

**OSAGE MINERALS COUNCIL REGULAR MEETING
OSAGE COUNCIL CHAMBERS PAWHUSKA, OKLAHOMA
MARCH 22, 2017
MINUTES**

CALL TO ORDER

Chairman Everett Waller called the meeting of the Osage Minerals Council to order at 10:00 A.M.

OPENING PRAYER

Chairman Waller gave the opening prayer.

ROLL CALL

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 and Andrew Yates. Talee Redcorn arrived at 10:30 a.m. A quorum was declared.

Visitors to the meeting were Ron Snyder, Skip Honeyman, Joy Ledbetter – OST, George Shannon, Jinx Geurin, Paul Revard, Bill Park, Marcy Graham, Leigh Kuykendall, Nona Roach, Rosaline Karlin, Lawrence Felde, Whitney DeAngelis, Leslie Young, Julia Roe, Tim Lytle – Scout EP, Florence Bigheart Trantum, Congresswoman Maria Whitehorn, L. K. Heskett, Rosemary Wood, Myron RedEagle and OSA Chairman R. E. Yarbrough.

Accountant Report: Leslie Young and Julia Roe

Leslie Young, giving the C-395 report for the month of February, the current cash account is \$144,816.69. On the February totals, \$500,000 has been drawn down, as of today.

Julia Roe, giving the S-510 report for the month of February, there was interest income of \$162.72, and the Wah-Tiah-Kah Scholarships were paid out of this account. In the checking account, there is \$153,441.09. The CD holds \$236,130.66.

Auditor Report:

JS: We'll start with our Osage Information Sheet for February. In February, we collected \$3,176,382.76; Average price for a barrel of oil in January - \$51.10/bbl.; Average highest posted price for February - \$50.08/bbl.; Today, the price is \$43.76; Avg. daily barrels of oil produced in January – 12,059 barrels; Gross barrels produced in January – 373,961 barrels; Royalty barrels – 55,943; Royalty barrels vs. Gross barrels -14.96%; Total oil royalty collected in February - \$2,860,015; Gas royalty - \$292,886; Tank Bottom royalty- \$291; Total oil and gas royalty for February - \$3,153,192. Average bonus for January - \$1.82/bbl.

BIA Report: Deputy Superintendent Richard Winlock

DEPUTY SUPERINTENDENT WINLOCK: For the month of February: Branch of Field Operation – 3,371 purchaser run tickets reviewed and scanned; 11 purchaser tank tables encoded into Osage Computer System; 155 trucking permits prepared; 35 leases checked for production/primary term; 80 lease

inspections; 60 lease inspections/follow-up; 9 gas meter calibrations/proving's witnessed; 6 trucks stopped for permit check; 2 tank strappings witnessed; 109 landowner/lessee meetings; 7 complaints responded to; 17 spills/leaks inspected; 25 spill/leaks inspection follow-up; 69 tanks gauged; 40 calculations; 2 tankbottom removals witnessed; Branch of Lease Management – Oil and gas leases approved – 1; Assignments-67; Division Orders – 5; Lease Terminations – 50; Producing wells for February – 18,091 less 3,259 for salt water disposal and other wells = 14,832; Other Minerals (25 CFR 214) for January – Leases sold last month under 214 – 4; The three leases that sold the most: Candy Creek Crusher, APAC and Casey Hindman; Sales reported per leaCouncilwoman Erwin: Candy Creek Crusher, 13,035.50 tons, \$6,748.13; APAC, 11,926.39 tons, \$6,559.51; Casey Hindman, 3,753.45 cu yds., \$2,807.59 and Schmidt Brothers, 344 cu. yds., \$258.00; Number of requests for lease information – 20 (2 FOIA; 18 non-FOIA); Branch of Subsurface Minerals – Approved Drilling Permits – 0; Approved Workover Permits – 13; Approved Plugging Permits – 2; Branch of Enforcement and Lease Compliance – Number of EA's received for APDs – 1; Number of on-site visits for EA completion – 0; Number of EA's approved for APD's – 4 EAs covering 21 permits; Number of non-compliance letters – 45; Number of non-production letters – 3; Number of extensions letters – 7; Number of further remediation letters – 3; Number of final notice letters – 10; Number of spill closure letters – 46; Number of Spill Remediation and Reporting Acknowledgement letters – 7; and, Number of exemption approval letters – 1.

CHAIRMAN WALLER: I only have one question and I want Council to realize I'm looking at the 22 months that we have 14,834 wells that long ago. Now, look at the number we have reported today, 14,832. That's for your records and also, I was looking at one other item is that the salt water disposal well is actually covering three of those. Are there any other questions? Council.

COUNCILMAN CRUM: I just want a little clarification on the EA's approved for the APD's. You had 21 and they are in the notification period?

DEPUTY SUPERINTENDENT WINLOCK: Yes.

COUNCILMAN CRUM: They should come out. The 30 days will be up, sometime, next month.

DEPUTY SUPERINTENDENT WINLOCK: Yes, as you've seen, some of them are already up, right now.

COUNCILMAN CRUM: OK, so actually with my next item, the 21 new drilling permits...

DEPUTY SUPERINTENDENT WINLOCK: Right. CHAIRMAN WALLER: Council.

COUNCILWOMAN ERWIN: I notice we have an empty chair. May I ask where the Superintendent is?

DEPUTY SUPERINTENDENT WINLOCK: She had a personal matter she had to take care of.

CHAIRMAN WALLER: Councilwoman.

COUNCILWOMAN BOONE: I would like to ask if you're finished with the after-hours inspection of the Bluestem Ranch.

DEPUTY SUPERINTENDENT WINLOCK: Are you talking about Land Buy-Back? COUNCILWOMAN BOONE: Mm-hmm.

DEPUTY SUPERINTENDENT WINLOCK: Yes.

COUNCILWOMAN BOONE: OK. Are any of these figures reflective of any of that work on that ranch?
DEPUTY SUPERINTENDENT WINLOCK: No.

COUNCILWOMAN BOONE: OK. Thank you.

CHAIRMAN WALLER: That's all Land Buy-Back numbers? DEPUTY SUPERINTENDENT WINLOCK: Yes.

CHAIRMAN WALLER: Council, anything to add? Any questions?

NEW BUSINESS

New Frontier Drilling & Production: Lawrence & Loyd Felder

At the last meeting, discussion was had regarding a one-year extension of two contracts, which are due to expire in March, 2017, and Councilman Crum, then, suggested a new lease. When asked by Chairman Waller if they had gotten the well on-line, Mr. Felder said that they did. Deputy Superintendent said, "as long as he's working on the well, and gives us a reason why, whether it's a market issue or whether he may be waiting on a company coming out and doing something, as long as he's working on it, we can give them an extension on it." Chairman Waller said to Mr. Felder that he's in good hands and that he is ready to go, and that the BIA just needs something in writing requesting that extension time.

City of Ponca: Michael Vanderburg

At the last meeting, Mr. Vanderburg spoke to the Council regarding a number of utilities being built in the existing road right-of-way, on the east side of the Osage Casino, and the electrical poles are in the way of the project as designed. It had been determined that the utilities need to move to a new utility easement adjacent outside of the road right-of-way. He asked for a waiver or comparable consent from the Council approving the new utility location, plus asking for a formal utility easement to be signed by the Osage Nation and approved by the BIA. At that time, Chairman Waller said there must be a resolution and a letter both signed on March 22 that covers the Council's permitting element and the BIA will approve where it goes.

Motion to have a resolution to allow waiving of the permitting process for the Nation by Councilman Crum, Second by Councilman Cheshewalla.

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

Orion: Skip Honeyman

At the last regular meeting, a proposal was to take new two-year leases and not to plug existing horizontal well bores on 160-acre properties, each, at NW/4 25-26-5; SE/4 22-26-5; NE/4 16-26-5; and, SE/4 18-26-5. Deputy Superintendent mentioned that the leases will be terminated. Once they're terminated, the BIA will forego the 30-day appeal, then once the letter has been submitted, he can come back to the Council and negotiate four new leases. Mr. Honeyman said he'd be back at the next Council meeting, now set for Thursday, April 13.

Motion to go into Executive Session by Councilman Redcorn, Second by Councilwoman Boone.

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 – 10:25 A.M.

10:55 A.M. – Motion to come out of Executive Session by Councilman Redcorn, Second by Councilwoman Erwin.

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.

Revard Oil & Gas Properties Inc. & Ceja Corporation: Permitting process and restrictions regarding Seismic Operations

Motion to grant Paul Revard the right to conduct Fibrosis Seismic Operations on the NW/4 29-23-8, SW/4 29-23-8, NW/4 32-23-8, and SW/4 20-23-8, extending the boundary extension, subject to the approval of Seismic Project Activity application presented to the BIA Osage Superintendent and upon processing of any BIA permits by Councilwoman Erwin, Second by Councilman Crum.

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 forward the resolution allowing seismic activity in Osage County to Oil and Gas Expert, Tim Dowd, to review, by Councilman Yates, Second by Councilman Redcorn.

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.

OLD BUSINESS

Washington D.C. Trip: Councilwoman Boone

Councilwoman Boone asked Chairman Waller about details at Washington, D.C, according to the agenda that was given to them by the Executive Offices. Chairman Waller went into detail on the day-to-day activities.

Councilman Redcorn left the meeting at 11:35 A.M.

USDOJ-Evan McLemore Letter: Bill Parks

Mr. Parks was asked to return to the Council Chambers with more information on his lease. There was an estimate that was distributed to the Council of what it would take to replace the three producing wells. It was determined, due to a compliance issue that is coming due this month (March) that he has to move what remnants of the flow line and electric line he has to Well #2, and some other minor issues, all related to that. Deputy Superintendent Winlock said that he could request an extension, but first,

write a letter to Gaming. He also said that the BIA would represent the Council on whatever is settled on, plus the plugging the wells and the cleanup.

Councilman Redcorn returned to the meeting at 11:55 A.M.

Oil & Gas Summit:

Councilwoman Erwin asked about the next Summit. Chairman Waller stated that he enjoyed the last one, and that the Committee should get together to plan the next one. Councilman Yates mentioned to Councilman Redcorn that the Summit should continue in good and bad times, and that Christy RedEagle should be contacted to be ready for the 16th Oil & Gas Summit, to be held this year.

Meeting Minutes: 8/20/14; 9/29/14; 1/18/17; 2/10/17; 2/15/17; 3/10/17; and, 3/16/17

Councilman Redcorn made the motion to approve the minutes, second by Councilman Yates.

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

COMMITTEE REPORTS

Media: Councilman Redcorn

Councilwoman Erwin made the motion to approve the newsletter and have it sent out, second by Councilman Redcorn.

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

Councilwoman Erwin made the motion to adjourn, second by Councilman Redcorn.

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

Adjournment – 12:05 P.M.

Approved:


Chairman


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Executive Administrative Assistant