

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
June 20, 2018**

1. Call to Order

Chairman Waller called the meeting to order at 10:06 AM.

2. Opening Prayer

Chairman Waller gave the Opening Prayer.

3. Roll Call

Lacey Reynolds called roll. The Osage Minerals Council members present were: Cynthia Boone, Galen Crum, Kathryn Red Corn, Talee Redcorn, Everett Waller, Andrew Yates.

Guests present were: Jiux Geurin, Ray McClain, Marlene McClain, Rosemary Wood, Joseph Abbott, Lenzy Krehbiel-Burton, Marcy Graham, Florence Bigheart Trantum, Billie Ponca, Paul Revard, Jamie Sicking, Nicole Payne, Teresa Rutherford, Beverly Brownfield, Rhonda Wallace, Janel Perry, Michael P, Nona Roach, Mary Evans, Susan Foreman, Margo Gray, Linda Heskett.

4. Superintendent's Report

Superintendent of the Osage Agency would like to report the Branch of Field Operations 8 Landowner Letters were prepared, 4003 Purchaser Run Tickets were reviewed and scanned, 818 Purchase Tank Tables were scanned into the Osage Nation Report, 11 Purchase Tank Tables were encoded into the Osage computer system, 14 Leases were checked for Primary Term, 5 Wells were plugged and witnessed, 72 lease inspections were performed, 62 follow-up lease inspections were performed, 1 lact unit proving witnessed, 16 gas meters proving's, 29 tank strappings witnessed, 2 damage appraisals performed, 147 landowner/lessee meetings reported, 15 complaints, 20 spill/leaks were inspected, 30 follow-up spill/leaks were inspection performed, 3 OERB assessment/evaluations, 82 tanks were gauged, 6 tank bottoms removals witnessed, 1 run tickets figured, 2 gaugers calculation vs. purchaser's calculations performed. The Branch of Lease Management reported 8 approved leases, 29 approved assignments, 30 approved division orders, 20 lease terminations. Producing Wells for the month of May 2018 Lease management reported 18,110 less 3,249 for SWD Wells and other wells, leases under 25 CFR part 214 lease management reported 3 leases that sold the most 1.APAC, 2.Burbank Materials, 3.Candy Creek Crusher, sales reported per lease APAC reported 20,453.15 tons paid a royalty of \$18,074.31, Burbank Materials reported 12,140.08 tons royalty paid was \$12,868.48, Candy Creek Crusher had a production of 4,438.10 tons royalty paid at \$3,301.95, Schmidt Brother reported 504 cubic yards of payment of \$378.00. Lease Management received 6 requests that were Non-FOIA. The Branch of Subsurface Minerals approved 10 drilling permits, 3 workover permits, 3 plugging permits, they have 59 pending permits, and she believed they received a copy of the approved disposed pending permits, 5 wells were spudded/completed. The Branch of Accounting provided the end of the month financial statement to Jim Swan and the Coffeyville Purchaser statements were provided, they identified the top three producers were 1. Chaparral 2. Linn Operating and 3. Performance. The Branch of Enforcement and Lease Compliance received 2 EA's for 2 permits, they performed 8 onsite inspections, they approved 4 EA's for 12 permits, those 4 EA's for 12 permits NOA's available and we provided the same to the OMC, 4 Non Compliance Letters,

provided 25 extension letters, reported 4 penalty letters, 8 final notice letters, notice of spill remediation letters 17 were issued, and there were 3 exemption approval letters. Chairman asks if 4,003 purchase run tickets is the total amount of sales for that month. Superintendent says yes. Deputy Superintendent says sometimes they issue tickets different times of the months and that could have been some of the ticket sales from the previous months. Councilman Yates asks why there is 210 pending assignments. Superintendent says 27 are from FY 2017, 176 were received this year, they have to do field inspections when looking at assignments so there is a little bit of work, but most of that are Purdue with Chapparral. Councilman Yates says so they have to bring them up to compliance before they can be transferred. Superintendent yes, they will do inspections of the property if there are compliance issues they will notify the assigned board as well as assignee they just need it to be brought up to compliance or the assignee needs to say they'll take responsibility for it by letter. Councilman Yates asks for the rate of drilling location. Deputy Superintendent says they negotiate for the restrictive service loan that depends on the location. Deputy Superintendent says our arbitration process is we get to read the number they see, and that he will get back with that. Superintendent says that when they receive an increase then that's what the Agency starts shooting from that point on, if there is arbitration that comes back and it shows an increase then yes. Councilman Yates says he doesn't agree with that 25,000.

5. Director's Report

Director reports the average daily production for April 2018 hasn't been verified by our auditor, it is up to 11,365 BO per day, we're up 2 million cubic feet of gas over the last month at 15,491MCF and the gas liquids are up also 27,330 GGLPD. Oil continues to have worldwide scientific publication presence as he noticed from an international publication with the graphics showing Osage, talking about the Osage High and subsurface, and the seismic related to it as we said in mid conference. We are still denied access to our data, administrative rules and regulations continue to delay leasing, stop drilling and should be rolled back and limited to petroleum development. The Director says the source of the Bird Creek spill is yet to be determined. We digitized the well data using our summer help and electric logs in the area. He says right now he is verifying the data pulling it all in, making sure it's correct, and working his Petra project up in the area to develop a model for the pollution. EPA region 6 has provided very little information out there and when he asked for injection and disposal information he was told they couldn't under the guise of FOIA. The issue regarding the Softball field gas seep is that two local companies, 4D and Long oil companies have stepped up and installed the vent system at their cost, and it looks like there is a large volume of gas spinning that turbine. So we are waiting on the fieldman to check that and it is burnable. We did find one spot, once they dug out the pit the 50x50 area 9 feet deep and there was a worm hole with gas coming out that did light. Since then the system has been installed, it's been covered with a seal on the inside with the pipes coming out on the outside the outfield fence. There was gas detected, a slight gas was detected on the field which hopefully that is residual gas in the soil so there is a volume of gas coming out of the turbine. It may be better to flare that or pipe it somewhere else and sell it. The DEMD grants, Buffalo Data is set expend all funds on the website grant through September 2018. Director recommends that we hire Mark Cooper from Buffalo Data as our permanent website administrator at \$500/month and seek additional \$40,000 for the website. He is pleased with everything he has put on there so far. On the Digital Data Part II, over the phone DEMD said both grants were awarded and were combined under one name. We're set to expand the \$176,650.00 and we're ready for the DEMD energy experts and the interns from the Colorado school to move forward. Director says he needs a copy of the Digitization Grant Part II with the exact details. The log library has been added because he didn't think

everyone knew he moved to the old Congress side of the building, and moving hard copy oil maps data, in the process of getting 50 file cabinets moved in there, and has some desks set up. Director says he would like to have all the original ledger sheet data information not available on IHS. Chairman says we are going to have to update a lot of our digital and this room, and asks the Director how long till the library will start. Director says one month. Councilman Crum says it's his understandings that we've done nothing using the existing 638 contract and paying for the monies we had to do that emergency well mediation that the Superintendent turned over to us. Director says he's worked up a plugging procedure and needs someone to tell him the size of the pipe, and that he has the records and sometimes that changes with a visual inspection. Councilman Crum says we hired one of our contractors to do it, we've done nothing to start doing this, as soon as that is turned over to us by the Superintendent it's turned over to the Well Plugging Committee, and they have a procedure for handling that and we haven't done that. Councilman Crum asks if his understanding that the scopes of work stayed the same they just combined the two to one. Director says yes, the letter said they couldn't fund two projects by one tribe, he said you had the plan so he didn't tell him that he hadn't see the scope of work for the digitization, but that he does have Councilman Crum's synopsis on that that was emailed to him. Councilman Redcorn says that the Director needs both of the grants, and that we're waiting for the BIA to determining the scope of work, if they are asking Mr. Lynn to provide two things we might be in the driver seat on how this is going to be put together so let's get Mr. Lynn both scopes and see what happens. Councilman Crum says that we sent the work to them and they approved it, he was just checking to see if they have changed it. Councilman Redcorn says his guess is no because would have got the total amount of the money that we requested until Mr. Lynn communicates with the DEMD people. Chairman says on the Royalty Policy Committee, himself and the Chairman of the Navajo have requested Steve Manydeeds put on this Committee to direct what you just said, the Federal team said you can't do that, we need that in there because that will implement that in there and I've got to ask for more. Chairman says he will ask for a dedicated platform server. Councilman Crum says on the consult meeting, if we find out that the scope of work has already been approved could we hire two people and send them to you to start digitalizing. Superintendent says at this point he is recommending the OMC bring that up on the topics of agenda at the consultation meeting, she believes Christina C. made a comment that they are looking at the latest records and we would have some direction and we're still waiting on that direction. Councilman Redcorn says Dr. Puckett had a Mississippi Line project and he would encourage Mr. Lynn to have more cooperation with these oil companies involved to encourage interest into that formation, and in the next consultation meeting in July we have our representative there if we are going to talk about deliverables. Councilman Yates asks if the Buffalo Data website is up and running. Director says it's a work in progress, and it shows the Osage Agency well spots. Councilman Crum says on the Buffalo Data there was 20,000 in the grant to float that data onto the original platform and says I used his bid for the budget as my template for the money in the grant, there is a need to put the new data acquired by the visitation on the platform created. Chairman says we need to be protected for what we can release and what he is reviewing is a group out of California because Buffalo Data got hacked, and he wants to look at getting our own sever.

New Business.

a. DK&K – new lease – Dominic Strother

Director Lynn says Dominic couldn't make it today. Councilman Crum says he would vote to move them to the lease sale, and says if we have a lease sale to not negotiate shortly before

hand leases, and to promote the lease sale. Councilman Yates says in his letter he states he wishes to nominate or negotiate since he's not here to negotiate I say let him nominate for the next lease sale. Councilman Yates says that we can get better than minimum bid on that.

b. S&S Disposal – Shelly Weaver

Shelly Weaver says I just ask for your consideration in fairness as coming before you today as you make your assessment on penalties and interest with S&S, we appreciate anything that this council feels and we will honor that. Councilman Crum says that he sees it's been reduced to %1 of the penalty that could have been charged and that they work with people but they also charge penalties because they don't won't people not turning in royalties and papers. Superintendent says the Agency continues to make improvements so they receive the monthly reports and it is the lessee's responsibility this one was caught, and they decided to only charge the 1% of \$288,900 actually owed under the penalties for the violation that can be assessed. Superintendent says the regulations specifically puts it on the lessee to provide monthly reports. The other two things the Minerals Council is due \$5,828.53 plus which represents \$5,736.20 in royalty and \$92.33 in accrued interest. Superintendent says then the regulations also allow for the 1.5% and the Minerals is the only one that can waive that, the penalty of \$5,828.53 is not subject to the Minerals Council ability to waive that is a decision of the Agency to charge that penalty and all of this money will go to the lockbox and the \$2,800 goes to the U.S. Treasury, and says they wanted Miss Weaver to know that the Agency report \$288,900 would be the violation penalty if we were to follow that so trying to acknowledge the Agency should have done better we went with 1% interest, and the rest is up to you. Chairman asks Weaver how much money she has made off the disposal since 2009. Weaver says the average income from 2009-2013 would be around \$300 a month and \$76. Councilman Yates asks if it is a commercial disposal and she chargers for disposal per barrel. Weaver says yes and .50. Councilman Redcorn asks if it is under comply under the CPA inspection. Weaver says yes. **Councilman Redcorn makes a motion to waive whatever is eligible for fees. No one seconds.** Councilwoman Boone asks the Superintendent to say the figures again. Superintendent says that they are asking her to submit \$13,425.74 which 2,800 of that is a penalty, \$10,625.74 is what she owes the Osage Mineral Estate which is \$5,828.53 in royalty and due to the fact it is late charge it's 1.5% percent for each month for a total of \$4,797.21. Councilwoman Boone says in view of the effort made by the BIA to, she is in favor of S&S paying the full amount \$13,425.74. Councilman Crum says they still would be collecting their royalty and interest. Councilman Redcorn says that he made a motion and didn't get a second so our decisions are done and we are ready to move on. Superintendent says she was going to read the 226.13 time of royalty says the Osage Tribal Council is subject to the Superintendent may waive the late charges. Chairman says he's okay with that and they will have to go with what the letter says. Councilman says the clock hasn't started ticking on that. Superintendent says no. Weaver says she want to make sure she understands but the letter she received is a demanding letter asking that she submit the payment and anytime a demand is being sent and you are stating that this has to be sent that she disagrees that the BIA is stating that there is an open area here. Councilman Redcorn says that letter stands and that she'll have to take it up with the bureau.

c. Inauguration – Andrew Yates

Councilman Yates says we have some numbers and figures for the costs for the July 14th festivities, we're still meeting on July 2nd have a swearing in ceremony and later on an inauguration with the Chief and Assistant Chief and the newly elected Congress.

Councilman Yates makes a motion to put forward the resolution in the books. Seconded by Councilman Redcorn.

Councilman Crum asks if the fees were paid out of the general fund or money allocated for the election. Lacey says they were paid out of the election and that the resolution is coming out of election fund. Councilman Yates says the election fund is the C395. Councilwoman elect Susan Forman asks what the value of what was just voted on. Chairman says \$7,000 Congress inauguration, eating \$500, photography by Morgan Kidder, Spurs and Arrows blankets \$2,200.

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

d. Oil and Gas Summit – Andrew Yates

Councilman Yates makes a motion to table this until the new Council comes in. Seconded by Boone.

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

e. Consultation Meeting – Galen Crum

Councilman Crum says it is the same as last week and that this is just the agenda subjects.

Councilman Crum makes a motion to accept this as being the agenda. Seconded by Councilman Yates.

Councilman Redcorn says we received a letter from five of the new Council members saying they wanted to delay this discussion and was signed by four members. Councilman elect Paul Revard says that he feels like the incoming Minerals Council should set the agenda for the meeting, and not the exiting Mineral Council. Chairman asks if we sent this out. Councilman Crum says that he did. Councilman Crum says he was in contact with three of them about that subject, and that it was okay put this in and go further, and many were put in by Councilman Revard and says that he is confused because he thought he was going further with their wishes. Councilwoman Boone says that this agenda item needs to go forward and that the Council didn't have a problem with us approving 10,000 for their inauguration. Chairman says the consultation meeting is July 17th and that the federal team gave us this date. Councilman Yates says we have high ranking BIA officials coming in that will be the decision makers who already made this date, and says he want to go ahead with the meeting. Councilwoman elect Margo Gray says they collectively sent this letter saying that they want to be a part of it and thank Councilman Crum for any input. They are not coming in to take over, and are looking forward to being briefed so they can be prepared.

MOTION PASSED: Councilwoman Red Corn – Yes, Councilman Redcorn – No, Chairman Waller- Yes, Councilman Yates – Yes, Councilwoman Boone – Yes, Councilman Crum – Yes. (5-yes, 1-no)

f. Election – Billie Ponca

Billie Ponca says she felt due to circumstances of this election that she should give a lot of details, and says that the first two pages are in general the operation time it was opened and closed. Billie Ponca continues to say that the third page is concerns that came in due to complaints about not having a permanent role for the voters, the next page is the results of the election which concerns the ballots sent out, received, there were no spoiled ballots, and the ballots that came in after the election. She continues to say the last page is the budget and that some of these things have not been paid yet, and says the election cost you \$31,900.23, and thanks the Council. Councilwoman Boone says she noticed that she submitted invoices on her and another person for the recount and that it was her understanding that she contacted TrueBallot before any challenges were made and they said that the numbers would not change. Councilwoman Boone asks what kind of process Billie Ponca went through on the recount to justify the vote. Billie Ponca says that she contacted TrueBallot and said she requested a recount and he emailed me back the results. Councilwoman Boone says she also noticed even though she submitted invoices to pay two people and that she doesn't see information for refunding the challengers their part. Billie Ponca says it was done this morning. Councilman Crum asks a follow-up question for the Superintendent on the accuracy of the BIA list, and asks are you coordinating your list with the OST. Superintendent says the Osage Agency and the Office of the Special Trustee have been working on a TAM's module, The Osage Annuitant Suite so now we should be able to have an automatic update on the address when an address is updated with the Office of the Special Trustee, TAMs basically overrides the other addresses that populates the financial address. Superintendent says they have to generate the report and give it to Billie Ponca prior to the registration prior to the voting. Councilwoman elect Gray says being a part of this and having a stack of returned envelopes, she hoping to see the responsibility of the BIA and OST, and us. Councilwoman elect Gray says we have a website and that she doesn't know why we haven't done an update, and that we have a strong platform to hold all this information, you should be able to put your number in see what the Minerals Council is doing and update your list. Chairman says we've been invited to listening session for the Department of Interior in Oklahoma City, August of 7th and that there has to be a resolution for everyone to go.

Chairman makes a motion to approve the travel of the Minerals Council and some staff to go to the listening session for the reorganization of the Department of Interior in Oklahoma City, August 7th. Seconded by Councilman Redcorn.

MOTION PASSED: Councilman Redcorn – Yes, Chairman Waller – Yes, Councilman Yates – Yes, Councilwoman Boone – Yes, Councilman Crum – Yes, Councilwoman – Yes. (6-yes, 0-no)

6. EXECUTIVE

7. Old Business

a. Approval of Frederick's draft changes to ON trespass law – Galen Crum

Chairman says he spoke with Congress and told them that we going to bring this to them and they are going to do the legislation but we will also have the criteria of what we are going to keep and what are we going to ask our solicitor to do on behalf of the Osage Mineral Estate. Councilman Crum says these are changes that our attorneys thought need to be made to the Osage Nation law in order for the Osage Nation to enforce trespass on the Mineral Estate. Councilman Crum says he hopes the Council will attend the Committee meetings of the Congress because of opinions and changes. Councilman Redcorn says he his concern was that the only time we had between the old and new was on a lease, the Chief had five days to appeal it, if it doesn't it stands. Councilman Redcorn says now many things could happen with this resolution going through Congress, and is his hope that in our back pocket, we have the ability to bring it up and start there. Councilman Redcorn says there is no law of the new Nation that dictates them anything on the minerals, which gives us the first shot of communicating to protect our Mineral Estate. Councilwoman Boone says we have the legal opinion stating there was no vehicle for us to take those leases to the Chief for his veto power and says that the BIA supplies him with the letters of termination etc. Superintendent says when we make a decision we have to serve notice to all interested parties.

Councilman Redcorn makes a motion to adjourn. Seconded by Chairman Waller.

Councilwoman Boone says since this is her last meeting, she would like to thank all of her supporters of the last twelve years and staff, and that she was proud to be a part of the highest posted price and negotiated the attorney's fees from ten percent to nine percent which gave our headright owners thousands of dollars, voted against the negotiated rule, presented a resolution that would relieve the Minerals Council of the charges of Andrew and space cost that will save the next Council over a \$100,000, voted to take the Wind lawsuit to the Supreme Court, and I testified under the appropriations committee. Councilwoman Boone continues to say Joe Cheshewalla and I went, I testified, and we brought \$3 million back for the next Council which was money well spent for anyone that went. Councilwoman Red Corn says that she would like to thank the Osage people for allowing her to serve two terms and would like to congratulation the new people elected and she knows they'll do a good job and look out for the interest for the Osage annuitants which was always her interest and that we do not lose this trust. Councilwoman Red Corn says she promised her Aunt, Georgeann Robinson that she would do everything to not lose this trust because we own one of the biggest assets, and says that she listened to the Superintendent's report on access to getting leases she knows when she was drilling in the 70's she paid double to white people than to Indians. Councilwoman Red Corn says she hopes we'll look out for our Osage landowners and make sure they get as much as everyone else gets, and it's been a pleasure to serve you. Chairman says he's had comments for this third Council and that they have won three lawsuits and no one can do that but God's warriors. Councilwoman Red Corn says that they always pray for guidance and hopes the new Council will. Councilman Crum says what he has done in the last eight years has spoken for himself and appreciates being elected. He would like for the new Council to look at things fresh on things that were done by the 2nd backed up by the 3rd which still need to be addressed. Councilman Crum says that we need to look at the Fredrick's draft changes again and withdrawal the adjourn.

MOTION FAILED: Chairman Waller – No, Councilman Yates – No, Councilwoman Boone – Yes, Councilman Crum – No, Councilwoman Redcorn – Yes, Councilman Red Corn – Yes (3-yes, 3-no).

Chairman says motion fails and opens the floor for the last motion.

Councilman Crum makes a motion to accept T. Fredericks and send it to Congress. Seconded by Councilman Yates.

MOTION FAILED: Councilwoman Boone – No, Councilman Crum – Yes, Councilwoman Red Corn – No, Councilman Redcorn – No, Chairman Waller – Yes, Councilman Yates – Yes. (3-yes, 3-no).

- 8. Committee Reports
- 9. Adjournment

Councilman Yates makes a motion to adjourn. Seconded by Councilman Redcorn.

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

Adjournment: 11:49

Approved by:

Chairman

Executive Administrative Assistant