

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
July 18, 2018**

1. Call to Order

Chair Harlan called the meeting to order at 10:09 AM.

2. Opening Prayer

Councilman Redcorn gave the opening prayer.

3. Roll Call

Lacee Reynolds called roll. Council members present were: Susan Forman, Margo Gray, Marsha Harlan, Talee Redcorn, Myron Red Eagle, Paul Revard, Everett Waller, and Andrew Yates. A quorum is present.

Guests presents were: Eugene Burtman, Ray McClain, Florence Bigheart Trantum, Mary Nelson, Jim Schooling, Natalie Holt, Kandy Jump, Beverly Brownfield, Teresa Bates Rutherford, Billie Ponca, Robin Phillips, Richard Winlock, Janel Perry, David Conrad, Bruce Martin, Shayne Marlow, Rhonda C Wallace, Cecelia Tallchief, Jacque Jones, and Tom Sewell.

4. Auditor Report

The Auditor will give the report at the next meeting.

5. Accountant Report

The Accountant was not present; the reports were provided in the books.

6. Director Report

The Director reported: "Average Daily Production for April 2018 is up to 11,365BO, 15,491MCF & 27,330GGLPD. The ABB is included in the 700 billion appropriations Bill for Defense. It should come out as delisted. The source of the Bird Creek spill has not been determined. The vent system is in place on the softball field. Buffalo Data is set expend the all grant funds populating the website grant through September 2018. Mark Cooper (Buffalo Data) has offered his website administrator at \$500/month. He also estimates it will take an additional \$40,000 to add to the website at his cost of \$85.00/HR. I am waiting on approval for the data trade agreement with HIS to add the well spots to the website. I received The Osage Reservation-Orphan Digitization and Well Survey Project award letter as the project Lead last month from Division of Energy and Mineral Development (DEMD). The EMDP grant is for \$176,650.00. We are waiting on the Grant Assistance Agreement Package for the funding. We discussing the process and procedures with Daniel Kaim, Roberto Bentoncourt and Mark Winans from Lakewood Colorado." Discussion with the Council on budgeting and log library.

7. Superintendent Report

The Superintendent reports: " The Branch of Field Operations completed 1- Trucking Permit Prepared, 2-Restricted Landowner Letters Prepared, 18-Gas Meter Reports Scanned into Osage Nation Report, 9-Complaints Scanned, 1825-Purchaser Run Tickets Reviewed and Scanned, 2701-Purchaser Tank Tables Scanned into Osage Nation Report, 45- Leases checked for primary term, 81-Lease Inspections, 20-Lease Inspection/Followups, 22-Gas Meters proving's, 4-Tank Trucks Checked for Permit, 18-Tanks Strapping's witnessed, 1- Damage Appraisals, 131-Landowner/Lessee Mtgs, 16-Complaints, 25-Spill/Leaks Inspected, 54-Spill/leak Follow ups, 144-Tanks Gauged, 2-Tank Bottoms Removals Witnessed, 8-Run

Tickets Figured, 16-Gaugers Calculations. The Branch of Lease Management reported: 1 approved lease, 5 pending leases, 45 approved assignments, 175 pending assignments, 44 approved division orders, 1 division order pending, 30 lease terminations. 18,124 less 3,249 for saltwater disposal and other wells for 14,875. Other minerals under 25 CFR part 214 the leases that sold the most were APAC-19,095 tons for \$27,338.81, Burbank Materials 13,358.46 tons for \$14,427.14, Candy Creek Crusher 7,330.79 tons for \$6,216.51, Schmidt Brothers 420 cubic yards for \$354.00. There were 4 requests for lease information, 1 FOIA request, 3 Non FOIA requests. The Branch Of Subsurface Minerals approved 6 drilling permits, 9 approved workover permit, 9 approved plugging permit, 53 pending permits. The Branch of Accounting reported that the top 3 producers were Chaparral, Linn Operating, and Performance. The Branch of Enforcement and Lease compliance reported they received 1 EA for 7 permits, approved 3 EA's covering 4 permits, issued 69 compliance letters, 4 non production letters, 2 penalty letters, 29 extension letters, 2 final notice letters, 5 spill remediation letters." The Superintendent says she has received the S&S payment plan resolution and the minimum bid list. To make the September lease sale date the nominations would have to be closed next Friday. Discussion on Oil & Gas Summit and potential lease sale dates. Councilwoman Forman says she is against having a lease sale until the lease agreements have been updated. Superintendent Phillips says that at this point she will wait for another resolution that identifies a date for her to proceed with the lease sale, they like to have 90 days to prepare for a lease sale. Councilwoman Forman proposes changes to the Superintendent Report.

Motion by Councilman Waller to take a break, seconded by Councilman Redcorn. (8 yeas, 0 nays).

Time: 11:32 AM

8. New Business

Chair Harlan called the meeting to order at 11:46 AM.

Motion by Councilman Redcorn to table the requests for information from Chief Tillman until the end of the agenda, seconded by Councilwoman Gray. (8 yeas, 0 nays).

a. Scout Energy

Director Lynn says they are asking for two quarter sections, S/2 of 13-24-6. Oil and gas combination leases. Offering \$4,700 for each for a total of \$9,400, less coal bed methane at 20% royalty. He states that these are successful wells, they were producing 3-4 barrels a day. The Directors recommendation would be to take it to the lease sale.

Motion by Councilman Redcorn to table until the end of the agenda, seconded by Councilman Yates. (8 yeas, 0 nays).

b. Marlin Oil Co

Director Lynn says these two proposed leases are connecting to an existing lease that he is operating. The Director's recommendation is to give him the leases.

Motion by Councilman Redcorn to accept Marlin Oil Co.'s offer as is \$3,600 oil only, at 3/16th royalty, seconded by Councilman Yates.

MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray- Yes, Chair Harlan- Yes, Councilman Redcorn- Yes, Myron RedEagle- Yes, Councilman Revard- Recuse, Councilman Waller- No, Councilman Yates- Yes. (7 yes, 1 no, 1- recusal)

Chair Harlan clarifies for Mr. Revard that it only involves lease sales, or something that would be competitive for him as a producer, on other things he shouldn't have to recuse on. Councilman Revard discusses that most everything that comes to the Council has to do with oil and gas production.

Motion by Chair Harlan to table discussion on Councilman Revards ability to vote to executive session, seconded by Councilwoman Gray. (7 yeas, 1-nay by Councilman Redcorn).

c. GSA vehicle

Director discusses the need for a vehicle.

Motion by Councilman Redcorn to purchase the vehicle. Motion dies on the floor.

Councilwoman Gray believes that this needs to be discussed in the budget committee next month.

d. Strategic planning

Chair Harlan asks for date proposals in September. Councilwoman Gray asks the Council to look over the strategic plan proposal provided to the Council. Chair Harlan proposes the 24th of August or the 6th and 7th of September. Council agrees on August 23rd and 24th of August for the strategic planning dates.

e. Proposal to BIA

Councilman RedEagle proposes that the BIA use compressed natural gas vehicles for their fleet. Mr. Sewell speaks about the benefits of using CNG vehicles.

Motion by Chair Harlan to table the discussion to committee, seconded by Councilman Revard. (8 yeas, 0 nays).

f. Letter of support for ONES

David Conrad explains ONES mission; they would like to help streamline the NEPA process. Discussion on ONES plan for their future, and the possibility of collaboration with the BIA, OMC, and ONES.

Motion by Councilwoman Gray to submit a letter of support for ONES, seconded by Councilwoman Forman. (8 yeas, 0 nays).

Motion by Councilwoman Gray to take a break, seconded by Councilman Yates. (8 yeas, 0 nays).

Time: 1:10 PM

g. Proposed bylaws

Chair Harlan called the meeting to order at 1:36 PM.

Motion by Councilwoman Forman to accept the bylaws, seconded by Councilwoman Gray.

Discussion by the Council on the bylaws.

MOTION PASSED: Councilwoman Gray- Yes, Chair Harlan-Yes, Councilman Redcorn- Absent, Myron RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes. (7 yes, 0 no, 1-absent)

h. Proposed rules

Motion by Councilman Waller to accept the rules, second by Councilman Revard.

MOTION PASSED: Chair Harlan-Yes, Councilman Redcorn- No, Myron RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes. (7 yes, 1 no)

Motion by Councilman Yates that the bylaws amend and restate any previous bylaws, seconded by Councilwoman Forman.

MOTION PASSED: Councilman Redcorn- No, Myron RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Chair Harlan-Yes. (7 yes, 1 no)

i. Remodel

Councilwoman Gray presents the Council with a remodel plan from Chad Renfro for \$50,000 from the appropriations for the mold.

Motion by Councilwoman Gray to table until the next meeting, seconded by Councilman Waller. (8 yes, 0 no)

Motion by Councilman RedEagle to enter executive, seconded by Councilman Redcorn. (8 yes, 0 no)

Enter Executive: 1:58 PM.

9. EXECUTIVE

- a. Investigation of 638 contracting
- b. Auditor
- c. Legislative actions request
- d. Teleconference

10. Old Business

Motion by Councilman Redcorn to come out of executive, seconded by Councilman Waller.
(8 yes, 0 no)

Exit Executive: 2:59 PM.

Chair Harlan says for executive on 638 contracting the attorney was asked to investigate the realm of possibilities. It was decided on the Audits that the requests for information need to be in writing. The legislative actions request was a discussion on what laws are on the books within the Nation concerning oil and gas. The Council had a teleconference with Frederick's office in preparation for the meeting with the United States Solicitor General. Discussion on lease sale.

Motion by Councilwoman Gray to move on with having a lease sale on September 26th, seconded by Councilman Yates.

Councilwoman Forman will be working on the verbiage for the contracts, and will be brought back for the next meeting. Opposition by Councilman Revard.

MOTION PASSED: Myron RedEagle- Yes, Councilman Revard- No, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- No, Councilwoman Gray- Yes, Chair Harlan- Yes, Councilman Redcorn- Absent. (5 yes, 2 no, 1 absent)

Motion by Councilman Yates to move Scout to the lease sale, seconded by Councilman Waller.

MOTION PASSED: Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Chair Harlan-Yes, Councilman Redcorn- Absent, Myron RedEagle- Yes. (7 yes, 0 no, 1 absent)

a. Well plugging

Councilman Revard says that there are 3 wells that are currently considered emergency wells.

Motion by Councilman Revard to table the matter until he meets with the Director, seconded by Councilman Waller.

Discussion about contracts and well plugging. Councilman Yates suggests that the well plugging committee meet with the Bureau. Chair Harlan asks the Director to send the

information that he has on the grants to Mr. Bertman, and have a proposal ready by August 10, 2018.

b. Meeting minutes

Motion by Councilman Waller to adopt the minutes as provided, seconded by Councilman RedEagle. (8 yeas, 0 nays)

11. Committee Reports

Councilwoman Gray discusses the budget, and the monthly burn rate.

Councilwoman Gray discusses the IT/Media Committee projects, and announces that there will be a meeting on August 2, 2018.

Chair Harlan reports that she has sent the request for the land inventory, as well as the conflict question to the Attorney General.

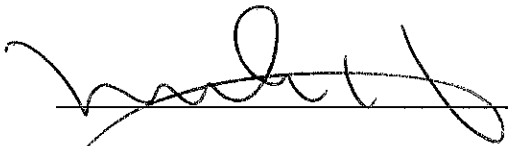
Councilwoman Forman proposes that the Council meet with representatives from the BIA and Secretary of the Interior's office. Chair recommends that she request that to the Council through e-mail.

12. Adjournment

Motion by Councilman Waller to adjourn, seconded by Councilman RedEagle. (8 yeas, 0 nays).

Adjournment- 3:44 PM

Approved by the 4th Osage Minerals Council on the 15th day of August, 2018.



Chair



Executive Administrative Assistant