

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
AUGUST 15, 2018**

1. Call to Order

Chair Harlan called the meeting to order at 10:12 AM.

2. Opening Prayer and reading of the deceased Osages

Councilman RedEagle 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, Everett Waller, and Andrew Yates. A quorum is present.

Guests presents were: Eugene Bertman, Ray McClain, Jim Schooling, Steve Mcnamara, Joe Schooling, Nona Roach, Scott Eckerett, Teresa bates Rutherford, Del Olivarez, Nicole Payne, Tim Piwwel, Dereck Blackshare, Robin Phillips, Marcy Graham, Janel Perry, pam Jester, JL Holt, Florence Bigheart, Billie Ponca, Kody Lupson, and Mia Downing.

4. Committee Reports

Chair says that executive session is needed for proprietary matters, and things that are attorney client privilege. Chair says that she provides a summary after every executive of what went on, and if there is any action it will happen after executive. Chair reports that she did send the two letters that were authorized by the Council.

Budget Committee- Councilwoman Gray reports that everyone was asked to see if they could make some cuts in their budget, they worked with Jodie Revard this morning on the budget. They will be submitting the revised budget ASAP to Congress.

Gas Committee- Councilwoman Forman reports that they did submit the letter regarding gas wells.

Legislative Committee- Councilman Redcorn says they are going to hold off to make any decisions until Councilman Revard is here.

Councilman Yates asks about Martindale Consultants; they are listed under executive session. Councilwoman Forman says she just didn't mention it, because it is in executive. Chair Harlan asks if there is a reason that this needs to be executive, if they going to be telling us proprietary information? Councilwoman Forman says that to just go back to what the Chair said earlier about non Osage entities listening in. Chair Harlan says they are making a pitch to the Council aren't they? Councilwoman Forman says that no, she asked them to come in and they are explaining their services. Chair asks how this information is proprietary. Councilwoman Forman says it is proprietary from the standpoint that they will be discussing poor business management practices in the Osage right now, and what the Council might do to improve those. Councilwoman Forman did not want to make it a public forum on some of the concerns that she had.

Plugging committee- Councilman Redcorn would like to add Jim Hesert into the process for the grant. Councilman Yates would like to have a meeting when Councilman Revard is back. There are three emergency wells right now.

Business Development Committee- Councilwoman Gray would like to come up with a process for verifying companies that are making proposals to the OMC. Councilwoman Gray calls a meeting for the Business Development Committee on August 22 at 1:00 PM.

Deputy Superintendent Winlock says that all of these wells were plugged previously, before the present day lessee obtained the lease. Therefore, the present day lessee would not be responsible for plugging. They were terminated leases. Councilman Redcorn asks if the bond was collected. Councilman Redcorn believes that the Bureau should be handling it.

5. Meeting Minutes

July 18th meeting minutes are provided.

Motion by Councilman Red Eagle to approve the meeting minutes, seconded by Councilman Redcorn. (8 yeas, 0 nay)

6. Auditor Report

Jim Swan reports total collections for July was \$3,518,124.40. the average HPP was \$66.00, average daily barrels of oil produced was 10,398. Quarterly payment for September will be \$4,500. Gross production tax to be paid \$537,732.41. Gross barrels-311,642, royalty barrels-48,680, daily barrels produced-10,398. Actual receipts for July was \$3,401,358.

Councilman RedEagle would like to get an accounting for how the Gross Production Tax is spent.

Motion by Councilman RedEagle to request this information, seconded by Councilwoman Gray. (8 yeas, 0 nay)

7. Accountant Report

Pam Jester reports that the OMC 2018 budget had \$1,135,161. Today 764,869 has been expensed. Leaving a balance of 370,291 to finish September and October.

8. Director Report

The Director Reports that for June the average barrels of oil per day was 10, 398, 12,382 MCF production is the lowest in 18 years. Director spoke with Phillip Dellinger at the EPA meeting yesterday, there still has not been a final agreement. Buffalo Data is set to expend all grant finds through December 2018. After the strategic planning they are planning on revisiting this. EMDP digitization and well survey plugging project grant has been executed. The funds will be transferred to the nations automated standard application for payments. DEMD will notify us once the funds have been transferred, Fiona Frazier will serve as the project manager. On the building technology upgrade procurement has been asked to seek bids for cabling, Wi-Fi and a sound engineer.

9. Superintendent Report

The Superintendent Reports; for the Branch of Field of Operations 7 trucking permits prepared, 1 Ingress/Egress Letters Prepared, 2-Restricted Landowner Letters Prepared, 17 Gas Meter Reports Scanned into Osage Nation Report, 1,137 Purchaser Run Tickets Reviewed and Scanned, 868 Purchaser Tank Tables Scanned into Osage Nation Report, 27 Leases Checked Production/Primary Term/Rental, 2 Plugging's Witnessed, 56 Lease Inspections, 73 Lease Inspection/Follow ups, 2 Lact Unit Provings Witnessed, 10 Gas Meters proving's, 4 Tank Trucks Checked for Permit, 5 Tanks Strapping's witnessed, 118 Landowner/Lessee Meetings, 11 Complaints, 14 Spill/Leaks Inspected, 72 Spill/leaks inspection/Follow ups, 5 OERB Assessment/Evaluations, 87 Tanks Gauged, 1 Tank Bottoms Removals Witnessed, 11 Run Tickets Figured, 22 Gaugers Cal vs. Purchaser's Cal. The Branch of Lease Management reported: 2 approved leases, 4 pending, 18 approved, 196 pending, 1 returned, 32 division orders, 0 pending, 15 lease terminations, 0 pending. For July 2018 18,105 less 3,246 for saltwater disposal wells total of 14, 859. Under 25 CFR part 214 APAC, 32,309 tons for \$31,197.11, Burbank Materials, 15,304.50 tons for \$16,834.95, Candy Creek Crusher 6,259.02 tons for \$5,514.20. top producers under 25 CFR part 226, Chaparral Energy LLC, 100,966.46 for \$ 858,604.35, Performance Petroleum 17,228.36 for \$ 228,583.08 Ceja Corp 16,678.74 for \$ 186,385.81. The Branch of Enforcement and Lease Compliance approved 1 EA covering 1 permit, 39 noncompliance letters, 3 penalty letters, 33 extension letters, 4 final notice letters, 9 spill remediation letters. Superintendent explains the quarterly reports. The Petroleum Engineer's will report on September 4th. The Bureau has received payment from APAC. Discussion on 214 lease royalty percentages.

Break: 11:30

Back in session: 11:48

10. New Business

a. BGI

Steve Mcnamara is representing BGI, they are asking for a four-year extension. Councilman Yates asks how many acres. Mr. Mcnamara reports that it is 34,000 acres, BGI's commitment is to drill two new wells per year, a total of 8 wells as well as re shoot seismic. Councilman Yates would like to reduce the size, up the drilling commitment and less years. Councilwoman Gray proposes a bonus. The average production is 120 barrels a day.

Motion by Councilman Waller to table, seconded by Councilwoman Gray. (7yeas, 1 nay by Redcorn)

b. Letter to Regional Director

Moved to later in the agenda.

c. Lease sale notification

Councilman Yates discusses lease sale notifications. Discussion by the Council on quarterly lease sales. Councilwoman Forman proposes advertising in the Journal record and OK energy today.

d. Buffalo data contract

Motion by Councilwoman Gray to table, seconded by Councilman RedEagle. (8 yeas, 0 nays)

e. IHS Contract

Mr. Bertman explains that the contract proposal was for the council to provide IHS with data that they get to use forever, and they provide the Council services up to a year, but it automatically renews unless they decide to end the agreement within 90 days. The second issue is that the Council would be subject to the laws of England due to IHS being purchased by an English company. Councilwoman Gray would like to have everyone review the suggested changes, and advises that a copy be sent to IHS. Discussion on FOIA. Superintendent Phillips proposes that the Council get some type of release of records/information form signed by the company before approving the lease, giving the BIA permission to release the records.

Motion by Councilwoman Gray to table until September, seconded by Councilman Waller. (8 yeas, 0 nay)

f. Revision of lease verbiage

Motion by Councilwoman Forman to table until Councilman Revard is present.

Councilwoman Forman says Councilman Revard has recommended that the Council increase the lease term, and decrease the royalty for the next lease sale. Chair Harlan says that Councilman Revard has a conflict. Councilwoman Forman says that he only has a conflict if it affects him personally. Chair Harlan says he is in conflict because he is a producer. Councilwoman Forman says the Assistant Attorney General told him that he has the ability to determine on the spot if it will affect him personally, and he can decline, and can go get a lease like anybody else at the lease sale. The lease itself is for everybody, not for him personally. She has a motion to table so that the Council can really review the lease verbiage that Mr. Bertman has proposed to the Council.

Councilman Revard seconds the Motion. (8 yeas, 0 nays)

Chair Harlan proposes the first meeting in September.

g. OMC reporting requirements

Councilwoman Forman proposes a format for reporting every month from the Bureau. This is addition to the report that they are already given.

Motion by Councilwoman Forman to approve the format, seconded by Councilman RedEagle. (8 yeas, 0 nays)

Motion by Councilman Waller to go into executive, seconded by Councilwoman Forman. (7 yeas, 1 nay by Councilman Redcorn)

Enter Executive: 12:52 PM

11. EXECUTIVE

- a. Calendar
- b. Consultation with legal counsel
- c. Permitting policy and regulations
- d. Martindale consulting

12. Old Business

Motion by Councilman Waller to exit executive, seconded by Councilman Redcorn (8yeas, 0nays)

Exit Executive: 2:45 PM

Chair Harlan says there was discussion to change the meeting dates to the first Friday and the third Wednesday of the month for regular meetings.

Motion by Councilwoman Gray to move the meetings to the first Friday, and continue with the third Wednesday, seconded by Councilman Waller.

MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray- Yes, Chair Harlan-Yes, Councilman Redcorn- No, Councilman RedEagle- Yes, Councilman Waller- Yes, Councilman Yates- Yes. (6 yes, 1 no)

Chair Harlan announces that beginning in September it will be the first Friday and the third Wednesday, September 7th and 19th.

Chair Harlan reports there was discussion on contracts with counsel.

Chair Harlan reports that the discussion was to create a committee of the whole to look at the regulations.

Motion by Councilman Waller to create a committee of the whole to look at the CFR regulations, seconded by Councilman RedEagle.

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

Chair Harlan will be the Chair.

Motion by Councilman Waller for Chair Harlan to be the Chair of the Committee of the whole for the CFR's, seconded by Councilwoman Gray.

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

Chair Harlan reports that the discussion on Martindale Consulting resulted with they need to go through the Business Development Committee.

Motion by Councilwoman Gray to send Martindale Consulting to the Business Development Committee, seconded by Councilman Waller.

Discussion by Council that it will go through the Natural Gas Committee, and then the Budget Committee.

Motion rescinded by Councilwoman Gray, seconded by Councilman Waller.

Motion by Councilwoman Gray to send Martindale Consulting to the Natural Gas committee then to the Budget committee, seconded by Councilman Waller. (8 yeas, 0 nays)

Motion by Councilman Waller to approve the letter to the Regional Director, seconded by Councilman Redcorn.

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

Councilman Waller says ODOT will need to be on the next agenda.

Motion by Councilwoman Gray to reimburse Director Lynn for his travel to Ada to the EPA meeting, seconded by Councilman RedEagle. (7 yeas, 0 nays)

Chair Harlan announces that each Council member should invite a non-family shareholder on Thursday afternoon for a portion of the strategic planning.

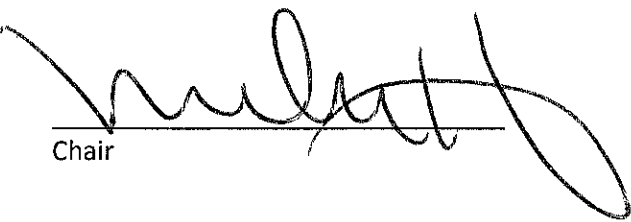
13. Public comment

14. Adjournment

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

Adjournment- 3:13 PM

Approved by the 4th Osage Minerals Council on the 7th day of September, 2018.



Chair



Executive Administrative Assistant