

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
AUGUST 16, 2017**

1. CALL TO ORDER

Chairman Waller called the meeting to order at 10:00 AM

2. OPENING PRAYER

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

3. ROLL CALL

Lacey Reynolds called roll. The Osage Minerals Council members present were: Cynthia Boone, Joseph Cheshewalla, Galen Crum, Stephanie Erwin, Kathryn Redcorn, Talee Redcorn, Andrew Yates. A quorum was declared.

Guests present were Myron Redeagle, jinx Geurin, Joy Ledbetter, Janel Perry, Leigh Kuykendall, Philip Dellinger, Robin Phillips, Richard Winlock, Michael Mouton, Florence Bigheart Frantum, Chris Bird, Don Williams, Nathan Buchanan, Kandy Jump, Nona Roach, Julie Malone, Misti Owen, Rosemary Wood, Kevin Paslay.

Chairman Waller read the quarterly payment, \$3,550.

Chairman Waller will give an updated report on his trip to Washington with the Chief in Executive.

Councilman Crum wants to add the data processing into agenda.

Councilwoman Erwin announces that during the HPP case documents were copied, at Akin and Gump, are in the vault. Erwin states that this information needs to be sent back to us, appointing Bill Lynn.

Chairman Waller states he asked for storage at archives and approximately storage for 200 boxes.

4. ACCOUNTANT REPORT

Accountants reports were provided in books.

Councilman Redcorn confirmed that Pam Jester is now handling our accounts at accounting.

5. AUDITOR REPORT

Will be reviewed at a later date.

6. SUPERINTENDENT REPORT

Superintendent Phillips reported that the Branch of Field Operations completed the following:

2,131 Purchaser run tickets reviewed and scanned, 30 trucking permits prepared, 15 Leases checked for production/primary term, 22 Gas meter reports scanned into Osage Nation Report, 3 OERB Evaluations, 92 Lease inspections, 74 Lease inspection follow-ups, 4 lact units proving witnessed, 15 gas meter provings, 1 gas meter proving not witnessed, 3 trucks were stopped for permit check, 59 Tank Strappings Witnessed, 93 landowner/lessee meetings, 9 Complaints responded to, 19 Spills/leaks inspected, 118 Spill/leaks inspectioned for follow-up, 18 Archeological Surveys (Land Sales), 1 Archeological Surveys (Well Sites), 64 Tanks gauged, 10 Calculations, 2 Tank bottom removals witnessed. The Branch of Lease Management reported that 46 leases were approved. 19 assignments were

approved, 89 division orders, 2 lease terminations. For July 18,098 wells, 3226 for saltwater disposal wells, total 14,832 wells. The 3 producers selling the most was APAC with \$79,210.10, Candy Creek Crusher with \$14,121.36 Casey Hindman with \$18,816. 7 FOIA requests were made. The Branch of Subsurface Minerals approved 13 workover permits. The Branch of Accounting provided their gross production reports, that were provided to the minerals council. The Branch of Enforcement and Lease compliance received 1 EA covering a 214 lease, 38 noncompliance letters, 52 non pro letters, provided 6 extension letters, 11 final notice letters, 33 spill closure letters. Superintendent stated that at the last meeting Councilman Cheshewalla asked about a notification to the landowners, the Osage Agency is notifying all the lessees and landowners on any decisions that are made at the agency in accordance to part 2 of 25 CFR, which provides for an administrative process, so you are receiving those letters. Chairman Waller asked if that has always been there. Superintendent Phillips says that yes it has, the letters are being provided to all interested parties, so you are looking at the landowners, the Osage Minerals Council, and the Osage Nation. Chairman Waller asked if it was just anything that happens on our restricted property, or just all landowners? Superintendent stated that it was just anything, any time that the Agency is making a decision they have to provide the administrative process as far as the appeal goes, they have the right to appeal. Councilwoman Boone asks if she heard the Superintendent correctly, that the Osage Nation receives all the letters that pertain to the minerals estate regarding these issues. Superintendent states that yes they get a copy of the letter, that they provide it to all interested parties. Councilwoman Erwin asks if since the Osage Nation took over part of the royalty obligation are they expected to do any type of process, like an APA or something. That gives these people rights to appeal their decisions. Superintendent states that yes, I believe they do. Because the Agency did as well, we send notice out to all the landowners. Councilwoman Erwin, yes I know about the Agency, but what about the Nation. Superintendent states that the Nation should be doing the same thing. Councilwoman Erwin asks if she knew that for a fact. Superintendent states that yes she knows that for a fact, because anytime that there is anything dealing with restricted and or trust land it requires approval by the secretary of the department of the interior or his representative, being myself, and anytime that I approve something, yes there has to be an administrative process allowed. Councilwoman Erwin states so when they do something about an action against someone on restricted property, you actually have to approve it. Superintendent states, yes there is a lease, or a sell, ride away, anything that is dealing with restricted Indian land that ends up in an approval goes through me. Councilman Yates asks if on the one EA on the 214 leases is that solid minerals? Superintendent states, that yes, she believes so, it would have to be on 214. Councilman Yates states that he has had an operator call him saying that he is unable to get ahold of the Superintendent's office, for phone calls, when will the phone situation be cleared up, and is the internet open, because that 25th reporting date is coming up and his people are asking him how to get the reports filed. Superintendent Phillips states that basically the Agency has been open, I don't know if you know but, since the Osage Nation compacted real estate services we ended up with vacant areas in the agency, so we have relocated field operation back up to the agency. When they went to drop lines so that we could install computers all the sudden it effected our phone system, so our phone system has been down. We have been working with the Eastern Oklahoma regional office to get our HPP on the website, because we notified everyone and let them know that it would be posted and unfortunately we were told by IT that they are going in, and making a revision to the system so they are not going to be able to post anything, I asked the regional director if he could ask for any exception due to the fact that lessees do rely on the HPP to be posted, and we are doing the best we can. We have had individuals contact the agency and ask for it, and we have provided it to them. Councilwoman Boone asks how do you contact the agency if everything is down? Superintendent responds that they can do that by email. Councilwoman Boone asks what if they don't have email and don't live here in Osage County, then what do they do.

Superintendent responds that they can then contact the minerals council because they are providing the information to us. Councilwoman Boone asks if all the telecommunications are down, how do they contact you about issues? Superintendent states that they can contact the agency by email. Councilwoman Boone asks again, what if they don't have email and don't live in Osage County? Superintendent says that if by chance they call the minerals council, then the mineral council can give me their phone number, we would be happy to call them, we've got cell phones. In talking to the administrative support system today, they are hoping that the board is supposed to come in today so that they can get our phone up and running. We didn't plan on this to happen, but yes it did happen with the relocation, and we had to go through the process of purchase requisition and all that up and running. Chairman Waller ask what are we going to do when that happens and our lessee's have to report in? Superintendents states that if they have a report, the agency is open so they basically can bring in their report, and they can mail him. Chairman Waller asks if there is a dropbox outside? Superintendent says no.

7. EPA REGION 6

Sam Coleman says that the EPA has done an extensive review of a lot of data as well as the wells that have been injecting in the shallow formation around Bird Creek. Mr. Coleman reports they have found a lot of saltwater in Bird Creek, with locations that have been particularly high consistently. They think there is a connection with the injection wells. States that they had the wells shut down to see if the pressures would equalize, as they started up they saw pulsation in the creek, leading them to believe that these wells are having influence on the Creek. He states that they believe that the formation is over pressured, we asked the operators to shut in the wells voluntarily, the operators chose not to do so, so we issued orders. The orders were issues about a week ago, and are out for the 30-day public comment period. We will then make a final decision. Given the over pressured situation, we are worried that the situation will repeat itself, looking at the Mississippi chat formation. We are working on looking at the surrounding areas, around 6 wells gathering data. The goal is to gradually ramp those down if they are causing a problem. There are some wells looking to be put in around here and we will be watching those closely, because we don't want to issue a permit for something that is going to be a problem in the future. Mr. Coleman expresses his appreciation for all the cooperation from everyone on this project. Council Woman Erwin asked if the hot spot moved half a mile down the prairie? Mr. Coleman said yes it did, but both are still active. Councilwoman Erwin states that there is a possibility that 6 other wells could be shut down, and how much oil that is. Councilwoman Erwin asked for legal descriptions of where the monitors were. Randy G said that he could get these to the Council. Councilman Redcorn asks that Mr. Coleman communicates with the Minerals Council Office on these matters. Councilman Crum asked about referring to a survey that was completed 2 years ago by the Osage Nation and the USGS, as a potential data source. Councilman Yates asks if there has been any testing on production wells. Mr. Coleman's states that they have, looking for any production wells that are not plugged, we at one point thought that in the creek that could have actually been an old production well that was not plugged where the creek over many years has moved, and now may be covered up. We have just not found it. Councilman Redcorn asks what the main goal currently is. Mr. Coleman says that at that exact location that they believe the formation is over pressured, therefore our thought process is that pending comments from the public that our proposal would be to shut in those wells permanently. To make sure that we do not contribute to the overpressure of that exact formation. Councilman Redcorn asks what his assessment is on the wells in that area. Mr. Coleman believes that we are in good shape. Director Lynn mentioned increasing lease status reports from once a year. Superintendent Phillips asked for Councilman Cheshewalla to attend a meeting later in the day with the BIA regarding the high school plugging situation. Council thanks Sam Coleman for his work thusfar.

8. NEW BUSINESS

Councilman Crum speaks about the digitization grant. He estimates that there are 110,000 papers that need to be digitized. Recently the OMC entertained bids for the digitization project, they received 5 different bids. He has a bidder that he believes would be best fit. This company will begin by using library's that have some data completed, and then go from there to finish. The company believes that they could have a website up and running with the majority of logs in 8 months. Councilman Crum asks for the council support. Bill Lynn says the award letter has been sent, upon acceptance they will meet again to implement the grant. The Orphan well committee has been meeting about every two weeks, the first step is identifying the wells, second plug the wells that are harming our environment and third decide what to do with the wells that can still produce. Director needs a resolution supporting the grant proposal for EMDP grant, the grant is due September 25th. Councilman Redcorn speaks about the grant application. He believes that the Resolution needs to have the exact scope for the grant.

Councilman Redcorn makes a motion that we pass the resolution for two grant applications for Bill Lynn to finalize the scope for both and to have the resolution sent to Mr. Night at the BIA.

Councilwoman Erwin states that the resolution is not specific enough. Mr. Lynn stated that Roger Night asked for a resolution from the Minerals Council that gives him something in writing appointing Bill Lynn as a contact. Councilwoman Boone states that the grant needs to be stated specifically, and doesn't think there needs to be specific names in the resolution.

Councilman Redcorn changed his motion to propose making 2 resolutions. One for the digitization and one for the orphan well. Councilwoman Erwin want the language to be more specific, as Councilwoman Boone said. Mr. Lynn was directed to draft resolution before end of meeting, to be voted on.

a) Thundercloud LLC Presentation

Jeff Burch gives a presentation, wants to create a website to hold all information for the digitization project through an amazon server. Councilwoman Erwin asks for clarification on the website. Mr. Burch says you get a bill for data storage, backup options, and portal.

b) CEP- Don Williams- New Oil lease and new management

Mr. Williams announces new management. Requesting new lease for NE/4 9-26-9. The lease was terminated by the BIA for non-production in the past. CEP offers \$4,600 bonus offer, 20% royalty, 2-year term. Councilman Yates asks Superintendent Phillips if everything is good to go ahead with approving this lease. Superintendent Phillips suggests Mr. Williams write the BIA and say that he doesn't intend to appeal the decision, and that he has approached the minerals council to approve a new oil lease. She doesn't find an issue, and that the OMC will just need a resolution to approve a new lease.

Councilman Yates makes a motion to accept CEP offer for an oil only lease, less coal bed methane, \$4,600, 20% royalty for a two-year term. Seconded by Councilman Redcorn.

Motion Passed: Councilwoman Boone-Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller-Yes, Councilman Yates- Yes. (8-yes, 0-no)

c) Osage County Commissioner- Kandy Jump-214 lease for road and bridge

Chairman Waller announces that Kandy Jump is here.

Councilwoman asked if we signed the MOU with the state, because she has a problem with the project between Osage Hills and Bartlesville. Kandy Jump wants to work with the OMC, and get this project done. Councilman Redcorn addresses that there have been issues with ODOT not completing projects in the county. He recommends Mr. Lynn communicates with ODOT. Mrs. Jump says that they go to ODOT meetings and the state doesn't even acknowledge them, the state told them that they couldn't build any projects because they have to get a mineral lease. Councilman Crum said that the standard procedure for the OMC is that if you are not moving more than 5,000 cubic yards of dirt, then we approve the permits. The OMC has now streamlined the process, by bypassing the ABB etc. Councilman Crum makes a suggestion to wave the permit process.

Councilwoman Erwin makes a motion that we accept the Osage County road and bridge projects in our reservation for the letting of bids as submitted. Seconded Councilman Yates.

Motion Passed: Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- No, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone-Yes. (7-yes, 1-no)

d) Purchase of a vehicle- William Lynn

Director Lynn announces that he has looked at bids for 2018 suburban. Councilwoman Boone asks to have figures on a GSA vehicle. Councilwoman Erwin makes a motion by to table this, seconded by Councilwoman Red Corn.

Motion Passed: Councilman Crum-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No, Councilwoman Boone-Yes, Councilman Cheshewalla- Yes. (7-yes, 1-no)

e) Request for Chairman to meet Texas shareholders- Everett Waller

Chairman Waller announces that the Texas shareholders have asked for the Chairman to travel to their meeting. Councilman Crum comments that since elections are coming up he doesn't think we should be campaigning on shareholder money. Councilwoman Erwin said that in the memo she read they specifically asked the Chairman to go there, and if they are just wanting an update on what is going on up here she thinks it should be paid for. Councilwoman Boone says that she makes a yearly trip to address the southern Osages. So if he gets his travel approved, she wants hers approved when she goes to California. Chairman Waller says that she would have his vote. Councilwoman Boone says that she goes to California as a Councilwoman, but pays her own way due to the first council saying it would appear as if she was campaigning. Councilwoman Red Corn says that we should keep in mind that the Chairman was asked. Chairman says he doesn't want to go if it is ever implied that he is trying to politic early.

f) Continental Oil & refining- New oil lease

Misty Owen says that they are looking to acquire a lease that was terminated in 2009 on the SW/4 23-22-10. She announces that they are currently being asked to plug. Councilman Yates asks if they are in opposition to accept this lease. The Superintendent advises Mrs. Owen to send a letter to the agency saying that she waives her appeal process, and that she has approached the OMC.

Councilman Crum makes a motion to accept Continentals offer at a 2-year primary term, 20% royalty, Oil and gas lease less coal bed methane with a bonus of \$4,700. Seconded by Councilman Redcorn.

Motion Passed: Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone-Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes. (8-yes, 0-no)

Councilman Crum makes a motion to enter executive, seconded by Councilman Redcorn.

Motion Passed: Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes Councilwoman Erwin- Yes. (8-yes, 0-no)

Enter Executive- 1:11 PM

9. EXECUTIVE

Councilwoman Boone makes a motion to come out of executive session, second by Councilwoman Erwin.

Motion Passed: Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes. (8-yes, 0-no)

Exit Executive- 2:10 PM

Councilwoman Erwin makes a motion to make an emergency hire, at the current rate of pay, for 3 months, second by Councilman Redcorn.

Motion Passed: Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes. (8-yes, 0-no)

Councilwoman Erwin makes a motion to approve the LLC today as provided, with changes to article 4 to dividend interest owners. Second by Councilman Redcorn.

Councilman Crum voices that he will be voting no for this, not because he is against the idea of forming an LLC, but because he believes this plan is not flushed out well enough. Councilwoman Boone voices that constituents that she has talked to have been against forming the LLC, and that she will be voting no. Councilwoman Redcorn voices that she will be voting no as well.

Motion Failed: Councilman Yates- No, Councilwoman Boone- No, Councilman Cheshewalla- No, Councilman Crum- No, Councilwoman Erwin- Yes, Councilwoman Red Corn- No, Councilman Redcorn- Yes, Chairman Waller- No. (6-no, 2-yes)

10. OLD BUSINESS

Director Lynn speaks about the EIS Resolution, and that we should not limit the number of wells that can be drilled in the reservation. Councilman Crum says that this letter was present during a meeting, however it was not voted on by a full council. Councilman Yates asks for this to be tabled until we see the letter. Councilman Crum says that we need to remove the document from the EIS, and that it was only sent a day before the meeting. Councilwoman Erwin states that Councilman Crum was supposed to be working on this with Fredericks associate, Jennifer Baker. Councilman Crum says that he was not.

Attorney Fees- Councilwoman Boone says that she was approached by the accounting department, and informed that there was an overdue balance to attorney Fredericks, Peebles, & Morgan, for the dates

June 2015, August 2015, and June of 2016. Proposes that we pay this balance from the S510 because they are not year specific. States that she has removed the windfarm charges.

Councilwoman Boone makes a motion to pay the outstanding balance to Fredericks Peebles & Morgan in the amount identified in the resolution, with the funds to be coming out of the S510 account. Second by Councilwoman Erwin.

Motion Passed: Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- No, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No. (6-yes, 2-no)

Councilwoman Boone made a motion to make a budget modification to the S510 account, to move \$50,000 from miscellaneous to professional fees. Seconded by Councilwoman Erwin.

Councilman Crum states that he doesn't support this.

Motion Passed: Councilman Cheshewalla- Yes, Councilman Crum- No, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No, Councilwoman Boone- Yes. (6-yes, 2-no)

11. COMMITTEE REPORTS

Christy Redeagle asks to find a date for Oil & Gas Summit, and proposes November 1 & 2 at the Skiatook Casino. She states that we have \$10,000 dollars left over from left over from last year, and we are expecting \$10,000 from the Osage Casinos. Putting us at \$20,000, and she projects that we will need \$25,000 total for Summit. Christy proposes a two-day Summit, and one speaker.

Councilman Redcorn makes a motion to have Summit on November 1 & 2. Seconded by Councilwoman Boone.

Motion Passed: Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (7-yes, 1-no)

Scholarship- Councilman Yates announces that the committee has decided to go with one recipient, they had 5 applicants total. Councilman Yates proposes Gabriel Pelayo as the recipient.

Councilman Yates makes a motion to accept this as the recipient, seconded by K. Redcorn.

Motion Passed: Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (8-yes, 0-no)

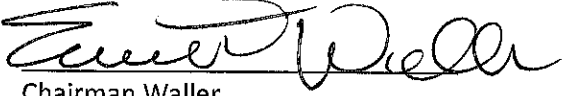
12. ADJOURNMENT

Councilwoman Erwin makes a motion to adjourn, seconded by Councilwoman Boone.

Motion Passed: Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes. (8-yes, 0-no)

Adjournment- 3:16 PM

Approved:


Chairman Waller


Executive Administrative Assistant