

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
APRIL 13, 2018**

1. Call to Order

Chairman Waller called the meeting to order at 10:04 AM.

2. Opening Prayer and Reading of Deceased Osages

Councilman Cheshewalla 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, Galen Crum, Stephanie Erwin, Kathryn Red Corn, Talee Redcorn, Everett Waller, Andrew Yates. A quorum was declared.

Guests present were: Kandy jump, John Harper, Brian Weber, Tim Gaul, Kyle Johnson, Roy Fletcher, Nona Roach, Tina Allen, Linda Heskett, Florence Bigheart Trantum, Gene Bowline.

4. New Business

a. Gas Requirements under settlement- Talee Redcorn

Councilman Redcorn reports that the Council received a letter from Susan Forman requesting information from the settlement, in regards to the required reporting for gas. He would like to keep on the agenda for Wednesday, to have the conversation when the Bureau is present at the meeting.

b. PE Osage LLC- New Oil Lease- Roy Fletcher

Roy Fletcher reports that they are speaking on the same request from February. They have some issues to workout with the landowner. The historically best well now has a house that has been built a few hundred feet from it. They have had communication with the landowner, and they think they will be able to work out a solution. They are looking to add adjoining lease to the lease. Councilman Yates asks if the quarter section that they are requesting would fall under the existing lease conditions. Mr. Fletcher confirms. Councilman Crum would like PE Osage to check with the Bureau on this well that is close to the house, because they will need an exemption from the CFR's. Councilman Redcorn says he appreciates them coming in. Councilwoman Erwin says Mr. Fletcher needs to look into the CFR's, and the issues that could come up in the future. Chairman Waller says there will also be an ingress and egress issue. Councilman Redcorn asks how many barrels we are talking about here. Mr. Fletcher says in the late 1980's they were looking at around 80, it went down nothing, and then got it back up to 10 to 15. It has been a while since it has been produced so there is a risk, but he finds it hard to believe that it went from 80 to nothing. Councilman Yates asks if this should be ran by Tim Dowd, or if he thinks they can handle it on their own,

and what the Director's opinion is. Director Lynn says it looks like the Bartlesville could still be water flooded, just like the Breene, typically you do a blanket oil lease that carves out that formation at a certain royalty that makes it economical to produce. If there is the blanket oil lease, you don't have to continue adding. Chairman moves the matter to Wednesday, and says he will send the matter to Mr. Dowd.

c. Funding for well plugging and letter requesting DEMD assistance- William Lynn

Director Lynn reports that the funding has come in through the FY 2018 Omnibus Appropriations Act, for 3 million dollars for the plugging of abandoned wells not under the BLM authority. He reports that he was contacted by several people with the DOI, and yesterday was told that the money was moved into an account and that the Council is driving the wagon, they didn't see any non BLM oil wells that need plugged besides the ones that the Council has requested for the last 7 years. They are asking for a resolution as soon as possible. There are six or seven other agencies trying to get their hands on this money.

Councilwoman Erwin makes a motion to suspend the rules, seconded by Councilman Redcorn.

Chairman asks how many orphan wells are we looking at, the BIA has said four thousand. Director Lynn says according to the BIA there has been over forty-five thousand wells drilled on the reservation according to the BIA, and they are going to evaluate every one of them. Chairman says this does not have to go throughout the nation, it can be through a 638 contract, and go through the plugging committee. Councilman Redcorn says he has talked to Roger Knight, and he wanted to ensue that the orphan well language and this is okay to do this to. Councilman Redcorn says the Council needs to act fast, and he appreciates Mr. Lynn for having these conversations with these people in DC. Councilman Yates says he would like to see the amount of orphaned wells specifically mentioned in the resolution, however he understands that that is still being produced. Director Lynn says he has sent a list, but informed them that we know it is not valid. Councilman Yates says he still believes that it should be mentioned that there is an orphaned well list out there. Councilman Crum says he understands that some of this funding calls for an inventory. Councilman Crum says he understands that the hope is to try to bring the money through DEMD. Councilman Redcorn wants to ensure that this can be don't through a 638 contract, to ensure that the work gets done. Chairman Waller says we are the only tribe having to plug wells. Councilwoman Erwin says that doesn't abandoned and orphaned wells mean the same thing. Councilwoman Boone says these funds came as a result of her going to Washington DC and requesting funds, and there will be an article in the newsletter. Chairman Waller calls for the question to suspend the rules.

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)

Lacey Reynolds would like to specify a well plugging account in the resolution. Chairman says the G06001 account. Councilman Redcorn states that he believes the specification of the account might hinder the process. Chairman Waller says this is the orphan well account, it falls under the Council. Councilman Crum mentions that the Chairman had talked with executive, saying that the 638 contract would not be a problem, however Councilman Crum states that, that was not the case in the past. Chairman says he called the Chief as a courtesy call.

Councilwoman Erwin makes a motion to pass resolution 296 as is, seconded by Councilman Cheshewalla.

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

Councilman Crum makes a comment that he would have liked to have seen this before the meeting. Councilwoman Erwin says in the future, she thinks there needs to be a form developed, and anytime Mr. Lynn talks to somebody he needs to write their name down, and the subject that they talked about, with bullet points on it and email it to the council so they all know what is going on. Because unless you come to the office you aren't going to know what is going on. Director Lynn says there is a scope of work, everything was put together last night, and that's why it wasn't sent out before. They asked the director to get this done, and sent to them immediately because other groups are trying to hijack the funds. The person that says the money is in the bank right now under his department asked that his name not be revealed, because he is in an environmental group. Director states that he will try to cc everybody on it next time, but they just need a vote to approve the Osage well plugging letter, scope of work, and letter asking for DEMD help. Councilwoman Erwin says they just passed a resolution over this, would the supporting documents go with the resolution. Director Lynn confirms. Director Lynn says Mr. Manydeeds and Mr. Knight are sending their team down, they will be here for Wednesday's meeting. The DEMD would like to continue sending interns to Osage throughout the summer. Councilman Crum says if they asked for a separate resolution that's what the council should do.

Councilman Crum makes a motion to suspend the rules, seconded by Councilman Redcorn.

MOTION PASSED: Councilman Crum-Yes, Councilwoman Erwin-Abstain, Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes. (7-yes, 0-no, 1-abstain)

Councilman Crum makes a motion to accept the Osage well plugging scope of work and cover letter, 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 would like to get a summary on the DEMD visit. Director Lynn says they are going to try to view the well records. Councilman Redcorn says he appreciates Mr. Lynn having the communication with DEMD. Councilman Yates asks if they will still encounter the same problems as the producers, with FOIA, etc. Director Lynn says they don't know.

d. CATEX- Fred Storer

Mr. Storer says they have prepared a response for the categorical exclusion opportunity. Mr. Storer says this has been reviewed by Mr. Fredericks already, if the council fines this as acceptable he recommends to get it sent as soon as possible. Mr. Storer says there is apparently a draft EIS going around, and in the letter they take the position of them to withhold releasing that until the categorical exclusion has been decided on.

Councilman Redcorn makes a motion to suspend the rules, seconded by Chairman Waller.

MOTION PASSED: Councilwoman Red Corn- Yes, Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- No, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin-Yes. (7-yes, 1-no)
Councilman Redcorn makes a motion to approve the letter as written by T. Fredericks, have the Chairman sign it, and send certified mail, seconded by Councilwoman Boone.

Chairman Waller confirms with Mr. Storer that the Council got shut down with the programmatic EA. Chairman says they are going to see and EIS rolled out next week at their meeting. Chairman says they were actually delivering to the trustee. Mr. Storer says about a week later the Superintendent told him that Muskogee had told the Superintendent "they are not going to cooperate". Councilman Crum says the Council is a cooperating agency on the EIS, and our attorneys have been adamant that we need to be a part of the process so that we can affect the process. Councilman Crum doubts that we will get the CATEX with all of the previous litigation, but certainly wants to continue as a cooperating agency with this comment. Chairman Waller says it is important for them to file the CATEX. Councilman Yates asks if Mr. Fredericks mentioned the CATEX in the recent EIS comments. Councilman Redcorn says yes, he did. Councilman Yates says so the Council is in fact a part of the EIS process. Councilman Redcorn says since day 1 he has said he would vote against it, when the CATEX came forward he told Fredericks to put it in there. Councilman Yates says he supports the shoot for the moon, lottery ticket idea on this CATEX, he wants to give it a shot but doesn't think it will actually happen. He wants to support getting through the EIS process so there is a document, and can get started. Instead of being in court about not following NEPA. Councilman Redcorn says he lives, and grew up on trust property, we don't have to take everything the white man roles out. We can stand up and stand by the rules that you agreed to when we were in Kansas. Councilman Redcorn says we have a preemptive right in Osage County, and he doesn't see a problem holding them to their agreement. Councilwoman Erwin says the EIS is an

overreach because they are afraid of being sued because of the landowners, they give all of these extra privileges to these people. Their first responsibility is to take care of us, not protect themselves. Right now we have a programmatic EA, it is working for us, not for drilling but it could be. They are afraid to do anything with the fear of being sued. They are holding our records hostage. Councilman Crum says he believes we need the EIS. Councilwoman Erwin says the EIS is peppered to the BLM regulations. She says Councilman Crum is an alternate representative of the Osage Nation, Oil and gas EIS, and he is still sitting on that. Councilman Crum asks when that is from. Councilwoman Erwin says May 2015. Councilman Crum says he removed himself from the Nations, when the Minerals Council became a cooperating agency. Chairman says every other tribe's EIS was reviewed every three to four years, and a new one put in on five, no one but us got held out from 1979 on. Chairman asks what the view is on the EIS draft that was received the other day. Councilman Crum said there was comments from others that he wasn't thrilled with, that the Council might want to talk about. Mr. Storer says they shouldn't publish the draft EIS, because that is when the clock started rolling, and lets people like him comment on it.

MOTION PASSED: Councilman Redcorn- Yes, Chairman Waller- Yes, Councilman Yates- Abstain, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn- Yes. (7-yes, 0-no, 1- abstain)

Mr. Storer says on Monday there was another notice in the federal register. It says "notice of information collection request for comment". These kinds of things are in there all the time, and I typically don't pay any attention to it, but this one pertains to CFR 25 Part 226 and says "the regulations implement the statute by specifying what information a lessee must provide related to development, and production of oil and gas on Osage reservation land". Mr. Storer says he is still thinking about what should be done about this, but the comment period ends on June 8th. Mr. Storer states that Mr. Lynn said the agency in Pawhuska didn't even know about this. Councilman Crum wants to request the Superintendent to look into this before the next meeting. Director Lynn says he would like to have Mr. Storer look into this. To him having two federal registers in two months asking the publics opinion, that things are starting to change at the Osage agency, and gives the Council a chance to comment on everything that they have done. This talks about their digital reporting, and gives everybody the opportunity to put their word in on the appeals, time, appeals, etc. But he wouldn't put that in writing, that's just what he said. Councilman Redcorn said back in the day there were engineers and solicitors at the Osage Agency, we need to stay on top of these things like CATEX, EIS, EA, etc.

e. Drumkeeper Donation- Kathryn Redcorn

Chairman Waller moves the matter to Wednesday.

Chairman Waller calls to a break.

Time: 11:30 AM

5. EXECUTIVE

6. Old Business

Chairman Waller calls the meeting back to order at 11:49 AM

a. AEP proposal- Andrew Yates

Councilman Yates says AEP had asked for a decision by the 16th. Councilman Crum says the 16th is before the Council meets again. John Harper, Brian Weber, and Tim Gaul from AEP introduce themselves. Mr. Harper says he has enjoyed this time meeting with the Council, and he has learned so much about the Osage tribe. On behalf of PSO, they are on a time frame when it comes to the route. Councilman Crum asks if there has been a change in the proposal since they had talked last time. Mr. Harper confirms there had not. Councilman Crum says the problem they have, is the number, putting something on top of the mineral reserve. Councilman Crum thanks AEP for coming, however he says he just doesn't see where the amount they are talking about could encompass that, but they deserve an answer. Mr. Weber says he appreciates everything so far. Mr. Weber says last time they doubled their offer, they can't go any farther on the information that they have so far. Mr. Weber says he wouldn't say that they number can't move. Councilwoman Erwin says Councilwoman Redcorn asked them to think outside of the box, but they have only offered a flat fee. Councilwoman Erwin says she doesn't know how many sweet spots could be under there, the Council's job is to get the maximum amount of money for the annuitants, and the amount of money that was offered isn't a significant enough amount for the annuitants. Councilman Yates says he appreciates them coming and negotiating in good faith for this transmission line, he says he is opposed to it purely on principle. Councilman Yates says there is a windfarm out west, that the council is fighting. The only reason the windfarm is out there is because of the transmission line, if that transmission line had not been there they would not have built that windfarm, the wind conditions were barely good enough to put it out there. He says he knows they say their line is at full capacity, but it would leave Osage County vulnerable to wind farms, that impedes on our mineral estate, therefore he is opposed. Councilwoman Boone says she is opposed to their offer. At a public hearing last night, one of the people she talked to said that anything they are offering the Council, that the burden would be passed onto the customers. Mr. Weber says the burden would not be placed solely on the customers. Councilman Crum says there are over four thousand headright holders, the benefit comes from the mineral estate, and it is hard to come up with an amount. Councilman Crum would like to give them an answer. Councilman Crum makes a motion to reject AEP's offer, seconded by Boone. Chairman says first the Council needs a motion to suspend the rules.

Councilwoman Erwin makes a motion to suspend the rules, seconded 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)

Councilman Crum makes a motion to reject AEP's offer as attached, seconded by Boone.

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

Chairman Waller says he has to ask some tough questions. Chairman asks AEP representatives if they are in bed with Silver Spoke. Mr. Harper says no. Mr. Weber says they are working with Invenergy, but they are not working with them on the specific Silver Spoke windfarm. Chairman says he respects them coming to the Council. Councilwoman Erwin asks what their customer base is. Mr. Harper says 4,000 Oklahoma customers.

b. Energy Net Contract- William Lynn

Director Lynn says the contract was provided. Director states that he has had numerous companies call about nominating leases, so he thought there should be a lease sale. Chairman moves the matter to Wednesday.

c. Amend Resolution 3-282- Cynthia Boone

Councilwoman Boone would like to add a monetary amount to 3-282, to set the limit for Dr. Russel Evans at \$100,000.

d. Rescind Resolution 3-272- Cynthia Boone

Councilwoman Boone says the information that she used for the resolution was based off of information she got from a congress person. The intent of 3-272 was for the Council not to have to pay for indirect or space costs. But, after reviewing the legislation from that congress person, that is not what the legislation said. Therefore, she would like to rescind 3-272, the intent was not to accept money from the nation. Councilman Crum asks who Councilwoman Boone thought was going to pay the amount. Councilwoman Boone says nobody was going to pay it, the purpose of the legislation was that the Council was not going to have to pay for indirect or space cost. The word that she used, relief changed the intent of the resolution. Councilman Crum says he is fine with the Nation giving us the money to pay it, so he is fine with the resolution. Chairman Waller says the amount is actually \$112,000.

e. Buffalo Data Contract- Amend Scope of Contract- William Lynn

Chairman Waller asks why this will be needing amended. Director Lynn says they are just about finished with the website, the contract needs to be amended to let him finish the grant money.

f. Meeting minutes

Chairman Waller moves the matter to Wednesday.

7. Committee Reports

8. Adjournment

Councilman Crum makes a motion to adjourn, seconded by Councilman Redcorn.

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

Adjournment- 12:22 PM

Approved by:

Chairman

Executive Administrative Assistant