

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
OCTOBER 18, 2017**

1. CALL TO ORDER

Chairman Waller called the meeting to order at 10:05 AM.

2. OPENING PRAYER AND READING OF DECEASED OSAGES

Councilman Yates gave the opening prayer and read the names of the deceased Osages.

3. ROLL CALL

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

Guest present were Joy Ledbetter, Julie Wilson, Patricia Smith, Jinx Geurin, Florence Bigheart Trantum, Sharon Long, Linda Heskett, Robin Phillips, Christy Redeagle, Bon Knappe, Scott Ducharme, Rosemary Wood, Beverly Brownfield, Teresa Bates Rutherford, Billie Ponca, Rhonda C Wallace.

4. SUPERINTENDENT REPORT

Superintendent Robin Phillips reported during the month of September, the Branch of Field Operations reported: 5 Well plugging's witnessed, 6 trucking permits issued, 15 leases were checked for production primary term, 71 Lease inspections, 21 Lease inspections/follow-up, 19 Tank Strappings Witnessed, 55 Landowner/lessee meetings, 8 spills reported, 31 spill/leak inspection follow ups, 85 Tanks gauged, 1 Tank Bottom removal witnessed. The Branch of Lease Management reported, 36 leases approved, 9 assignments approved, 58 division orders approved, 13 lease terminations issued. 18,105 less 3,268 saltwater disposal wells, 14,837 wells. They reported APAC-79,208.60 tons of production-\$43,564.73 royalty paid, Casey Hindman-16,107.07 tons-\$17,726.69 royalty paid, Candy Creek Crusher-19,309.11 tons-\$9,888.45 royalty paid. Schmidt Brothers reported 312 cubic yards- \$234.00 paid. Lease Management reported 5 Non FOIA requests. The Branch of Subsurface Minerals: 3 workover permits approved, 5 plugging permits approved, 1 seismic permit approved. The Branch of Accounting collected \$396.20 in lost revenue from Oil Spills, provided end of the month financials statement, provided copy to Jim Swan, Coffeyville Purchaser statements provided for the month of August. The Branch of Enforcement and lease compliance reported: completed 1 EA for 1 permit, issued 74 noncompliance letters, issued 21 non production letters, 11 extension letters issued, 27 spill closure letters. Superintendent Phillips said "as you have noticed, because we have been sending you copies of all of our letters. We are having success with our lessees in paying royalty payment for lost payment on oil and gas or oil spills, and I appreciate that, we will continue that effort" speaking of the Branch of Accounting.

Councilwoman Boone asks how many FOIA requests there were, that there is no number on the report. Superintendent says that hers shows the number of requests for lease information, 5. They were non FOIA. Councilwoman Boone clarifies that anything that is left blank, means none. Councilwoman Boone says that she asked quite a while back for Ms. Phillips oil producers list to be updated. I have a letter dated Oct. 4 that Ms. Phillip's sent over that CC Olivia Whitehalk and she has been expired for 15 years, she needs to be removed. Councilwoman Erwin says that she has had many emails. There were errors on the Oil & Gas leases for the lease sale, and she wants to make

sure that it has been corrected. Superintendent Phillips says that the Osage Agency will make an announcement on the day of the sale, that the tract is not available, they do plan on notifying the company that nominated that tract, that it is no longer going to be available. Councilwoman Erwin asks if anyone has been inquiring about the tracts nominated for lease sale, Superintendent says no, not that she is aware of. Councilman Yates asks about the notification to landowners on workovers, as part of the approval process, and does it actually add to the timeline of how long it takes a permit to be approved. Superintendent says that it is actually a 30-day wait, it is a notice of appeal for landowners that is required under 25 CFR part 2, the agency is required to provide notice of the administrative process to appeal any decisions that we make. Councilman Yates asks why we had to start doing this. Superintendent states that recently landowners brought it to the agencies attention that the landowners were not getting notified that the agency gave permission for any type of permit. Councilman Yates asks if this is all workovers? Superintendent says that this is all decisions made at the agency now. Councilman Yates says okay so this doesn't involve the daily maintenance. Superintendent says "it is pretty much everything, any decision that is made at the agency, we are having to go in and provide appeal rights, so it is an additional 30 days, and all landowners will be notified and all interested parties. You have the lessee, OMC, Osage Nation, we are finding that we may have 20 landowners on a quarter section that we are having to notify. So yes, it is additional work that is placed on the Agency, lease management". Chairman Waller asks "on the multiple owner ship, like in some of our cases is it just the majority owner, or are you having to have even the smallest owner to sign off on this". Superintendent says we are not having them sign off, we are just giving them notice to appeal, and that's everybody, small as well. Chairman Waller says so in the restricted Indians you will go through that process of notifying us. Councilman Yates says so it is just a notice of appeal. Superintendent says yes, just a notice of appeal, if they don't respond then we proceed on. Councilman Cheshewalla says okay so you don't have to reply. Superintendent says you don't have to reply. Councilwoman Boone asks if it effects the process when the Agency can't get all the addresses for the parcel landowners. Councilman Redcorn asks the Superintendent if she had this at Anadarko, or is it different here. Superintendent says that they didn't have as many appeals at the Anadarko Agency, lawsuits, we didn't have what we are experiencing here. Once this one individual stepped in and filed an administrative appeal then we are trying too... Councilman Redcorn says so you didn't see that until you are here, and now you are having to deal with it? Superintendent says yes. Councilwoman Erwin asks if there is an attachment with this appeal, on how to appeal? Superintendent says that there is a part 2 attachment, and says that the OMC is getting the appeal as well. The Agency is now having to go and work with the Osage County to obtain the landowners names and addresses. Councilwoman Erwin asks if the Osage Nation has to be notified since they are now dealing with all of the restricted property. Superintendents says that yes, they have to be notified, they are an interested party. Councilman Redcorn says that he thinks this is a wakeup call, on what the Superintendent is saying, we need to make the decision to protect our property, we need to find out who this person is and protect our sovereignty, we need to yield the warnings that we have here. It's a sovereignty issue, someone that wants to minimize our property. We need to first and foremost protect our sovereign status through the US government, and it bothers me that they are having to do extra steps. Superintendent says since they are identified as an interested party, that appeal will go to the regional director, and that director will render a decision to either remand it back to the agency for further review or he will defer my decision, since you are an interested party you will always be informed on what the status is on an appeal. Councilwoman Erwin says that she sees problem in the future regarding the EIS process, it has something about us having more of a say so over fee simple land, to be taken off the table because we see issues with that in the future. Councilman Yates asks about the Agency's email

saying they weren't going to help pursue redoing the EA for drilling permits, what was the reason on that, because we were just trying to stream line the existing process. Superintendent Phillips says "at the last meeting I was not aware that an upper management decision had already been made, that no we are going to proceed with the EIS, and with that being said that's why I offered the review by the agency, and when I was informed of that then basically there was no need for a review. My understanding is that the upper management has informed your council, I guess your council had reached out to someone higher than me, and that individual informed your council that no we were proceeding with the EIS". Chairman Waller "may I ask who it was, are you saying our council or our representative" Superintendent Phillips says it is her understanding was that it was the council. Councilwoman Erwin says that she had read a letter from Mr. James, she thinks he has been misinformed on somethings. Mr. James said we have had an MOU for 2 years, and we have not, it has been a year or less. There are a few other things that need to be pointed out to him. She says she thinks the nation may have had an EIS with them, but the OMC didn't. The OMC didn't sign it until August of 2016, Mr. Streater didn't sign until July of 2016. Councilman Redcorn understands that if they go forward with the EIS at least we have a document that says we don't approve it, and we don't agree to it. So if we ever have to go to court over fee simple land we will have this document saying we don't support it and don't agree to it. Sometimes the court is the only place to get Indian justice. Councilwoman Boone says that "part of the confusion is that one of our members, Galen Crum was placed on a committee for the EIS by the Chief Geoffrey Standingbear, and he wrote an email to that effects, stating that he is representing the Nation, not the headright owners. However, when the draft booklet first came out it listed Galen Crum as an Osage Minerals Council person. I think that is where part of the problem is, probably where Mr. James has gotten the idea that we have been involved that long when in reality we have not". Councilwoman Erwin says that it is her understanding that when Mr. Crum was there that he was actually talking on our behalf. Councilman Yates, says that as a surface owner with oil and gas wells on his property what are the requirements before OERB can come in. Superintendent says that OERB will not plug an orphan well, but they are willing to go in and clean up if there is not a responsible party, they will look at the agency, if they cannot find a responsible party then we can submit it to OERB for proposed clean up, surface restoration. Chairman Waller makes an announcement about the complete victory in the windfarm case, and that the 10th circuit denied the appeal for re hearing. Councilwoman Erwin would like to do a 3D seismic for that area of the windfarms. Chairman Waller announces that we need to approve Lou Brock's PTO bank, Councilwoman Boone says that she would like to review before. Chairman Waller announces that the Council needs a motion to approve Christy Redeagle to direct Oil & Gas Summit at \$5,000. Councilwoman Boone says that last year it was \$3,500.

**Councilman Redcorn makes a motion to approve Christy Redeagle to direct Summit at \$5,000.
Seconded by Councilwoman Red Corn.**

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes. (7-yes, 0-no)

5. DIRECTOR REPORT

Director Lynn reports we have averaged 11,492 barrels of oil a day for August. The water supply still remains impacted due to the Bird Creek Spill. The information is the same as last month. The DEMD grant is rolling, Mark Cooper will give a full report at Summit. There has been some carpet put in in the office, but they haven't started on the chambers at all. There is a decision to be made by November 20th on the high school well, to see if it will have to be vented, or flared. Councilman

Redcorn voices gratitude from Mr. Lynn working on the softball field well, and makes a recommendation that we get the OMC staff back in their regular offices as soon as possible. Councilwoman Erwin states that the council was not notified about Scott Pruitt visiting Bird Creek, and that the Chairman should have been included on this matter. Councilman Yates asks Mr. Lynn what the price is on the OMC using the old congress space, and asks how much money is left in the plugging account. Mr. Lynn reports that the orphan well plugging account has \$12,000 in it, the remediation account has \$220,000. The cost to plug the softball field well was \$72,000, the state will pay half, and we pay the other. Councilman Yates asks if this has been discussed with the well plugging committee. Mr. Lynn says that he has been including everyone on the emails, and that he will run that past the committee. We do not have a number for the congress space yet. Councilwoman Boone asks if she understood correctly, that Mr. Lynn is talking to the state and making that deal with the state? Mr. Lynn says that he is not making that deal, they just contacted and said that they understood they would be paying half. Councilwoman Boone asks where they got the idea that they were to pay half. Mr. Lynn says that he doesn't know, that is just what they came to him with. Councilman Redcorn says we need to get some grants to help with the orphan well plugging. Nowhere else in Indian country do you have orphan wells. Councilwoman Erwin says that Councilwoman Boone has been to Washington twice to ask for money for plugging, and the OMC hasn't received any yet. That we need to retroact the 638 contract and give this responsibility back to the bureau. Chairman Waller says that he has talked about it when he was in Washington. Remember we have been told to look for 2018 money, I told them we are going to need half a billion before this is over. Councilwoman Boone asks that the director find out when the 98-638 contract seized, and if it has we need to turn it back to the Bureau. Councilman Redcorn suggest we wait until we know more about the orphan wells after the grant, and then the Council goes to Washington to see about funding, that way the council will have exact numbers, etc.

6. NEW BUSINESS

a) Warrior- Scott Ducharme-Discussion of existing leases

Mr. Ducharme asks to renew two new leases.

Councilman Redcorn makes a motion to approve what he is proposing 2-year primary term, 20 percent royalty, \$4,700 lease bonus for each section, less coal bed methane. Seconded by Councilwoman Boone.

MOTION PASSED: Councilman Cheshewalla- Yes, Councilwoman Erwin-Abstain, Councilwoman Red Corn- Yes, Councilman Redcorn-Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes. (6-yes, 0-no, 1-Abstain)

c) MJ Logs- William Lynn

Director presents a resolution to purchase the entire set of the images of the reservation from MJ logs, for \$18,000. Images will be provided on an external hard drive. Councilman Yates asks who MJ Systems is. Director states that they are a company out of Canada that has scanned all logs up to a certain point in the reservation. Councilman Yates asks if these will all be historical, or if they will continue updating. Director states that these are historical. Councilman Yates asks how the council will benefit from this purchase. Director states this will give us beginning info for the website, and for day to day basis. Councilwoman Erwin asks where these funds will be coming from. Director states that it will be C-395 from the vehicle line item in the budget.

Councilman Redcorn makes a motion that we purchase logs from MJ Systems, seconded by Councilwoman Boone.

MOTION PASSED: Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes. (6-yes, 1-no)

d) Contractor for Election- William Lynn

Director announces that council needs to start thinking about a contractor for the election. Chairman Waller suggests getting everything together and going to the election office.

e) Biannual meeting date

Councilman Yates says the BIA is unavailable for Nov 1-30, Dec 7, 18-27. Councilman Redcorn suggests Lacey Reynolds coordinates with all parties to get a meeting date.

f) Computer- Stephanie Erwin

Councilwoman Erwin would like to do verbatim minutes, and would like a computer to get this done. Chairman Waller asks what the price is. Councilwoman Erwin says that when Lou was here she could ask him to do verbatim on some parts. Councilwoman Boone states that the Council has a resolution not to do verbatim minutes. Councilwoman Erwin asks if we can hire Lou back to do verbatim minutes. Chairman asks Lacey Reynolds to look into all options.

Motion to go into executive by Councilman Yates, seconded by Councilman Redcorn.

MOTION PASSED: Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilwoman Erwin-Yes. (7-yes, 0-no)

Enter Executive- 11:27

7. EXECUTIVE

Motion by Erwin to come out of executive, seconded by councilman Cheshewalla.

MOTION PASSED: Councilman Redcorn- not present, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- not present. (5-yes, 0-no)

Exit Executive- 12:34 PM

a) discussion of applications

Chairman announces that this matter needs further review, Council needs to speak with Human Resources.

b) Congress space

Chairman announces that the council needs to see the cost on the bill before making a decision.

c) Osage Nation Attorney General Request

Chairman announces council will turn into OMC's attorney for review.

6. OLD BUSINESS

a) Patricia Smith- Well #1-A gas purge

Ms. Smith says that she is a landowner, that has orphan wells on her property. In 2003 Mr. Holding told Mrs. Smith that the BIA was going to call the bond and terminate the lease. In 2007 Deputy Superintendent Winlock said again that they were going to call the bond, at this point the lease had been terminated. The last lessee was Magart Oil. In 2015 Mr. Sellers came and did a survey, however in about 2007 we did get the tank battery's cleaned up and the slush pit filled in between 2003-2007. In 2015 Mrs. Smith began to see a sink hole, and began pursuit to get this cleaned up. In 2016 Mrs. Smith spoke with Councilwoman Erwin and Councilman Redcorn who suggested she talk to Councilman Cheshewalla. In 2016 the BIA said they were going to call the bond again, the lease had been terminated in 2003 but again the bond had never been called. When Mrs. Smith met with Superintendent at the time and she called to find out that the bond was never called and the insurance company said it was too late. It took the attorney 6 month to determine we would not get the bond. In March 2017 Mr. Sellers was sent to do a survey again of all 8 leases, by this time the sink hole had become a hazard, she wrote to Phillips, and asked that the sink hole and gas well be plugged. In the meantime, the sink hole had gotten so bad that it purged, and had an overflow of oil. Mr. Lester came and began keeping the oil contained. He later filled the sink hole. Superintendent Phillips never granted the plugging for the gas well. Last week I could hear the gas well hissing, and could smell it. The gas well is about 20 feet from my back door. I then contacted the Chairman who referred me to Mrs. Holloway, and sent out Mr. Burnett. Mrs. Smith's concern is the gas leak by her house. Councilman Cheshewalla says that he would get on it later this week, and be in touch with her next week. Councilman Redcorn would like to see the plugging duties be given back to the BIA. They managed the wells, therefore they should be held responsible.

b) grants- approve Buffalo Data Recommendation

Director says that we do not need this until the beginning of the year, until the website is up and running. Director asks where this website is going to be posted, on the Minerals website, or on our own site for this. Chairman says he wants it everywhere. Item tabled until later date.

d) Chairman trip to DC- Cynthia Boone

Chairman says that when he first showed up the first thing they said was not to say anything. Chairman says he has his Council. The Royalty Policy Committee is trying to get together and figure out the value and marketing of fossil fuels. Second we are the only nation that has won 3 federal cases. Third, Chairman has been appointed to co-chair.

Councilwoman Erwin makes a motion to get a credit card under the Osage Minerals Council with one account, 3 cards. Seconded by Kathryn Red Corn.

MOTION PASSED: Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes. (7-yes, 0-no)

Councilman Red Corn makes a motion to hire Amy Bledsoe after recommendation of Mr. Johnson, and to waive the 90-day probationary period. Seconded by Councilwoman Boone.

MOTION PASSED: Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes. (7-yes, 0-no)

e) Breach of Trust Update- Andrew Yates

Councilman Yates is asking for an update on the breach of trust resolution that was passed. Councilwoman Erwin says that this is not a lawsuit yet, we have just asked our attorney to look into this. She states that she is still trying to gather information. As far as a lawsuit there isn't one, this is just a resolution. Guest Rosemary Wood asks about the attachment, and if she can see it. Councilwoman Erwin says that the attachment has attorney-client privilege. Councilman Yates reads the resolution, and says that the attachment is part of the resolution. Councilman Yates further states that it reads that we are in a lawsuit. Councilwoman Erwin says that nothing has been filed, therefore we are not. She further says that this need to be settled now. Councilwoman Boone says that the attorney may review all of the information, and he may decide to take no action. Our attorney has won 3 cases in the federal court that were based on the 1906 act. Councilman Yates asks to be involved in the correspondence. Councilwoman Erwin says that she is just gathering information at this point. Councilman Yates asks what the cost so far is on the Breach of Trust. Councilwoman Erwin says that she doesn't know, she doesn't look at the bills. Chairman Waller says, you have to know, you are the one calling over most of it, from now on I want your initials on the bill. Councilwoman Boone says that there is not a bill that has the breach of trust case on it, we just passed the resolution last month.

f) Meeting Minutes

Councilwoman Boone makes a motion to approve minutes 3/22, 4/13, 4/19, 5/1, 5/5, 5/12, 5/19, 6/16, 6/21, 6/28 as amended. Seconded by Councilman Cheshewalla.

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla-Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes. (7-yes, 0-no)

Councilwoman Boone asks that someone else on the Council review the meeting minutes to be approved next month.

8. COMMITTEE REPORTS

Councilman Redcorn asks to have another newsletter started, to keep our shareholders updated. Councilwoman Erwin says we need to put out an announcement in the Osage News, requesting that the annuitants update their address. Chairman Waller asks if the council has any problems starting our next newsletter. Councilwoman Boone says that the newsletter is to be done quarterly, and that we have a resolution for that. Lacey Reynolds says that the standing resolution is monthly.

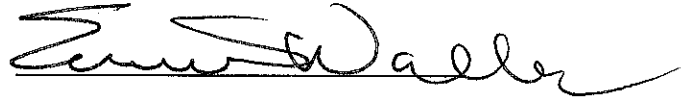
8. ADJOURNMENT

Councilwoman Erwin makes a motion to adjourn, seconded by Councilman Redcorn.

MOTION PASSED: Councilman Cheshewalla-Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes. (7-yes, 0-no)

Adjournment- 1:35 PM

Approved by:

A handwritten signature in black ink, appearing to read "Tim Waller", written over a horizontal line.

Chairman

A handwritten signature in black ink, appearing to read "Amy Blechman", written over a horizontal line.

Executive Administrative Assistant