules, against the law, essentially, and that they need to be revisited and you need to bring them back in to adjust this. Is there a process that can be done through the BIA to bring us where we're all on the same boat, 10%, all with the same footing? No one will be able to undercut others, because they have a better deal that was not of our making.

SUPERINTENDENT PHILLIPS: I'd be happy to notify all the ones that we have that are not paying by the 10% and asking them to come back in and renegotiate with you. You have to send a letter to that effect.

COUNCILMAN CRUM: You would need a vote by the Minerals Council to request that, as your responsibility?

CHAIRMAN WALLER: Is that it, sir?

COUNCILMAN CRUM: That was it.

CHAIRMAN WALLER: Councilwoman Erwin.

COUNCILWOMAN ERWIN: Do you know how many of them are paying less than 10%?

SUPERINTENDENT PHILLIPS: I don't, right off hand, but I know that we did provide a listing to the Osage Minerals Council with a copy of the resolutions. So I would just have to go back in and have a look at those. I'd be happy to notify them and let them know that the regulations state this and encourage them to come back to the Minerals Council.

COUNCILWOMAN ERWIN: Some of those, after so long a time, are supposed to come back in and revisit that pricing. It's somewhere in that resolution. I don't know, but I read some of them. Not all of them, but some of them. Anyway, I'd like to have a list of them.

SUPERINTENDENT PHILLIPS: OK.

CHAIRMAN WALLER: Council.

COUNCILMAN YATES: Looking at your report, I know there's 73 lease terminations. Is that up from what it normally is, or is that pretty much what it's been?

DEPUTY SUPERINTENDENT WINLOCK: I think that's up, because there's been some water floods, too, so that propped the number up, because the water floods could have several quarters.

COUNCILMAN YATES: Are any of them interested in reacquiring these terminated leases or are they pretty much ready to walk away? I'm wondering the bonding. I'm sure we're bonding \$5,000 per quarter to take care of all the wells.

DEPUTY SUPERINTENDENT WINLOCK: Yeah, I'd have to check with Candy and see if anyone is interested in going that far. You're right. \$5,000 would cover.

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SUPERINTENDENT PHILLIPS: I believe that a lot of those are primary terms. So what we can do is break them down as far as lease termination primary term, because we are going in on a regular basis. They haven't produced in the primary term, we're expiring those leases.

COUNCILMAN YATES: OK, and I was wondering the lease sale coming up February 13, if any of these would qualify for that, or if someone had lost that lease, at least they may have nominated.

DEPUTY SUPERINTENDENT WINLOCK: As far as I know, there's only one for the lease sale.

COUNCILMAN YATES: Alright. Thanks.

CHAIRMAN WALLER: Councilman.

COUNCILMAN CRUM: That reminds me of another question. What time did the nominations open and when did they close? We need to publicize that, when the nominations close. You know, for the lease sale?

DEPUTY SUPERINTENDENT WINLOCK: We've gotten one, but we've only got one.

COUNCILMAN CRUM: What are the dates?

SUPERINTENDENT PHILLIPS: I don't have that on myself.

DEPUTY SUPERINTENDENT WINLOCK: We can forward that information to you.

COUNCILMAN CRUM: Mr. Chairman, in the past, we've actually purchased advertisements ourselves in the Journal Record about the dates for the nominations, when they open, when they close, how much they cost, basic stuff like that. Perhaps we can talk about advertising that. We've always done it. For years, we've done it, and we've dropped the ball on that. But we'll need to know when the nominations will be closed.

SUPERINTENDENT PHILLIPS: I think it was closed, last Friday.

COUNCILMAN CRUM: What?

SUPERINTENDENT PHILLIPS: I believe the nominations closed last Friday. Nominations to nominate a tract?

COUNCILMAN CRUM: Yes.

SUPERINTENDENT PHILLIPS: It closed last Friday.

COUNCILMAN CRUM: Two months before the sale?

SUPERINTENDENT PHILLIPS: Yeah, we've got to go through them, we've got to advertise, do all that kind of stuff. So, if we got to do all – is that not correct? I'll be happy to call Charity and find out.

COUNCILMAN CRUM: We've never needed that much time, I don't think, in the past.

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COUNCILMAN YATES: We've got it posted in front, so we'll get a copy, because that may affect the rest of the day.

SUPERINTENDENT PHILLIPS: Yeah, the nominations closed Friday.

CHAIRMAN WALLER: Council.

COUNCILWOMAN RED CORN: Chairman?

CHAIRMAN WALLER: Yes, please.

COUNCILWOMAN RED CORN: We didn't even approve the agreements. We haven't seen them, yet. The terms of the leases.

CHAIRMAN WALLER: The lease, itself?

COUNCILWOMAN RED CORN: Yeah, when the...

CHAIRMAN WALLER: Primary term contract lease?

COUNCILWOMAN RED CORN: Well, no. That group that was in here. She was going to get that ready for us, so we could take a look at it, to see the terms of the lease, because we talked about two years, and then at the Oil Summit, it was mentioned that maybe we should make those three-year terms. Right now, because it takes so long to get a permit.

CHAIRMAN WALLER: Councilman, anything you'd like to add to that?

COUNCILMAN CRUM: Yeah, I have some questions. I'm not sure – haven't had time to digest it, completely. What would be the process for extending the nomination period?

SUPERINTENDENT PHILLIPS: Guess we'd just need to look at sending these out – a revised notification to everyone, as far as extending it. Because these all went out to the perspective lessees, giving them notification of the nomination due date. We would publicize it, as far as a sales bulletin, and it'd sell itself. Generally, the BIA has to have time to look at all the nominations and make the decision as to whether or not that can be nominated and be a part of the Oil & Gas Lease Sale. So, we do allow ourselves some time to do that, perform that function. So, if you look at this, it looks like she allowed, December 16, would be the deadline for the nomination, and then the sales bulletin mailing date would be January 13, and then the sales itself would be February 13. Right at this point, we've gotten one tract.

COUNCILMAN REDCORN: Thank you, Chairman. When we sold July, 2014, maybe we had 24 tracts at the auction. Is this the same procedure you did? Nothing different?

SUPERINTENDENT PHILLIPS: It is. Right.

COUNCILMAN REDCORN: OK. Thank you.

COUNCILWOMAN BOONE: Superintendent, how many letters were sent out to the perspective lessees?

SUPERINTENDENT PHILLIPS: We have a business, where all the lessees that we have were notified.

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COUNCILWOMAN BOONE: And so, how many would that be?

SUPERINTENDENT PHILLIPS: I don't know, right off hand.

COUNCILWOMAN BOONE: Could you get me that number?

SUPERINTENDENT PHILLIPS: Sure will.

COUNCILWOMAN BOONE: Thank you.

COUNCILMAN YATES: Being this is December, and I guess we would have time to maybe deal with this in January, but I think we might look at canceling it, this lease sale and maybe waiting to see how the political environment moves forward, before we schedule another one. On January 21, there's going to be a lot of changes made and that may reflect on the whatever interest we might attract, or not.

CHAIRMAN WALLER: We've got to stay focused.

COUNCILMAN YATES: We might ought to look at canceling it, figuring out what to do with that one. First, they'd have to negotiate and then after the 21st of January, sometime in February, maybe we'll look at what we want to do.

COUNCILMAN REDCORN: Thank you, Ms. Phillips. I appreciate the comments, because I think it's indicative of our efforts as a Minerals Council to sell leases for other forms of development. The last time we tried it, we had 24, now we've got one. You've got an atmosphere of high regulation, high environmental stuff coming out; the current proposal is to take some oil out of the ground. He's going to pay for more money, and he's not going to get back on his return. I think it's indicative where we're going, and if we don't change our ways, we'll see a lot more of it. Last month, I asked the Bureau how you feel about your responsibilities on economic return benefit for the minerals. But the more I got to thinking about it, the more I think that's the responsibility of the Minerals Council. There's promotion to be made if there's ways we can get more leases, more lessees and build on, we need to do it. So, I think once we make that determination, you're off to the races doing what you're doing, and we appreciate that. Again, I think it's indicative going from 24, and at our Oil and Gas Summit, I heard a guy held up his lease sale. I haven't been able to get on the drilling online, yet. Then I heard, well, he's on here; the reality is, he's still laying on his lease. So, what are we doing? I think that's the smart question to ask. Is there anything we can do to change course and prove the process to get these environmental things clear and done and get the value where it meets the expectations of our customers out there, if you're still interested in doing that. I think it's very indicative. I think we need to ask some serious questions among our group, because the responsibilities lie with us, I believe to continue on a path we're doing, we're going to say, well, we're going to extend this, and I'm not sure there's any improvement. It's a tough world out there, right now.

CHAIRMAN WALLER: Councilwoman Erwin, and then Councilman Yates.

COUNCILWOMAN ERWIN: Bad as I hate to say this...

CHAIRMAN WALLER: Say it.

COUNCILWOMAN ERWIN: ...I agree with him, and we should have put it in when it was. We asked to put it in at a later time. Somebody was real insistent about it, when they wanted to have it, and the people aren't ready yet. We need the new players in office. The Republicans are oil people. We need them to get in there, so that they can change things around.

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COUNCILMAN YATES: I agree with the overregulating but that's been the lure of Osage County for a time. It's what the small operators, that's why they made a living, because they were willing to do a little extra to work with the Minerals Council and the BIA and extract that oil. That was the lure, a little bit extra. I think the main problem with this is business hates uncertainty, and that's where we're at, right now. They don't know what the regulations are. They don't know what the new Trump presidential regime is going to bring. So, I think we could just hold off on this lease sale, until after the first quarter or something and see what direction they're going, what he's proposes, so he'll outline everything in his speech, when he's inaugurated. Again, I say the regulations is just part of Osage County, it's what it's been. It's the uncertainty with business. It's been killing us.

CHAIRMAN WALLER: Council, let me have Superintendent respond.

SUPERINTENDENT PHILLIPS: If the Osage Minerals Council would like to cancel, I will need a resolution canceling that, because right now, at this point, I've got a resolution, asking the Agency to proceed or something to that effect. I need something for my files, as far as documentation goes, and then the one individual that has nominated a tract, do you want me to notify them and ask them to come into the Minerals Council at the next agenda, and propose a negotiated lease?

CHAIRMAN WALLER: Is it oil, gas combination, that type of thing?

SUPERINTENDENT PHILLIPS: The last that I heard from Candy was that we just had one individual, and I think, what was it, yesterday, the day before, there were two individuals that came in to look at two more tracts. One individual you would allow, sent something over to Lacey, allowing them to look at our records and the same with Councilwoman Boone. So those are the only three that I'm aware of.

CHAIRMAN WALLER: We're just asking about the one that you have.

SUPERINTENDENT PHILLIPS: That, I don't know, because Candy just gave me a heads-up that we've just gotten one.

CHAIRMAN WALLER: Councilman Redcorn.

COUNCILMAN REDCORN: Given the tract, I read that the Oil & Gas Financial Report we get weekly, that they're projecting a brighter future for shale. Texas is getting excited that they're predicting a bump in the price per barrel. With this new administration, I think we're looking at a major increase in the United States in oil and gas, because producers know Mr. Rick Perry down in Texas is going to be the Energy guy. The Montana governor is going to be his partner in Interior, and they're all oil and gas-oriented. That's their focus. They're watching Sally Jewell leave – I guess she's going to leave – I haven't heard anything, but that's my prediction. But there's a lot of buzz from exploring, some difficult plays that cost more, and that's like shale, something that we're not totally into right yet. Maybe we will, I don't know. Probably not, but the end result is there's a lot of activity, a lot of chatter on the positive, and the optimism outside, where we are, I just don't want the Osages to get left behind. We continue tracking forward with these heavy regulations and the way we want to do things. We don't want to stop our ability to make the really good deals in the coming years, as Mr. Trump's going to be in the White House, and that's my fear. I'm asking the questions. That's why I'm asking Jim. That's why I'm asking the Bureau. Hopefully, we'll have a director here, but we really need to get busy on how can we get more barrels coming out of the ground. How we can get that lease going, and to me, the current track is just not working. It's not producing the interest out there. Too much regulation, too much EIS, and that's a deal-killer, in my experience in the oil and gas company. You got to do something else, you don't play around in the EIS field. That's been my experience.

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Maybe I'll learn something here that producers are going to go crazy about EIS – 'Oh, boy! I can't wait to produce an EIS area.' It's like you tell your children 'Don't go into this area' because bad things will happen. Well, it's just one of those areas. Are we one of those areas? Just don't operate. We'll just go somewhere else. Last time that happened, Chairman, oil was \$8/bbl.

CHAIRMAN WALLER: I was here.

COUNCILMAN REDCORN: We're not there. Oil's getting close to \$50 and expected to get \$60, and we're still acting like it's \$8/bbl. You guys got creative.

CHAIRMAN WALLER: It was a long time ago.

COUNCILMAN REDCORN: A negotiated process started in those years. But the way we're doing business is we need to relook at our environment, on our regulatory environment and get something that's more conducive to make a deal with these gentlemen out here. Thank you, Chairman.

CHAIRMAN WALLER: Thank you. Councilwoman Boone.

COUNCILWOMAN BOONE: If I recall, at our Oil & Gas Summit, one of our oilmen said that the problems that he's having is not with the Minerals Council, it's not with money, it was what was coming out of the Superintendent's office. Certainly, the facts that I saw in this report tell the story in support of what the oil producer said, and I would be in a position to make a resolution to cancel our upcoming lease sale, based on any number of factors. I don't think right now is a good time to have one.

Motion by Councilwoman Boone to cancel Lease Sale #21 dated February 13, 2017, 2nd by Councilwoman Erwin (Res. 3-186).

MOTION PASSED: JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-NO, EVERETT WALLER-YES, ANDREW YATES-YES, CYNTHIA BOONE-YES

CHAIRMAN WALLER: With that passing, I would like to have those folks contact us and I've been creative before and we could find a route to do that, again.

NEW BUSINESS

Newpek – Concession Extension: Steve McNamara for Randy Palka

Steve McNamara represented Newpek for the proposal of requesting an extension of Newpek's concession which was the eastern side of what was known as the BGI Concession, and is due to expire on February 19, 2017. The proposal that the company brought to the table, at this time, is requesting that they relinquish 20% of the total acreage from the concession between now and February 19, 2018, and they will drill one vertical well upon the remaining concession lands on or before February 19, 2018 and would make a commitment to drill two additional vertical wells on or before February 19, 2019, with the proviso that if they happen to drill three wells next year, that those would be credited to support their future obligations. They're proposing that the lease bonus, under the concession of \$50/acre and 3/16 royalty rate remain the same. Newpek is current on turning in all seismic data and the interpretation of seismic data. If there's additional interpretation of the seismic, that obviously would be turned over to the Minerals Council and to the BIA as per the agreement.

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After discussion was held, Councilwoman Boone concluded in her remarks that her recommendation would be to let the current concession expire and that the company's management go back to the drawing board and before that day come up with something nice that the Council could listen to and present it at that time. Otherwise, she would be in favor of letting the concession expire and then letting them decide if they want to come back, after it expires, to identify what kind of property they want and renegotiate a better deal for the Council than what they had this day. Councilman Crum mentioned that that was what he was going to suggest. With no motion on the floor, Chairman Waller allowed Mr. McNamara to go back, and if renegotiated, the new lease royalty would be at 20%.

GeoStabilization International – Sandy Soil Permit: Matthew Reihl

The proposal describes GSI's intentions to move 1,000 cu. yds. Of soils currently located along SH 99 within the Osage Nation to a new location approximately 1.2 mi. north to a new location along SH 99 within the Osage Nation. GSI has been contracted by the Oklahoma Department of Transportation (ODOT) to repair a roadside landslide, measuring approximately 175 linear feet, along SH 99 approximately 11.2 mi. north of Pawhuska.

Motion by Councilman Crum to waive the permitting of GeoStabilization International – Sandy Soil Permit, 2nd by Councilwoman Red Corn.

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

Lease issues: David Coast

Mr. Coast has a lease (SW/4 14-21-10) which has been red tagged and can't produce it, due to an issue with the BIA, who has determined that it is a part of a waterflood although it has a different royalty interest than the adjoining waterflood. He has been unable to produce the lease, since he has no storage for the oil that he is producing with the tank battery red tagged. He bought and paid for the lease and has now been told by the BIA that he can buy it back at the Lease Sale; however, it is not terminated.

Councilman Crum explained to Mr. Coast that to get a new lease, it needs to have been terminated and that they Council can give a new lease to him, however the Council wishes to make that happen, but at this time, since it is not terminated, Councilman Crum said that "their hands are tied". The Council was aware that Mr. Coast couldn't contact Mr. Cornelius but spoke to his wife and she was going to let him know, but as Mr. Coast explained, "(Mr. Cornelius) worked himself into the ground on the lease and...lost all interest." Chairman Waller mentioned that Mr. Coast was going to have to have the letter signed, otherwise he'd be back to the Council Chambers in March.

Councilman Crum asked the Superintendent what the current regs say. He mentioned there was a current one a provision, but if someone could not be reached, there was a process for the BIA to be able to grant access. Deputy Superintendent said, "If he doesn't waive it, he's got 30 days to appeal. But, he's also got the 90 days' requirement to plug and recover the service." Chairman Waller said, "So we're looking at 21 days."

Councilman Crum said for him to get in touch with the BIA, explain the letter that he's not going to protest that action of terminating the leases.

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Deputy Superintendent Winlock said that Mr. Coast could sell the oil that hadn't been sold by Mr. Cornelius; however, the only one that they're going to recognize is the leaseholder, which would be Mr. Cornelius, and the money would go to him. Deputy Superintendent added they could pick up the money, but everything would be held in suspense other than royalty, which belongs to the Osage Nation. A provision order would have to be in place.

Superintendent Phillips said that, right now, the lessee of record is Steve Cornelius, so the BIA would not be able to go back in and give anything to Mr. Coast, until those leases are expired or terminated. So they're going to have to start that process, first. Superintendent also suggested that Mr. Coast meet with his wife and give him something saying that he releases that particular lease for him. The BIA needs something for their files in order to move forward, including exact location and wells, the descriptions. So he is suggested to prepare that for him and give it to his wife, and see if he'll sign off on that. Mr. Coast agreed on that.

Director of Minerals Council Office: Councilwoman Kathryn Red Corn

Motion by Councilman Crum to advertise for Director – Osage Minerals Office with effective Beginning and Closing date and send to H.R., 2nd by Councilman Redcorn (Res. 3-183).

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

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

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

Executive Session – 11:35 P.M.

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Motion by Councilwoman Erwin to Exit Executive Session, 2nd by Councilwoman Boone – 1:00 P.M.

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

OLD BUSINESS

Performance – Lease Correction: Robert Knappe

Motion by Councilman Crum to approve 24-mo. Lease with \$6,000 Bonus @1/5th Royalty, NW/4 13-24-9 O&G Less CBM, 2nd by Councilman Redcorn (Res. 3-185)

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

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FOIA:

Motion by Councilman Crum to allow Chairman and others to go to the ON Attorney General when a "FOIA" is filed and ask what is needed to do, 2nd by Councilman Yates

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

Warrior Exploration & Production: Correction of location

Motion by Councilwoman Boone to correct a site location originally completed on Res. 3-116, 2nd by Councilwoman Erwin (Res. 3-116A)

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

Grant Proposal & Deliverables: Councilman Galen Crum

Motion by Councilman Crum to accept data conversion requirement, 2nd by Councilman Redcorn (Res. 3-184)

MOTION PASSED: JOSEPH CHESHEWALLA-YES, GALEN CRUM-YES, STEPHANIE ERWIN-ABSTAIN, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-YES, ANDREW YATES-YES, CYNTHIA BOONE-NO

Meeting Minutes:

Motion by Councilwoman Boone to approve November minutes (3), 2nd by Councilman Cheshewalla

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

Biennial OMC Chair Selection: Councilman Talee Redcorn

Motion by Councilman Redcorn to determine whether to change the Chairperson, 2nd by Councilman Yates (Res. 3-187)

MOTION FAILED: STEPHANIE ERWIN-YES, KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-NO, ANDREW YATES-NO, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-NO, GALEN CRUM-NO.

Motion by Councilman Yates to add 2nd Chairperson and duties, 2nd by Councilman Redcorn (Res. 3-188)

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MOTION PASSED: KATHRYN RED CORN-YES, TALEE REDCORN-YES, EVERETT WALLER-NO, ANDREW YATES-YES, CYNTHIA BOONE-YES, JOSEPH CHESHEWALLA-YES, GALEN CRUM-NO, STEPHANIE ERWIN-NO.

Open Ballot for 2nd Chair:

Councilman Galen Crum nominated Councilwoman Kathryn Red Corn; Councilwoman Stephanie Erwin nominated Councilwoman Cynthia Boone; Councilman Galen Crum called for nominations to cease.

Executive Administrative Assistant Lou Brock called for those in favor of Councilwoman Kathryn Red Corn: Chairman Everett Waller, Councilman Andrew Yates, Councilman Galen Crum and Councilwoman Kathryn Red Corn (4)

For those in favor of Councilwoman Cynthia Boone: Councilwoman Cynthia Boone, Councilman Joe Cheshewalla, and Councilwoman Stephanie Erwin (3)

Abstain: Councilman Talee Redcorn¹ (1)

2nd Chairwoman Kathryn Red Corn exchanged seats with Councilman Talee Redcorn at this time.

Newsletter:

Motion by Councilwoman Boone to approve quarterly newsletter, 2nd by Councilwoman Erwin.

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

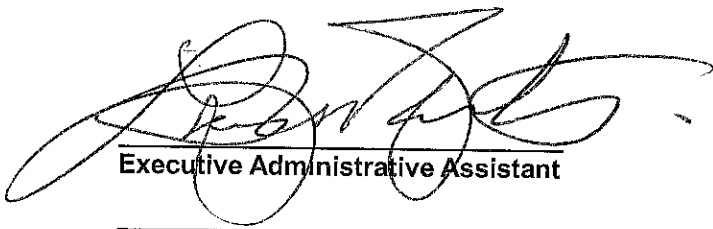
ADJOURNMENT

Motion to adjourn by Councilman Crum, 2nd by Councilman Yates.

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.

Adjournment – 1:35 P.M.

Approved:



Executive Administrative Assistant



Chairman

¹ Councilman Redcorn originally offered his seat Councilwoman Boone at the last meeting (see bottom of pg. 32, 12/16/16 Meeting Minutes, "I would like to offer my chair to (Councilwoman) Ms. Boone, because you've been here on the Minerals Council three times."), and later said, "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 (pg. 33, 12/16/16 Meeting Minutes)." but abstained this time, as he stated is related to Councilwoman Red Corn and "wouldn't go against Aunt Kathryn".