



OSAGE MINERALS COUNCIL NEWSLETTER

3rd Osage Minerals Council Official Publication

WINTER 2016



Chairman Everett Waller addresses the crowd at the Bluestem Ranch Acquisition Celebration ceremonies held northwest of Hominy, August 24. (Image courtesy of Osage Nation Communications Department - Dawn Haney, videographer)

Chairman Waller gives emotional speech to crowd at Bluestem

With a swift signature by Principal Chief Geoffrey Standing Bear, the deal between the Osage Nation and Ted Turner was complete as the Bluestem Ranch was officially a part of the Osage homelands again.

A ceremony was held under a large tent at the ranch, in which Osage Minerals Council Chairman Everett Waller gave a moving speech. Here are some of the main themes he touched on.

"...(T)oday is a purchase of a property that all of our warriors died for...and we still called it home. Never forget what they did to get us here.

"When we got here in the 1870s, it was our last move. My family and I are direct descendants of Wah-Tiah-Kah. He said that the Osage are going to have one home left, and this is it.

"Wherever we go from there has got to be remembered of what kind of Osage it was, back then. You all are all descendants of that. When you bring that child into this world, you're going to bring an Osage into this world. We put them away, sent them home, and then they go to Paradise with all of our people on that other side.

(See "Bluestem" on page 3)

Earthquake !

On September 3, a quiet Saturday morning in the town of Pawnee, Okla. was shattered by what was to be the largest quake ever felt in the State of Oklahoma.

Emergency vehicles were summoned to several buildings downtown, as well as the Pawnee Nation, as the city's mayor, Brad Sewell, addressed the media throughout the United States. The one major grocery store in the town of 2,300 had minor damage, but was up again, thanks to the assistance of many people, in about five hours.

The 5.8 earthquake once again was brought the attention of the Oklahoma Corporation Commission, which would shut down several wells not only in Pawnee County, but to the Osage Reservation, which affects all shareholders.

The Minerals Council has met with several people, including the Environmental Protection Agency, including Mr. Sam Coleman and Mr. Phil Dellinger from their office in Dallas, TX, which was held in our regular meeting held on September 16.

Mr. Coleman said, "We recognize that the events of September 3 have really challenged some of our communication and want to really assure that we're here to try to reestablish, as well as to improve in all areas that we can. We do know that those events in our work with the State of Oklahoma and our efforts to really try and provide a seamless response and work very close between the Minerals Council of the Osage Nation, the State of Oklahoma has been challenging and we've done a lot of work to try and improve that communication by working with the BIA and the others to get all of the parties together.

Mr. Dellinger added, "We are setting up a database, SharePoint site on the website to put critical data as we pull this up on to share with our partners, and that we're making good progress on that. We're having to pull a lot of hard copy material from our files and that's what's, you know, the biggest time burden for us, right now, where we've made good progress on that. So, we expect to have this SharePoint site up where we can give you and other partners access to the key information for these wells that we're looking at in this control zone.

"We've been in contact with the operators. As you know, the control zone changed a little bit. It didn't have much impact, in terms of the number of wells in our Osage County. It had more of an impact into the Oklahoma wells. We added a couple of wells, by the time it was all said

and done. We had a total of 19 wells impacted in Osage County.

"We have been looking at working with the operators to get the last month of August injection volume, so that we can implement these 25 per cent reduction in volume. We did get that information and we have spoken with all the operators and they have been very cooperative, and we followed that up with a letter that went out...to the operators. So, included in that letter was encouragement of contact us if (they) have questions or if (they) want to explore an alternative approach with us. We're in the process of creating a map that shows the combined volumes for the month of August for both Osage lands and State lands in the entire control zone. We've got a draft of that, but we want to make sure the data that we use to do that are very closely checked, because we know that count will be of interest to many.

"The control zone is...complicated because, what Oklahoma did was, they maintain parts of the original zone. But because of the aftershock data analysis, they realize that the fault that actually moved was trending almost 90 degrees to the original elongated zone. So, the overall zone became wider and if you look at a map of it, there's a...ten-mile-in-radius-control zone away from the epicenter, actually, away from the fault that moved, and that's the shut-in area, and there are five wells that we identified in that area on Osage lands, but not all five of those were operating. Beyond that ten-mile radius is a 15-mile radius that is, instead of shutting in, they're allowed to operate at 75% of what their volume was for the previous month, and that's why we've been trying to acquire that data. So, that's where most of the 14 of the 19 wells we identify are. So, we have been in communication with them to tell them that they can return to operation and ask them to hold it to 75%, for the time being, while we continue to gather and evaluate data on this complicated situation."

When asked about what fault that was, Mr. Dellinger replied, "That is what everybody's calling the new fault. That's the fault that they picked up on from the aftershocks, and the movement they believe is, I understand, it was along that fault. But it's a complicated area, because you have multiple fault crossings very near where they had the epicenter."

More information on this subject will be reported in future editions of this newsletter, as it becomes available.

QUARTERLY REPORT - DECEMBER, 2016

Data for this report is provided from and compiled by Jim D. Swan, the Minerals Council Auditor. He is responsible for ensuring our accounts are maintained in strict accordance with Federal law. Jim is also responsible for preparing Monthly Oil and Gas Production Reports. Most importantly he calculates the Quarterly Payment.

This is accomplished by auditing data provided from Office of the Special Trustee in Albuquerque, New Mexico.

Payment for the fourth quarter (December 2016) is \$3,335.00 per headright.

Computation: Total Revenue \$7,435,870.69 for the third quarter production and collections. (\$7,435,870.69 divided by 2,228.97393 headrights equals \$3,335.00 rounded back to the nearest \$5.00.)

Major Details of the \$7,435,870.69

Oil and Tank Bottoms Production: 1,037,923 gross barrels or 160,015 royalty barrels

Oil Revenue: \$6,992,665.56

Average price per barrel of oil: \$43.70

Gas Production: 1,492,740 gross Mcf or 261,416 royalty Mcf and 2,974,817 gallons

Gas Revenue: \$638,605.63

Revenue for Mcf: \$436,507.68

Sand and Gravel Royalty: \$103,422.07

Revenue for gallons (liquids): \$202,097.95

Oil and Gas Rental Collected: \$39,945.68

Oil and Gas Bonuses Collected: \$64,000.00

Water Use Royalty: \$54,121.00

Interest Earned: \$5,975.23

Sale of Maps A/C 7397: \$152,653.96

Miscellaneous Revenue: \$16,045.12

Misc. Disbursements: \$250,000.00

Gross Production Tax Paid to the State of Oklahoma: \$381,563.56

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WHISTLE BLOWER HOTLINE

Phone (918) 287-3107

Toll Free (855) 495-0373

In the upcoming Spring 2017 edition of
the Osage Minerals Council
Newsletter...

**ENEL Hearing at the 10th Circuit
Court of Appeals (Decision
Forthcoming) - Denver, CO
November 16, 2016**

**15th Oil & Gas Summit
Wednesday, December 7, 2016
Osage Casino - Skiatook, Okla.**

Scheduled Osage Minerals Council Meetings for 2017

Jan. 13 & 18 Feb. 10 & 15 Mar. 10 & 15

Apr. 14 & 19 May 12 & 17 Jun. 16 & 21

Jul. 14 & 19 Aug. 11 & 16 Sep. 15 & 20

Oct. 13 & 18 Nov. 9 & 15 Dec. 15 & 20

**All beginning at 10:00 A.M.
in the Council Chambers**

OSAGE MINERALS COUNCIL NEWSLETTER

Vol. III, No. 3

An official monthly publication of the Third Osage Minerals Council, updating news as it becomes available and published with the permission of the Chairman. All materials must be reviewed by the Media Committee and Chairman, voted on by the Council and may be edited for space and content.

OMC LEGAL UPDATES

Osage Regulations Status

After Judge Frizzell imposed an injunction in favor of the Osage Minerals Council, barring implementation of the revised regulations for oil and gas leasing on the Osage Mineral Estate, 25 C.F.R. part 226, the United States voluntarily agreed to remand the rules back to the Bureau of Indian Affairs. The Osage Mineral Estate is still being governed under the regulations as they existed prior to the negotiated rulemaking. The Bureau of Indian Affairs is currently reviewing the existing regulations and the OMC and the Osage Nation will be involved in any future revision of the regulations in accordance with the United States' consultation policy and trust responsibility.

Osage Wind Litigation

On September 30, 2015, Judge Payne of the United States Court for the Northern District of Oklahoma issued an Order & Opinion in the *United States v. Osage Wind, et al.* litigation that ruled against the United States and established bad precedent for the Osage Mineral Estate. The Osage Minerals Council was not a party in the District Court. The Osage Minerals Council appealed the merits decision and the decision denying the OMC's right to intervene in the District Court case to the Tenth Circuit Court of Appeals. The Tenth Circuit Court of Appeals held Oral Arguments on the appeals on November 16, 2016. The Tenth Circuit usually takes a few months to issue a ruling, so a decision in this case is expected around February 2017.

NEPA Litigation

There are currently two lawsuits pending in the United States Court for the Northern District of Oklahoma challenging the United States' compliance with the National Environmental Policy Act of 1969 ("NEPA") in regard to the United States' approval of leases and drilling permits for the Osage Mineral Estate. *Donelson v. Devon Energy Prod. Co., et al.*, Case No. 14-cv-316-JHP-FHM; *Hayes v. Chaparral Energy, LLC, et al.*, Case No. 14-cv-495-GKF-PJC. Both cases were initiated by owners of surface land in Osage County. In both cases, the landowners have asked the Court to declare OMC's leases void. The Osage Minerals Council moved to intervene as a limited intervenor in both cases in order to file motions to dismiss for failure to join a required and indispensable party under the Federal Rule of Civil Procedure 19.

In the *Hayes* case, the District Court granted the OMC's motion to intervene, but denied its motion to dismiss, and ultimately ruled in Hayes' favor on the merits of the case. The OMC has appealed this decision to the Tenth Circuit Court of Appeals and this litigation is ongoing. In the interim, Hayes has filed a new case in the United States Court for the Northern District of Oklahoma challenging the United States' decision to reissue the leases challenged in the case filed in 2014.

In the *Donelson* case, the District Court dismissed the case, ruling in favor of the United States and the Producer Defendants, without ruling on the OMC's motion for limited intervention. Donelson has appealed that decision to the Tenth Circuit Court of Appeals.

RESOLUTIONS

Note: Only Council Members who voted 'No' appear due to space constraint.

9/21/16

3-158 MOTION TO: Accept Double G proposal for new Oil & Gas lease BY: Crum SECOND: Yates 8 Aye 0 No 0 Abs PASSED

3-159 MOTION TO: New Oil & Gas lease for Friedel Petroleum Corp BY: Crum SECOND: T. Redcorn 8 Aye 0 No 0 Abs PASSED

3-160 MOTION TO: Waive permit for Verdigris Valley Elec. Coop Inc.-Pond Creek project BY: Boone SECOND: Erwin 8 Aye 0 No 0 Abs PASSED

3-161 MOTION TO: 17 new Oil & Gas leases for Ceja BY: Yates SECOND: CRUM 7 Aye 1 No (T. Redcorn) 0 Abs PASSED

3-162 MOTION TO: Have a 2016 Oil & Gas Summit BY: Yates SECOND: Erwin 8 Aye 0 No 0 Abs PASSED

3-163 MOTION TO: Hire Lou Brock as permanent Executive Administrative Assistant BY: Yates SECOND: Crum 7 Aye 1 No (Boone) 0 Abs PASSED

3-164 MOTION TO: Accept C-395 & S-510 Budget for FY2017 BY: K. Red Corn SECOND: Crum 8 Aye 0 No 0 Abs PASSED

3-165 MOTION TO: Waive permit for ODOT contractors, Jayvine Hill project BY: Crum SECOND: K. Red Corn 7 Aye 0 No 1 Abstain PASSED

10/19/16

3-166 MOTION TO: Extend Spyglass drilling commitment BY: Crum SECOND: T. Redcorn 7 Aye 0 No 1 Abs PASSED

3-167 MOTION TO: Authorize lease sale BY: Crum SECOND: T. Redcorn 7 Aye 0 No 1 Abs PASSED

3-168 MOTION TO: Travel to Denver to hear oral arguments on ENEL 11/16 BY: Erwin SECOND: Boone 7 Aye 0 No 1 Abs PASSED

3-169 Appoint Paul Revard as consultant BY: T. Redcorn SECOND: Boone 7 Aye 0 No 1 Abs PASSED

3-170 MOTION TO: Accept Lawco proposal BY: T. Redcorn SECOND: Erwin 7 Aye 0 No 1 Abs PASSED

3-171 MOTION TO: Allow Chairman to take care of personnel matter BY: Erwin SECOND: Boone 7 Aye 0 No 1 Abs PASSED

3-172 MOTION TO: Accept Orion proposal BY: Crum SECOND: Boone 5 Aye 1 No (T. Redcorn) 1 Abs PASSED

3-173 MOTION TO: Transfer CD to BancFirst BY: Boone SECOND: Crum 6 Aye 0 No 1 Abstain 1 Absent PASSED

3-174 MOTION TO: Allow Fredericks to apply moneys being held to outstanding balance for 2015 BY: Erwin SECOND: T. Redcorn 6 Aye 1 No (Crum) 1 Abs PASSED

11/16/16

3-175 MOTION TO: Approve 2017 Meeting Dates BY: Erwin SECOND: Boone 7 Aye 0 No 1 Abs PASSED

3-176 MOTION TO: Approve hiring Christy RedEagle as Event Planner for 2016 Osage Oil & Gas Summit BY: Yates SECOND: T. Redcorn 7 Aye 0 No 1 Abs PASSED

3-177 MOTION TO: Approve Meeting Minutes of 2014 and 2015 Biannual Consultation meetings BY: T. Redcorn SECOND: Boone 6 Aye 1 No (Erwin) 1 Abs PASSED

3-178 MOTION TO: Approve 2016 Osage Oil & Gas Summit agenda BY: T. Redcorn SECOND: Erwin 7 Aye 0 No 1 Abs PASSED

11/21/16

3-179 MOTION TO: Authorize Tom Fredericks to file injunction against Amshore Wind, LLC BY: Erwin SECOND: T. Redcorn 1 Aye 7 No 0 Abs FAILED

3-180 MOTION TO: Request legal assistance of the U.S. as trustee, in protection of the Osage Mineral Estate to prevent the unlawful use and conversion of Osage trust assets by Amshore US Wind, L.L.C. BY: Boone SECOND: T. Redcorn 8 Aye 0 No 0 Abs PASSED

3-181 MOTION TO: Request ON Congress to put in the laws that were written for us BY: Crum SECOND: Yates 2 Aye 6 No (Boone, Cheshewalla, Erwin, T. Redcorn, K. Red Corn, Waller) 0 Abs FAILED

3-182 MOTION TO: Request Fredericks Peebles & Morgan LLP to initiate litigation against Amshore US Wind, L.L.C. if the United States fails to do so in two weeks. BY: Erwin SECOND: T. Redcorn 8 Aye 0 No 0 Abs PASSED

"Bluestem" (cont'd. from Page 1)

"...(Y)es, I'm the Chairman...but the main thing I've been is Osage. It's the last thing we have left. When that drum plays that Standard Song, we created that in the 1700's. With this United States, we said we'd follow that Standard to the ends of the earth.

"When we were up in St. Louis, we were tens of thousands. We held 900 million acres. All I could tell them is that we haven't forgot you. Your children made choices for each and every young person you heard today. What it told them is that whatever you keep of your traditions will take you home in this next world. We made changes. We kept a society that kept us for ten thousand years.

"I have served on five different governments. Every one of them has had this same thing. *Save your people. Do something in your life that helps them.*

"The last comment is they say when you've had a child, your life ended. You dedicate to that child. From then on, that's Osage. When you had that child and grandchildren, you turn to them.

"In closing, I just want to tell you, it's not an honor to me. I'm only a messenger. The greatest honor is that we made it. This was our last home. Wah-Tiah-Kah saw metal flying, and running on the ground, and he said this is our last home. We need to protect it, at all cost."



Mashell Sourjohn (left), AARP Associate State Director of Community Outreach and Joe Ann Vermillion (right), State Volunteer State President of Oklahoma-AARP congratulate Kathryn Red Corn (Photo Courtesy Danette Daniels)

Councilwoman Red Corn honored at AARP Oklahoma Indian Elder Honors

Osage Minerals Councilwoman Kathryn Red Corn was one of five Osage elders honored at this year's 8th AARP Oklahoma Indian Elder Honors.

The event was hosted on October 10 in Oklahoma City at the National Cowboy and Western Heritage Museum.

The AARP Oklahoma honors 50 Native American elders each year who are selected from a nomination process. This year more than 25 tribes will be represented at the honors.

Among the honorees are traditional speakers, veterans, environmental activists, tribal leaders, tribal attorneys, cultural and spiritual leaders, physicians and storytellers.

AARP Oklahoma has now recognized 400 elders from all 39-federally recognized tribes and nations in Oklahoma since its inception in 2009. It is the largest gathering of its kind in the state.

MISSING!

As you may have noticed, we add a photo of each of the 31 Osage Tribal Councils to our newsletters as a reminder of our 1906-2006 Osage history. The next one, which will feature the 4th Council (1912-14) is missing a photo of Charles Tinker. If anyone has a photo of him, we would like to add it in our next newsletter. You are welcome to email the photo to us at minerals@osagenation-nsn.gov. We appreciate your assistance.

Wah-Tiah-Kah Scholarship Award

Deadline Date for Spring 2017 Semester is December 31, 2016

Oil Industry Field of Study

Four \$1,000 Awards Per Semester

To apply, contact (918) 287-5346, or download the information from our website. Apply Early!

<http://www.osagenation-nsn.gov/who-we-are/minerals-council>



Third Osage Minerals Council

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