

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
MAY 16, 2018**

1. Call to Order

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

2. Opening Prayer and reading of the Deceased Osages

Councilwoman Red Corn 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, Everett Waller, Andrew Yates. Talee Redcorn was absent. A quorum was declared.

Guests present were: Nona Roach, Jinx Geurin, Florence Bigheart Trantum, Jon Dart, Joe Hall, Nicole Payne, Scott Ducharme, Bob Knappe, Maria Whitehorn, Danielle Cass, Landon McCartney, Tennessee McCartney, Marion McCartney, Leigha Easley, Tara Malaske, Linda K. Heskett, Roy Fletcher, Kyle Johnson, J.L Holt, Rosemary Wood, Marcy Gruheran.

4. Auditor report

Chairman announces that the payment is \$4,200.00 and that it is provided in books.

5. Accountant report

Chairman announces that they are going for their third drawl back and that they will make it to September.

6. Director Report

Chairman announces that Director Lynn's reports are in the book.

Councilman Cheshewalla announces that he spoke with Director William Lynn who mentioned that Mr. Drummond and Mr. Long are going to rip out the football field June 1st and start installing artificial turf and wanted to know if they needed permission from us or from the Bureau to start work on the softball field and that they are all in agreement with them to begin the process. Councilman Crum says a bonded company would not be used and it sounds like the report did not include that. Councilman Crum says that we have not personally accepted responsibility for the leak on the softball field or for fixing it, and that we have shared responsibility with the State and EPA. Councilman Crum says he was talking more about on the process whether it's a properly engineered process before it started. Deputy Superintendent Winlock says as long as all the criterion the DEMD sets out, and all parties agreed like the State of Oklahoma that he thinks the Minerals Council would be covered on it as long as everyone signs off on it. Chairman says they reviewed this gas element and the EPA has checked it.

Councilman Cheshewalla makes a motion to move forward, seconded by Councilman Yates.

Councilwoman Red Corn says that in the Director's Report they are still seeking funding to install that vent system so they don't have all their money in place. Chairman says that's the only time we'd sign off when it's passed through to our plugging orphan wells 001 contract, and it would still go to the Bureau. Chairman reads the Procedures and Agreements: Osage Agency Mineral Department, DEMD, Well Plugging Committee in Osage Mineral Council Director and the work of the Pawhuska schools system determine design material size and type of procedure project existing data and new gas monitoring data. Osage Agency Mineral Department, DEMD, Well Plugging Committee, Osage Mineral Council Director work with the Pawhuska School System 4D long companies and bring vent system. 4D and long companies work for the Osage Agency Mineral Department, DEMD, Osage Mineral Council Director, Pawhuska School System executed provide detailed diagram design materials vent system to Pawhuska School System Osage Agency for future reference. Chairman says he wants to exploit DEMD that encompasses the Bureau of Indian Affairs because that is who is going to handoff, review, and sign off. Deputy Superintendent says yes. Lacey Reynolds says it is important to note that Mr. Long and Mr. Drummond both said they would absorb the costs and that it would be no cost to us. Chairman says that's why he didn't want to sign off. Rosemary Wood asks the Council to make sure everyone responsible signs. Chairman says that him and Second Chair talked about this resolution because there still is a DEMD project available, and if this proceeds we'll just take our money and go back plugging in the wells that we talked to the Superintendent about and go back to the Well Plugging Committee.

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

7. Superintendent Report

Deputy Superintendent Winlock of the Osage Agency would like to report the Branch of Field of Operations there were 26 trucking permits prepared, 2,702 Purch Run Tickets Reviewed & Scanned in the report. There were 2 Purch Tank Tables Scanned into Osage Nation Report. There were 2 Purch Tank Tables Encoded into the Osage Computer System, 2 Leases Checked for Production/Primary Term, 1 plugging witnessed, a 111 Lease inspections, 48 Lease inspection/Followups, 3 Gas Meters proving's, 5 Damage Appraisals, 4 Tank Trucks Checked for Permit, 33 Tank Strapping's Witnessed, 111 Landowner/Lessee Meetings, 12 Complaints, 19 Spill/Leaks inspected, 57 Spill/leaks inspection/Follow-ups, 3 OERB Assessment/Evaluations, 135 Tanks Gauged, 7 Tank Bottoms Removals Witnessed, 11 Run Tickets Figured, 22 Gaugers Calculations vs. Purchaser's Calculations. Branch of Lease Management reports that there were 19 of 210 pending returned, 31 approved division orders, 11 terminations. On Producing Wells April 2018, there was 18,106 less 3,252 for SWD which leaves 14,854 producing wells. Under 214 leases, the 3 leases that sold the most were APAC, Burbank Materials, and Schmidt Brothers. Sales reported per lease: APAC-41,082.94 tons/\$37,270.79, Burbank Materials- 9,184.86 tons/\$9,644.10, Candy Creek Crusher- 2,814.07 tons/\$2,026.13 and Schmidt Brothers 576 cubic yards/\$432.00. Number of requests for lease information were 3 Non-FOIA requests. Branch of Subsurface Minerals approved drilling permits were 2, approved workover permits were 10, approved plugging permits were 3, and pending permits were 67. One well with a completion report turned in on 4/10/2018 which was Ceja was dry holed/plugged on the same day. Branch of Enforcement and Compliance there were 0 EA's, number of EA's received for APD's was 2 EA's for 3 permits, number of on-site visits for EA completion

were 11, number of EA's Approved for APD's were 1 EA for 2 Permits, NOA's published for EA's were 1 NOA for 2 permits, number of non-compliance letters were 34, number of non-production letters were 6, number of extensions letters were 22, number of final notice letters were 6, number of Spill Remediation and Reporting Notice letters were 8, and number of exemption approval letters were 2. Chairman asks if APAC's 37,000 looks like its covering the 10% value of the raw? Deputy Superintendent says yes. Chairman asks if Ceja well is part of the drilling program that was appropriated for on that lease. Deputy Superintendent says that is the one that Councilwoman Erwin brought up and wanted to know every month and get a report, the size of it, and production that it started producing and that it turned out to be a dry well and they plugged it. Councilman Crum asks when a drilling permit is issued, and how long does the company have to act on that drilling permit. Deputy Superintendent says they have two years. Councilman Crum asks what the time frame is for them to report that completion. Deputy Superintendent says they should report it within two years, if they drill some and then they should return the 208 in. Deputy Superintendent says in the past, producers have not turned in their 208, and they sent letters requesting that 208. Deputy Superintendent says most of the time people will turn them in within the first year, once they build the well, and sometimes we will have a company wait till the second year to drill the well. Deputy Superintendent then says usually if it's a new lease and will drill this new well on this quarter and it's the only well that is going to be there. Deputy Superintendent says they need initial production, they get a request a visual, and they will immediately turn that in right then because they want their production unit processed. Deputy Superintendent says we'll automatically do it now this older lease with wells already on it and a lot of times they may wait till two years to give you that notice. Chairman asks if we going to plug those wells up, are we plugging anything with any kind of gas or oil in it, is there a measure that you are using if it doesn't, and says he knows that it's not producing but its \$75 a barrel. Deputy Superintendent says they use regulations that it terminates when it's going to turn. Councilwoman Boone says she would like an overview of Zinke's reorganization plan for the bureau. Deputy Superintendent says that they have not seen how they are going to reorganize it. Deputy Superintendent says they have selected a Coaling engineer, and that he has not given a date when he is going to be available to come but he has a set position. Deputy Superintendent asks if the buying on consultation be on July 17th. Councilman Crum says the date should be day before your regular meeting. Chairman says just under the Directors report that we just received a new 3D and it's an element of worldwide publication, you're talking about the over regulations and everything else but the whole idea is that this shows a dome cap element, it's called the Osage high, and that this went out on national publication oil \$72 a barrel and higher.

8. New Business

a. Washington DC Trip – Overview – Cynthia Boone

Councilwoman Boone says they made several trips up there and that there was a Councilman here that did not want us to go because it would be grandstanding and wasting shareholder money but we've done the two trips and were awarded \$3 million dollars. Councilwoman Boone says that her testimony it is on Indianz.com. Councilwoman Boone says they had the opportunity to meet with BJ Howardton, Lankford's office, Congressman Lucas' office, Congressman Cole's office and that BJ Howardton was interested in knowing how we were going to accept the \$3 million dollars. Councilman Cheshewalla says in some of their meetings they had a discussion with BJ Howardton on the well plugging funding, coming up with a list of ten requirements, talked about the Catex, and a bug farm to counteract ADD problems we had. Councilman Cheshewalla says they talked to Darrel and that \$3 million is coming our

way, and when they talked to Senator Lucas he asked me what price are we going to have to have and I told him \$75 a way. Councilwoman Boone says there wasn't much conversation because they did not ask them to testify at 1 o'clock any questions. Councilman Crum asks if the Deputy Superintendent is searching for an archeologist? Deputy Superintendent says they have not yet because of funding and are waiting for the okay to send it out. Councilwoman Boone says she asked for a list of positions and the vacancies and she's down 8 positions. Deputy Superintendent says they're trying to find out what they need. Chairman asks if they have any restrictions on their budget restraints? Deputy Superintendent says yeah.

b. Spyglass Energy Group, LLC/Bandolier – W. Blackland/Personia project and additional drilling plans- Robert Knappe

Bob Knappe says they are following up on the presentation that was made on Friday opportunity to update on the development of the Personia concession and were there to answer any questions regarding the results, the development discussed, their desire to seek an extension of terms of a concession that allows to continue to develop those areas and those opportunities in the presentation, and the information Councilwoman asked for on Friday. Mr. Knappe says this is the exhibit that outlines the area that was suggested in the lease from the concession to open up again for addition expiration by others because of their focus on the current development, the portion of the concession developed the best size future seismic shoots, and opportunities for development not wanting to hold up acreage. Mr. Knappe says he has information regarding the production of sales that was outlined in the production charts and shows the accumulation of production through May 11 of 22,700 and something barrels. Mr. Knappe says that is the additional items that were requested, and that they hoped to get the Council's approval to extend the concession to continue development. Councilwoman Erwin says that she has a memo from Mr. Lynn with his recommendation that the \$64,000 is paid in full, she was told it was in the mail yesterday, and no one has received it. Mr. Knappe says he knows that Mr. Brunner took responsibility for that because of the unfamiliarity with various and extensions 64,000 current what I have actions brought up and look up also the Councilman Redcorn's comment Friday regarding the bonuses that have been paid 140,000 plus three payments 64,000 that check, he did sign it and sent it to Mr. Brunner last week and does not know why it has not been received in the mail yet it was sent last week. Mr. Ducharme says they have taken the number of leases down using that fund and the 64,000 per year for the three years is to buy four new leases each time prepaid and that just expends the total fund and then as they need new leases which the development program went in and turned some concessions into leases then that fund will continue that shrink after all the work is done they will take down new leases, and are going to take down at least 12 leases anyway, the seismic shoots that will be done in the summer of 19, they're going to have to have to take leases down in the fall of 19 to begin the process of drilling for 2020, they won't be able to drill anything the next 9, they're committing in 2020 will be derived from the information that we will receive in summer of next year and interpretation thereof, that's why they need all three years because this year is going to be the 12 wells which is all about production nothing else. Mr. Ducharme continues by saying they want to move the 3 quarts of a million out of the site stage in to the drilling stage then the following year they'll do once again open the new corridor highway 60 in the 85,000 plus

or minus acreage we've got left, we're going to limit by 21,760 acres bring it down and get it to where they are and then move forward on the next 3 years of development but that's why they need all three years and because of the terms of just picking up four quarter sections per year we would agree to do that in 2019, 2020, 2021 that essentially is the 64,000 acres but what it's really doing is taking down more, or converting concession acreage in to lease acreage. Councilman Crum says he likes the idea of drilling commitments and would like to add that to it, that they are reinterpreting old data that is in the DEMD, and asks if they would agree to provide their interpreted data the DEMD when they are no longer using it. Mr. Ducharme and Mr. Knappe says yes. Councilman Crum says he would like to add that we will have the redone 2D data. Mr. Knappe says and 3D as well. Mr. Ducharme says it's the calendar year, they're asking for 2019, 2020, 2021, and says very specifically proposals 9 wells per year each of the years and 2019 (the first year of the agreement) to shoot the additional 20 square miles of 3D seismic. Councilman Yates says he sees the problem with if we get the seismic next year you drill 12 this and seismic next year you are going to be up against it getting all the beetle studies and arc surveys and everything involved. Mr. Ducharme says the season for the American Bearing beetle, he can't do a study right now until July 28th, if he doesn't have a permit then the early surveys are null and void because he has a study again after July 28th, and says the report for today is that they still don't have the funds for the archeologist. Mr. Ducharme continues by saying that they have a board on what's going on and when they can do what, and that they are trying to do 40 wells in Osage county this year. Mr. Knappe says they're excited there are 4.3 million invested in this project so far and they are going to invest another 3 or 4 million development before they shoot seismic. Councilwoman Red Corn says you have not paid us the 64,000 that you owe us and that they're wanting to tie up a lot of acreage for zero. Mr. Ducharme says it was already paid and in Bureau of Indian Affairs, and that they are offering to pay the \$64,000 each of the next three years the same way it was in the last one.

Councilman Crum makes a motion to accept their proposal, with the addition of paying the prepaid leases each year, and to update the acreage by the BIA to what is actually there. Seconded by Councilman Yates.

Mr. Knappe says under resolution 3.57 outlines the acreage and payments. Mr. Ducharme says they're going to release 21,760 acres immediately, they're going to pay for the three-year addition, they're going to add 2019 \$64,000, 2020 \$64,000, and 2021 \$64,000 on a minimum basis, and feel like we will be taking more down than the twelve quarter sessions after the shoot is done and we know where to take the leases down. Chairman says as in the agreement. Mr. Ducharme says yes. Councilman Crum says at an \$100 an acre. Mr. Ducharme says at an \$100 per acre, so we hope there's twenty or thirty quarter sessions or 40 but we will agree to 4 per year over 64,000 payments in 2019, 2020, 2021 which was part of your motion sir. Councilman Crum says that's correct it's to do the guaranteed lease take down. Councilman Yates says I'll second. Councilwoman Boone says so the \$64,000 check that went to Georgia, and asks is that a new process or is that the way it's always been. Mr. Knappe says Mr. Winlock mentioned that resolution 357 and I actually just got a copy of that from Lacey last week is where that last \$64,000 payment was required for the 2017 the last one I knew was the one due when we got the extension on a later resolution that Steve paid in 2016, I didn't realize it was going to be due in 2017 either so there's been three, four, or five resolutions passed since that one and I didn't know what changed, people have changed what

terms of the requirements but what we're saying is that 64,000 payment will have that back into this resolution and continue that 64,000 payment over three years.

Councilman Crum makes a motion to accept their proposal with the addition of paying the prepaid leases each year, and the additional language that we will have them turn over the reworked seismic data when it is no longer proprietary used that is contiguous upon that we receive the \$64,000 before it is done, and the BIA do a review of the acreage. Seconded by Councilman Yates.

MOTION PASSED: Councilman Cheshewalla- Yes, Councilman Crum-Yes, Councilwoman Erwin- Abstain, Councilwoman Red Corn- No, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes. (5-yes, 1-no, 1-abstain)

c. 25 CFR 226 BIA's proposed revisions discussion – Director William Lynn

Chairman says the United States has not brought out the new CFR, I talked to my RPC Committee yesterday who is out of Zinke's office and they haven't written it yet.

d. PL Account – Resolution to move money

Deputy Superintendent says this money was accidentally deposited in the Minerals PO account when it should have actually went into the Osage Nation's account, and it was just a mistake. Chairman asks if he has a tracker, if everything is good even if it was paid out in this payment coming in June it still gets reimbursed back in, and if he took care of all of that. Deputy Superintendent says right, all we need to do is sign and document it. Councilman Crum says explain to me how such a thing could happen. Deputy Superintendent says there is a numbering system for each account, what I understand is the numbers were so close that they actually used the wrong number and it went into the Minerals account when it should have went into the Osage Nation's account. Chairman asks for the amount. Deputy Superintendent responds by saying it was \$8,670. Councilman Cheshewalla says we have two in our books \$8,607, and \$18,692.3. Deputy Superintendent says \$18,692.3 is transferred from another account. Chairman says actually it's correct. Deputy Superintendent says yes it's right. Councilman Crum asks if this mistake was done at OST. Deputy Superintendent says no, it was done in our office, we mistakenly picked the wrong number the account number and then we caught it. Councilman Crum says in the past he's been told several times but one time in particular he remembers when we had the man from White Mountain. Chairman says that's correct. Councilman Crum continues by saying to prepay a bunch of leases that had been part of VGI's and they wanted to prepay it but we had a heck of a time trying to figure out how to do that because I was told anything going into a PL account had to have a lease number attached to it in other words it the only thing going into a PL account is royalty. Chairman says proceeds of labor. Councilman Crum continues by saying that's the name of it but the only thing supposed to go into it is lease payments, royalty, and bonus payments so it had to have a lease number attached to it in order for it to be put in there. Councilman Crum asks how did we miss that safeguard and it went to the PO account. Deputy Superintendent says everything is processed through lockbox which goes to tens and everything listed cash amount and sometimes when they send these checks they do not attach a number and sometimes they do send a copy of the lease or the agreement with it in there that's how we catch it too. Deputy Superintendent continues by saying this one he

doesn't know how it was in there but it was for right of way through before the State of Oklahoma for highway 60 and that it was mistakenly put in the wrong account by the PL. Councilman Crum says that the PL account and the monies account is a closed system. Deputy Superintendent says right. Councilman Crum asks we can't add to it. Deputy Superintendent says no. Councilman Crum says we can't take out, no one gets to do that, you know the Minerals Council doesn't have access to it. Chairman says that's correct. Councilman Crum says no body has access to it, it's a closed system, and that there's no chance for any kind of raft going on. Deputy Superintendent says right. Councilman Crum says when he finds out there might be a crack in the closed system it worries him a little bit. Deputy Superintendent says and that's the reason why we do double check it, that's the reason why it was caught, he means it's a double check system, that's reason why they looked at it a second time, and that is how it was caught. Deputy Superintendent says everyone has to sign off on it, review it and sign off. Councilwoman Boone asks what is the time frame from the time it's done and someone double checks it. Deputy Superintendent says there's checks and balances all through the process, by the time we get the check. Councilwoman Boone asks what's the time frame, nobody could catch this before it happened, that's my point. Deputy Superintendent says no. Councilwoman Boone says if it's double checked all the way through the system, why didn't anyone catch it before it went in the wrong account. Deputy Superintendent says because the initial person signed the number where what account it went into and then it was caught later on by someone when they checked it. Councilwoman Boone says so you can't give me a time frame. Deputy Superintendent says no, I can't give you a time frame. Councilman Crum asks if a resolution is needed today. Chairman says he would like to entertain one because we've got to acknowledge number one that something made it into the account, the only thing they caught it was the internal audit that finally figured out you had more deposits of the sales proceeds of labor, and then you couldn't match up. Councilwoman Erwin says it probably did happen, it probably happened the way it has been purposed to us but until she heard something from Mr. Swan she's reluctant to vote for anything on this, it probably does need to be voted on but she would like to have Mr. Swan's input, he's the one looking after all these accounts, and that would seem like the most logical thing to do. Councilman Crum says to his knowledge it just happened a while back, he has no problem checking on it, he wasn't going to propose a resolution, he was just going to read what we had in there, and says but we don't have one so he's up to the will of the Council. Councilman Crum continues to say he agrees it is probably owed, that we probably received the money, they're not going to come tell us if we didn't have it, so he would say this probably needs to be resolved, but waiting for Mr. Swan to tell us that he checks it out that shows we held it too is not a problem for me. Chairman says there's no way he caught it, the numbers he sent on the spreadsheet are going to match, they just haven't caught the input. Councilwoman Erwin says no but he can call where this money was deposited to make sure. Chairman says we'll have him catch it. Councilwoman Erwin says have him track it too so we haven't lost any money anywhere else. Chairman says he was going to request that anyway to the Council. Councilwoman Erwin seconds.

Councilwoman Boone makes a motion to table this subject until our accountant, Mr. Jim Swan has a chance to review this and give us answers.

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

Chairman says just out of courtesy he'd also like 825 2017 the amount of \$18,692 tracked also, he's going to be there reviewing it that way we'll have that answer too.

e. Summer Nape – William Lynn

Chairman says Director Lynn talked about the Summer Nape program with him and Councilman Redcorn that's been available at the Houston project, it's in our books, and the possibility of them going to that and also this summer. Lacey says this resolution is trying to get passed today is not for travel, it's for the DEMD to develop a marketing brochure with Osage Minerals Estate in it.

Councilman Crum makes a motion to accept the resolution in the books therefor be it resolved part is the Osage Minerals Council hereby request DEMD assistance through developing and print a marketing brochure with Osage Mineral Estate to be featured at Nape that is scheduled for mid-August. Chairman is hereby off right to sign a resolution bar. Seconded by Councilman Cheshewalla.

Chairman asks if there is a cost involved. Lacey says not that she knows of.

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

f. Receptionist – William Lynn

Chairman says he will table this until next month.

g. Calgary Energy LLC – new oil and gas lease – Gary Lewis

Mr. Tom Coast says he is here on the behalf of Gary Lewis in Calgary. Mr. Coast continues to say that Calgary for the past three of four months about 15 contiguous quarter sessions has faults, there was one that was terminated by the previous operator, Chapparell and Calgary would like to lease that, put that up for consideration and put it back in production. Councilman Cheshewalla asks which one. Mr. Coast says the South East corner of 3228 and that they have everything around it, it was consolidated with the other leases to the north and the north to the south they'd like to continue with that, same format as well as before, they have equipment to put them in production in probably two weeks for \$4,700. Councilman Yates says \$4,700 combination of oil and gas. Councilman Yates says that he assumes Mr. Coast wants to keep the 1/6th royalty so you won't have to change your tanks, if we got %20 then you'd have to set a whole new tank. Mr. Coast says correct, one time they went to the north and to the south and used these wells. Mr. Coast says they'd eventually like to flood. Councilman Crum says normally he is not wanting to deviate it from our %20 but this is unique in the way it's all the way around, he did see Mr. Coast's proposal for 1/8th for Mississippi chat water flood. Councilman Crum asks is that still what he's still wanting to

propose. Mr. Coast says eventually 1/22nd. Councilman Crum asks that he would be willing to pay the 4,700 for a one-year lease. Mr. Coast says correct. Councilman Crum says so we're actually getting more than minimum, we're not prorating one year, we are getting more than minimum bid for it. Councilman Crum says that he does like the additions that we made here crossing out the 1/8th, and paying the full amount for a one-year lease rather than a two. Councilman Cheshewalla says from being an exfielder, he knows what that land up there is capable of doing, maybe in another \$5 a barrel we'll have a few more wells up there, Mr. Coast/Calgary pretty much have the whole thing, and also he believes that the infrastructure is already set up there, if we wanted to go on with the %20 or we could have it verted to one of the other tank batteries. Councilman Cheshewalla continues to say knowing from what he knows in the past several years several of those tank batteries there was no production and they're just sitting there idle, he wouldn't be in favor of it, he would have to have %20. Councilwoman Erwin says that she would have to agree with Mr. Cheshewalla, and that she thinks there's more going on up there, stuff that was put up in here that's not what she recalled the last time Bill got some information about this and it needs to be at %20, she says she is not for the 1/6th at all. Councilwoman Boone says that she is not for the royalty rate that Mr. Coast is giving, %20 is royalty so she is going to be voting no. Chairman says this lease is contiguous to the consolidated lease you have now. Mr. Coast says correct. Chairman asks Mr. Coast if he would agree to 5,000, one-year, 1/6th royalty. Mr. Coast says yes.

Councilman Yates makes a motion. Seconded by Chairman Waller.

Chairman Waller says 5,000 for the one-year, everything else stays the same and then we took out the requesting the bottom of the Mississippi Chat water flood, and because it already says it pays a 1/6th of all other zones, Mr. Coast is going to pay a 1/6th regardless, he's already paying that on the adjoining contiguous lease.

MOTION PASSED: Councilwoman Red Corn- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Boone- No, Councilman Cheshewalla- No, Councilman Crum- Yes, Councilwoman Erwin- No. (4-yes, 3-no)

Councilwoman Erwin makes a motion to go into executive session, seconded by Councilman Cheshewalla.

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

Time: 11:58 PM

Councilman Crum makes a motion to come out of executive, seconded by Councilwoman Erwin.

MOTION PASSED: Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes. (6-yes, 0-no, 2-absent)

Time: 12:26 PM

Councilman Crum makes a motion to have the Mineral Council adopt the policy of employee development for educational assistance. Seconded by Councilman Cheshewalla. Councilman Crum said we will need to do budget amendments as part of the deal.

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn-Yes, Councilman Yates-Yes (6-yes, 0-no)

Councilman Crum says in February it was voted for regular lease sales to coincide with the quarters. He says the first time was too tight of a time frame with the BIA and the second time there were problems with the electronic version with matching up the process with the CFR's. Councilman Crum says there's no reason we shouldn't be able to have our regular type lease sales. Councilman Crum continues to say that it would be near the end of August/first of September and near meeting dates and that there is an original motion to do these regular lease sales that they should go back and look for.

Councilman Crum makes a motion to schedule to look at lease sales at the end of the next quarter that is in compliance with the original motion and to inform the BIA.

MOTION PASSED: Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes (6-yes, 0-no).

Councilwoman Erwin says the policy that we weren't going to look at any projects with windmills until it was settled, and Silverspoke has been aggressive. Councilwoman Erwin reads her letter from the Osage Minerals Council to Silverspoke to decline support to their offer.

Councilwoman Erwin makes a motion to send her letter to Silverspoke to decline support to their offer. Seconded by Councilwoman Boone.

Councilman Crum says that about a month ago we sent a letter to our attorney to resend a recommendation and a model law for the Osage Nation Congress to pass. The law was to say it was against the Osage Nation law to trespass upon our mineral estate. Councilman Crum says it was suggested by Fredrick, he requested him to resend it to that us, and then the Minerals Council could ask the Osage Nation Congress to pass that. Councilwoman Erwin says that we could put those things on the books but until we have authority over nonOsages that it's pointless and that we need to keep it on a federal level. Councilman Crum says that Fredericks recommended that it would be a good tool to have before became federal that would give us a police force that would enforce that law, and maybe Second chair can see that that happens. Councilwoman Red Corn says they were using that one law about eagles when the windmill started and that gave us some protection. Councilman Crum says it could be another tool to stop the windfarms. Councilwoman Erwin says she will request it. Councilwoman Red Corn says the letter that you just read is a motion, and that she would like to change the wording.

MOTION PASSED: Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- No, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes (5-yes, 1-no).

h. Acknowledgement of Centurion - Cynthia Boone

Councilwoman Boone makes a motion to honor A.W. McKinney for turning a 100 years old by sending him a bouquet of flowers that would not exceed \$75 from the C395 account. Seconded by Councilman Cheshewalla.

MOTION PASSED: Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum-Yes (6-yes, 0-no).

i. DK&K Energy LLC – New oil & gas lease – Dominic Strother

DK&K were absent so the Council moved on.

j. Chilocco – Donation – Joseph Cheshewalla

Councilman Cheshewalla says that every year the Mineral Council donates to the Chilocco Alumni Homecoming Powwow. Councilman Cheshewalla says this year they are honoring the 45th year and many members are Osage tribal members. **Councilman Cheshewalla makes a motion to pass the resolution that the Osage Mineral Council hereby approves the donation of \$500 to the Chilocco Alumni Association. Seconded by Councilwoman Erwin.**

MOTION PASSED: Councilwoman Red Corn- Yes, Councilman Yates- Yes, Councilwoman Boone- Yes, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes (6-yes, 0-no).

k. Joe Hall – Hopi

Joe Hall says that he has been growing Osage red corn for the last 20 some odd years and he has enough to plant over five acres and if it is successful he will have enough to plant over 600 so it is essentially start of a food bank. Joe Hall says that he is requesting the Council to be the distributor. Councilwoman Erwin asks what that would entail. Mr. Hall says that he knows that the Council takes care of all three districts for the drumkeepers for the In-Lon-Schka and this is something that can go along with it amongst other things like the Immersion food supply. Mr. Hall says that he will take care of it as long as they administer it. Councilman Crum says that he is unclear of what administering means and asks if in the future we look to decide if we can utilize it or a food bank to be distributed. Mr. Hall says that he came to the Council because he has planted three crops for the Osage Nation because all three were killed. Mr. Hall says they were not watered and tilled. Mr. Hall says he shared with Chairman Waller that he spoke with the Hopi nation and works with an intertribal group called Braiding the Sacred, and the other nations are doing their work on their crops and running into similar problems. Councilwoman Erwin says that she is interested and wants to know where he keeps the seed and how to distribute it. Mr. Hall says it's entirely up to the Council and wants to get it to the Council while it's growing. Councilwoman Erwin says the camps could use it during

for the dances. Councilwoman Boone says that she thinks that a wonderful project to undertake and that he should get with our Policy Committee at an appropriate time to discuss what our policies should be in regard to the vegetables and distribution. Councilman Cheshewalla says you could see this along with a donation to our drumkeepers and to Hominy. Councilman Crum says it needs to be researched, we are missing two people today, that we do not vote on whether to do it yet because we don't have a system, this is a long term commitment it might be something that the new Council should be involved, and that we should follow through on it quickly. Councilman Crum says that he would like to hear more about it next month, and when the Council feels that there is enough information on it, they present it, and we vote on it. Councilwoman Red Corn asks Mr. Hall to work with the Policies Committee.

9. EXECUTIVE

- a. Policies – Stephanie Erwin**
- b. Education – Everett Waller**
- c. EnergyNet Contract – William Lynn**

10. Old Business

- a. Softball field well – William Lynn**

Councilwoman Red Corn says that Mr. Lynn is not present and that it was discussed in the Director's report.

- b. PE Osage – new oil lease – Roy Fletcher**

Mr. Fletcher says from Friday's discussion there has been a few tweaks in our proposal. Mr. Fletcher says they have added a map that shows two quarter sections they are proposing to lease today and the three quarter section they mentioned Friday that they are in negotiations with a third party company. Mr. Fletcher says they are in a verbal understanding of where they are in the process of getting paperwork together to get that transaction executed, and the question of whether it would be the traditional where they would buy the leases and go through the assignment process with the BIA remains. Mr. Fletcher continues to say they have an LLC. that only owns these three leases. Mr. Fletcher says the items in red were the quarter sections that we are requesting the ability to pull in during the eighteen-month period from the original lease approval for eighteen months, and are willing to pay \$5,000.00 per quarter section. Mr. Fletcher continues to say there are roughly 15 quarter sections so if we had all of them in the next eighteen months we would write a check for \$75,000 to the Osage Mineral Council for lease bonus, and as we discussed Friday we thought it was in our best interest we are willing to invest the upfront capital to go get a test done. Councilman Crum asks how many quarter sections were in the future. Mr. Fletcher says fifteen. Councilman Crum says it counts up to be 21, you're wanting first right of refusal, when you take them down you are now proposing to pay \$5,000 per quarter. Mr. Fletcher says that is correct. Councilman Crum says that some of these 21 you're not certain of are available. Mr. Fletcher says that is correct. Councilman Crum says today he could find out which ones are leased. Councilman Crum continues to say that we are essentially doing a 15 quarter section concession because you are getting it for a timeframe and will lease them as you need later, so there's no bonus up front. Mr. Fletcher says there will be a bonus associated with the two-year take. Councilman Crum continues to say you would be taking those down for eighteen months or being able to decide within the next eighteen months to lease and would pay \$5,000.00 a quarter section

to lease those. Mr. Fletcher says that's correct. Councilman Yates says our lawyer talked about the exclusivity of the quarter sections that you are wanting to hold, usually when you get the perk addition you pay for it up front not after the fact, so I would be willing to do a two quarter session initial for 3,600 a quarter oil only 1/8th royalty but attached to these other leases for eighteen months I would have to ask for 5,000 a quarter but then you'd get an oil and gas combination with that. Councilman Crum says the only difference with that is pay now instead of eighteen months. Councilman Yates says that he would still want the \$5,000 per quarter when you took them down later. Mr. Fletcher says so really you want \$10,000 for it. Councilman Yates says you might have \$5,000 a quarter but I want \$10,000 right now for two quarters which will buy you the two quarters combination oil and gas, 1/8th royalty and for eighteen months you have the right to take down any of these 15 quarters at \$5,000 per quarter. Mr. Fletcher asked if they just did the green, if that is something they can do and continue discussion on the red later. Councilman Yates says that they can, and if they remove the exclusivity of the surrounding quarter that he will do \$3,600 per quarter at 1/8th royalty.

Councilman Yates makes a motion to accept their offer for quarter sections southwest of 18219 and the southeast of 13218 with a 1/8th royalty with a lease bonus of \$3,600 per quarter section, oil only with a remaining producing zones Arbuckle, Red Fork, Wilcox Simpson, etc. will be produced on a quarter section basis as a primary production with a royalty rate equal to %20 two-year lease. Those quarter sections previously mentioned were Bartlesville, Latent, Skinner, Cleveland, and Buzzard. Seconded by Councilman Cheshewalla.

MOTION PASSED: Councilman Yates- Yes, Councilwoman Boone- No, Councilman Cheshewalla- Yes, Councilman Crum- Yes, Councilwoman Erwin- No, Councilwoman Red Corn- Yes (4-yes, 2-no).

c. IHS Petra Renewal

Councilman Yates makes a motion to table IHS Petra. Seconded by Councilman Cheshewalla.

MOTION PASSED: Councilwoman Boone- Yes, Councilman Cheshewalla – Yes, Councilman Crum- Yes, Councilwoman Erwin- Yes, Councilwoman Red Corn- Yes, Councilman Yates- Yes (6-yes, 0-no).

d. Election – Cynthia Boone

Councilwoman Boone says the request is disposed of the Policy Committee, when running for election everyone had to sign a document about the list of voters that was given, that the list was for your use only, and was to not be passed around. Councilwoman Boone says that she took the consent form to the Attorney General office for an opinion, and that there is no prohibiting a person from doing that so I would like for the Policy Committee to do is to change that form and to make it state that you going to use it for your campaign only and will not share that information with anyone else. Councilwoman Boone says that she would like to table it till they receive a copy of the letter for review. Councilwoman Boone says she would like to the Policy Committee to take a look at it.

e. Run statements on website

11. Committee Reports

a. C395 Budget Amendment

Lacee says we don't have space costs or indirect cost so we were able to take that out but we had to move it somewhere and that some moved in to attorney fees. Councilwoman Boone says that she doesn't believe the Minerals Council Director needs to be doing our budget, that's the whole purpose of having a Budget committee. Councilman Crum says he doesn't remember a vote where we turned it over the budget to them, and that we made a vote today on the 395 that would require an adjustment to the budget to allow for our education funding. Councilman Yates asks when the Congress will start kicking in space costs. Lacee says in response to Councilman Crum's question, it wasn't moved, I did foresee that, so it was allowed for that policy under other after I talked to the Accountant on how to do that, and then I don't know when that would happen but they told me her treasurer that it's okay to go ahead and remove the money over there to allocated expense out of space cost and indirect cost. Second Chairman says just the space cost not indirect cost. Councilwoman Erwin says I was just going to say that I will get an update on that and ask Congress myself because it was my understanding that it would be retroactive to October the 1st, they're supposed to be giving that back to us to do their books, they haven't had time to do the books, but I will get information on that to see when we can expect to see it back in our budget. Councilwoman Boone says it's her understanding that the Congress did pass the act that was submitted by a sponsor Congresswoman Shannon Edward that I am in agreement to let Councilwoman Erwin to double check on that to see exactly the effective date of that legislation. Councilman Crum says he thinks we established that we really can't vote on this budget today and that we better table it till we have more information on the changes that need to be made.

S510 Budget

Lacee says that at one point after Bill came in you guys decided that Bill would do the budget, she did the budget and on the S510 we never had a budget at all for the fiscal year so we need to get that approved.

12. Adjournment

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

MOTION PASSED: Councilman Cheshewalla – Yes, Councilman Crum – Yes, Councilwoman Erwin-Yes, Councilwoman Red Corn – Yes, Councilman Yates – Yes, Councilwoman Boone - Yes. (5-yes, 0-no)

Adjournment: 1:28 PM

Approved by:

Chairman

Executive Administrative Assistant

DRAFT