

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
SEPTEMBER 19, 2018**

1. Call to order

Councilman Yates calls the meeting to order at 10:01 AM.

2. Opening Prayer

Councilman RedEagle gave the opening prayer and read the names of the deceased Osages.

3. Roll Call

Lacey Reynolds called roll. Council members present were: Susan Forman, Margo Gray, Myron RedEagle, Paul Revard, Everett Waller, and Andrew Yates. Chair Harlan was not present, Councilman Redcorn arrived after the roll call.

Guests present were: Sharon Long, Gene bowline, Nona Roach, Dusty Darr, Charles Mountford, Lyly Borns, James Hessert, Roy Fletcher, Scott Eckert, Ian Randolph, Joe Schooling, Janel Perry, Teresa Rutherford, Rhonda C Wallace, Florence Bigheart Trnum, Marcy Graham, Beverly brownfield.

4. Committee Reports

Budget Committee- Councilwoman Gray reports they have had two budget meetings. The Committee has approved the budget's out of committee and are ready for approval from full Council later in the agenda.

Election Committee- Councilwoman Gray reports they will have something to report next month.

Liaison Committee- no report.

IT/Media Committee- Councilwoman Gray reports that she has met with the Mark Kirk to discuss the needs for the Chambers IT update. The Council's laptops are ready to be picked up at the IT department.

Policy/procedures Committee- no report.

Scholarship Committee- Councilman RedEagle reports they are sending a letter to the scholarship recipients.

Well plugging Committee- Councilman Revard reports that there has not been a meeting since last month. The biggest issue that they are facing is the lack of access to well records. Councilman Yates asks about the 3 emergency well pluggings. Councilman Revard reports that at their last meeting they discussed those, and prioritized them, picking out one well that is more critical than the others.

1906 Committee- Councilman Waller reports they are going to have to wait until the Superintendent gets the report that they will not get any changes.

Natural Gas Committee- Councilwoman Forman reports that they have received a report back from the Superintendent with most of the information that was requested.

Superintendent Phillips proposes the second week of October for the Council to come over to the Bureau. Councilman Yates mentions that the CFR's do allow for oil in kind, and questions if they also allow for gas in kind. Deputy Superintendent believes that they can.

Superintendent Phillips says they will have to have the Solicitor look at it. Councilwoman Forman requests that they look into natural gas and all other hydrocarbon constituents.

Business Development Committee- Councilwoman Gray reports that she is working on phase one and will have something to report at the next meeting.

Legislative Committee- no report.

Orphan well committee- Councilman Redcorn reports that they have been working on the budget for the grant, it is in the books for approval today. Councilman Revard reports that the Committee is working on drafting a letter to submit to the Bureau requesting and explaining the need to access the records.

Summit Committee- Councilwoman Gray reports that the Oil and Gas Summit will be held on December 12th and 13th. Tentatively there will be three separate breakout sessions, regulatory, producers and oil and gas, and business development. Tentatively there will be a breakout session for shareholders and a roundtable with Legislative and Executive branches. The Council would like to have the Bi annual Consultation on December 11th or 14th. Discussion on having a lease sale on December 12th. Councilman Revard would like to have a discussion on the lease bonuses prior to the December sale.

5. Approval of Meeting Minutes

Motion by Councilman RedEagle to approve the September 7th meeting minutes, seconded by Councilman Redcorn.

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

6. Superintendent Report

Deputy Superintendent Winlock reported the Branch of Field Operations completed: 20 Trucking Permits Prepared, 1 Restricted Landowner Letters Prepared, 1719 Purchaser Run Tickets Reviewed and Scanned, 4 Purchaser Tank Tables Scanned into Osage Nation Report, 4 Purchaser Tank Tables Encoded into the Osage Computation System, 37 leases checked for primary term, 6 Pluggings Witnessed, 35 Lease Inspections, 53 Lease Inspection/Followups, 1 Lact Unit Proving Witnessed, 1 Ingress Egress Routes Set, 5 Damage Appraisals, 3 Tank Trucks Checked for Permit, 12 Tank Strapping's witnessed, 114 Landowner/Lessee Meetings, 13 Complaints, 13 Spill/Leaks Inspected, 36 Spill/leaks inspection/Followups, 2 OERB Assessment/Evaluations, 37 Tanks Gauged, 1 Run Tickets Figured, 2 Gaugers Cal vs. Purchaser's Cal. The Branch of Lease Management reported: 5 Oil and gas leases approved, 2 pending (2 O&G, 1 saltwater), 33 approved assignments, 188 pending (2 FY 2017, 186 FY 2018), 33 division orders approved, 0 pending, 12 lease terminations approved, 0 pending. Producing Wells for August 2018 there were 18,102 less 3,241 for SWD and other wells = 14,861. 214 leases that sold the most were: APAC (24,111.36 tons for \$21,978.51), Burbank Materials (12,916.90 tons for \$14,337.75), and Candy Creek Crusher (7,325.18 tons for \$5,127.63. There were 3 requests for lease information, 1 FOIA request, 2 non FOIA requests. The Branch of Subsurface Minerals reported: 2 approved drilling permits, 3 approved workover permits, 3 approved plugging permits, 0 seismic permits, 65 pending permits. 1 well

completed by Chaparral/Perdure, it was an emergency relief well so essentially there was no increase in production. The top three producers under 25 CFR Part 226 were Chaparral Energy (105,056.51 for \$858,604.35 in royalty), Performance Petroleum (18,069.09 for \$207,667.77 in royalty), and Ceja Corp (16,919.43 for \$186,385.81 in royalty). The Branch of Enforcement and Lease Compliance reported: 0 EA's received for 214 leases, 5 EA's received for APD's EA's covering 11 Permits, 0 on-site visits for EA completion, 1 EA Approved for APD's covering 7 Permits, 1 NOA's covering 7 permits, 27 noncompliance letters, 19 extension letters, 16 final notice letters, 11 spill closure letters, 2 spill remediation and reporting notice letters, 2 exemption approval letters.

Superintendent Phillips reports that the agency has responded on the Natural gas meters, APAC, and provided copies of all 214 leases. On the information from the excel spreadsheet the information is provided monthly through the Osage report. Osage Agency has their new engineer, Steven Kohler. Mr. Kohler introduces himself, he has 41 years of experience in the industry, and is eager to begin his work. Councilwoman Forman asks Superintendent Phillips what is being done by the Osage Agency to deal with the ABB issue. Deputy Superintendent Winlock says that really the only other choice they have is to buy credits. Councilman Waller states that there aren't any credits available. Superintendent Phillips says she and Mr. Winlock attended the agency industry meeting in Stillwater. They did have a lot of discussion on the ABB, and this is an issue the whole state is having. Superintendent states that she had a discussion with Johnna Polk, who is the Director of the Tulsa Field Office for US Fish and Wildlife, and she would like to come in and talk to the OMC. The Cherokee Nation has recently gotten an area that they designated as an ABB habitat, that Ms. Polk helped with. Councilman Yates would like to have a meeting scheduled with Ms. Polk. Councilwoman Gray proposes the same day as the meeting with the Bureau. Councilwoman Forman inquires about the 1.2-acre waiver from Fish and Wildlife that the Osage used to have. Councilwoman Forman states that Arkansas has a 3-acre waiver, and there is a law in the endangered species act saying that Tribes' cannot be overburdened with regulations. Councilwoman Forman would like to get the 1.2 acre back. Deputy Superintendent believes that this would be a good question for Ms. Polk when she comes. Councilwoman Gray asks the Superintendent to provide an update on the previous biannual meeting items prior to the next meeting agenda. Superintendent reports that BIA, OST, and BIE are not included in the reorganization. Discussion on ONES opportunities.

Enter Break 11:22 AM

Exit Break 11:39 AM

7. New Business

a. PE Osage- Roy Fletcher

Mr. Fletcher is here to talk about a tract in the upcoming lease sale. One of the wells on the tract is now in the Arkansas River, it was drilled in 1953. Mr. Fletcher is asking to exclude the wellbore in the River from all plugging and remediation obligations. Councilman Yates believes that nothing can be done prior to the auction. Deputy Superintendent Winlock reports that this well has been plugged, at this point they could have OERB go out. Councilman Revard believes that the Council has excluded

unplugged well bores in the past. Superintendent Phillips would strongly suggest that they do not allow producers to pick and choose well bores on the lease, as it just increases the orphan well list. Deputy Superintendent says it could be up to a year before OERB could be out on the lease.

b. ONEOK

Dusty Darr with OneOk, and Mr. Mountford are asking for an extension on their storage agreement. Their lease will expire in November of this year, and are not looking to renew. They have been drawing down the gas since January 2017. They are requesting that they be allowed to continue to draw down the gas for 8 more months after the lease expires. Mr. Mountford explains that there is only 130,000 MCF left, concluding that it isn't economical to be able to offer anything. Councilwoman Gray would like to see a monetary amount paid for the extended 8 months. Councilwoman Forman confirms with the Bureau that OneOk has always been in compliance with their lease, and did provide notice in 2016. Deputy Superintendent Winlock recommends a monetary amount that is prorated from the original lease amount. Councilman Revard asks if there is a market for another gas company to take over this facility. Mr. Mountford indicates there is not anyone interested to his knowledge. Council recommends that Mr. Darr comes back with some type of monetary offer.

c. Approval of C-395

Councilwoman Gray reports that the Council did get additional money for space cost appropriated from Congress. The budget has been approved by the Committee, and is ready for consideration from the full Council.

Motion by Councilman Waller to approve the C-395 budget for FY 19, seconded by Councilman Redcorn.

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

d. Approval of S-510

Councilwoman Gray reports that the S-510 has a total of \$40,706. The budget has been approved by the Committee, and is ready for consideration from the full Council.

Motion by Councilman Waller to approve the S-510 budget for FY 19 seconded by Councilman Redcorn.

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

e. Approval of digitization grant budget

Councilman Redcorn reports that everything has been straightened out besides the vehicle. Councilwoman Gray reports that this has been approved by the Committee,

and the vehicle issue can be corrected by a budget modification at a later date. Deputy Superintendent suggests looking into a fleet vehicle.

Motion by Councilman Waller to approve the Grant budget, seconded by Councilwoman Forman.

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

Motion by Councilman Redcorn to go into executive, seconded by Councilman Waller.

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

Time 12:21 PM

8. EXECUTIVE

9. Old Business

Motion by Councilman Waller to exit executive, seconded by Councilwoman Gray.

MOTION PASSED: Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilman Redcorn- Absent. (6 yes, 0 no, 1 absent)

Time:12:50

10. Public Comment

11. Adjournment

Motion by Councilman Waller to adjourn, seconded by Councilman RedEagle.

MOTION PASSED: Councilman Revard- Yes, Councilman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilman Redcorn- Absent, Councilman RedEagle- Yes. (6 yes, 0 no, 1 absent)

Adjournment: 12:53 PM

Approved by the 4th Osage Minerals Council on the 5th day of October, 2018.



Chairman


Executive Administrative Assistant