

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
OCTOBER 17, 2018**

1. Call to order- Chairman Waller

Chairman Waller calls the meeting to order at 10:00 AM.

2. Opening Prayer

Councilman Redcorn gave the opening prayer.

3. Roll Call

Lacey Reynolds called roll. Council members present were: Susan Forman, Margo Gray, Marsha Harlan, Talee Redcorn, Myron RedEagle, Paul Revard, Everett Waller, and Andrew Yates.

Guests present were: Florence Bigheart Trantum, Sid Anderson, Robin Phillips, Lenzy Krehbiel-Burton, John Maker, Julie Wilson, Rhonda C Wallace, Julie A Malone, Beverly Brownfield, Linda Heskett, Sharon Long, Teresa Bates Rutherford, Janel Perry, and Billie Ponca.

4. Superintendent Report

The Superintendent reported the following for September: the Branch of Field Operations reported: 1 Trucking Permit, 9 Restricted Landowner Letters Prepared, 7 Complaints Scanned, 40 Leases Checked for production/primary term, 1 Plugging Witnessed, 85 Lease Inspections, 18 Lease Inspection/Follow ups, 7 Gas Meter Provings, 17 Damage Appraisals, 4 Tank Trucks Checked for Permit, 1 Tanks Strapping's witnessed, 90 Landowner/Lessee Mtgs, 8 Complaints, 15 Spills Inspected, 42 Spill/leaks inspection/Followup, 3 OERB Assessment/Evaluations, 133 Tanks Gauged, 1 Tank Bottom Removal Witnessed, 12 Run Tickets Figured, 24 calculations. The Branch of Lease Management reported: 22 assignments approved, 27 division orders approved. For producing wells 18,107 less 3,235 for SWD and other wells = 14,872. The three leases that sold the mist under 2f CFR part 214: 1 APAC- 33,116 tons for \$30,246.31, 2 Burbank Materials- 17,945.34 tons for \$20,098.78, 3 Candy Creek Crusher-11,339 for \$8,492.95. there were 2 non FOIA requests for lease information. The Branch of Subsurface Minerals reported: 6 Approved Drilling Permits, 6 Approved Workover Permits, 3 Approved Plugging Permits 3, there are 68 Pending Permits. Warren America completed a well July 6, 2018. The Branch of Accounting reported: the top three producers under 25 CFR Part 226: 1 Chaparral Energy LLC with 97,435 barrels for \$872,933.38, 2 Performance Energy Resources with 17,135 barrels for \$318,961.28, 3 Jones & Buck Development, LLC with 16,434 barrels for \$213,760.79. The Branch of Enforcement and Lease Compliance: 1 EA received for 8 permits, 9 on site visits 27 noncompliance letters, 14 extension letters, 6 final notice letters, 6 spill remediation and reporting letters.

Superintendent reports the APAC did pay the interest that was due. Superintendent asks for the Council to provide an agenda for the upcoming bi annual meeting. Councilwoman Gray has reserved rooms for the 11th at the Tulsa Casino. The Agency has hired an archeologist and they began on Monday. Councilwoman Forman inquires about the well pluggings, the lease language states in paragraph 4 that "no productive well shall be abandoned until its lack of

further profitable production has been demonstrated to the satisfaction of the Superintendent". There are several wells that are pending to be plugged, is reservoir research being completed to determine this? Superintendent says generally, she has notified these companies, and the regulations specifically state that if the bureau goes to cancel terminate a lease the lessee is responsible for plugging the well. If they haven't been producing, before the Agency makes a decision they have to give them an opportunity to turn them back on, a show cause letter. If the lessee feels like there is still an opportunity to produces, then she is asking them why they are not producing. Councilwoman Forman requests that the Superintendent to start performing that site specific analysis. Councilman RedEagle asks the Superintendent if she about the gross production tax, and how the money is spent. Superintendent has not. Councilman Revard says just because an operator is walking away from a well and willing to plug it doesn't mean that the Council should let them plug it. Another operator may want it. He knows of several wells that are capable of production, and the operator is leaving the county. There are other companies that would want these. It doesn't mean that we should want them to plug the wells. Chairman would like for these to be reviewed, and asks for an update for ODOT. Superintendent says that Mr. Parcens will hopefully be contacting the OMC to be on the agenda next month. The Superintendent says the Agency is not going to allow producing wells to be plugged. Devon tried this, and the Agency did not allow them to plug the wells, and told them to find someone to take over the wells. Councilman Yates asks if there has been anymore conversation on ONEOK. Deputy Superintendent says they are plugging and expect to have it done by November. Councilman Yates asks if the Solicitor has issued an opinion on granting access for the DEMD grant. Superintendent Phillips says no she has not, maybe that should be a topic for the Biannual meeting. Council agrees. Councilwoman Forman asks that the report be provided to the OMC monthly, and there are three that need to be added. Also asks if the Solicitor has gotten back with her on taking gas in kind. Superintendent indicates that it is still at the Solicitors. Councilwoman Forman doesn't understand why the confidentiality issue for the orphan well grant can't be corrected by signing a confidentiality agreement. Superintendent says it is her understanding that the Agency provides information on the depth of the well so that it can be plugged, she needs what information they are asking for clarified. Councilman Redcorn is starting with the historical production, and identify the wells that need plugged. Councilwoman Gray appreciates that the open positions have been filled. Councilwoman Harlan ask for clarification on what the request from the solicitor is for taking gas in kind. Councilman Yates states that the CFR's mention gas in kind specifically but don't on gas, they are assuming gas can be as well. The Superintendent clarifies that she doesn't believe it was in writing, but the question has been asked to the Solicitor.

5. New Business

a. Oil & gas Summit- Andrew Yates

Councilman Yates discusses what all Christy RedEagle has done in preparation for Summit. There have been people contacting the office, and the office needs to know how to direct them. Christy will work with the Summit Committee on the agenda.

Councilwoman Gray gives an update on the tentative agenda for Summit. Councilman Redcorn likes the shorter speaker times. Councilwoman Gray agrees to shorten speaker times.

b. September Lease Sale discussion

Councilman Revard asks what the plan is on advertising the summit and lease sale. Councilwoman Gray says they have talked about advertising in the Osage News. Superintendent Phillips says the Agency did send out notices by email for the last lease sale. Councilman Waller calls for a break.

Enter Break 10:47 AM

Exit Break: 10:59 AM

Chairman Waller would like to thank DEMD. He would also like to have an updated presentation for Summit

c. Discussion on Meeting with Fredericks

Chairman Waller reports they are looking at October 23rd or 24th, he would like to go back to Tulsa. The dates will be sent out later. Chairman Waller will be communicating on the strategic planning; he would like to roll it out in December. Councilwoman Forman states she didn't have a chance on item B. Chairman Waller says they are past that. Councilwoman Harlan will be out the week of the 23rd, she would like to have it in November. Chairman Waller says yes; he would like to. He will have the date out by Friday. Councilwoman Harlan asks to move it to the week of the 29th or sometime in November. Chair says he likes the 29th so they can bring it to the meeting on November 2nd. Councilman Redcorn would like to get the meeting as soon as possible. Councilwoman Gray would appreciate it to be on a date where it would accommodate all schedules. It is important to have previous Council members, it's also important for the new members to have a voice at the table, because they will be making the decision collectively. Councilwoman Forman asks for the dates they are looking at. Chairman Waller says they are looking at the 30th, but the experts asked for the 23rd and 24th. Councilman Redcorn wants to make sure that they have everything all lined out in this. Councilwoman Gray says that it would be a disservice to the shareholders for each councilmember not to be informed. In the grand scheme of things one week is not going to make a difference.

6. EXECUTIVE

a. Personnel- Susan Forman

7. Old Business

a. Personnel-

Councilwoman Forman speaks about the request to the Superintendent to provide a spreadsheet with all the information, in which the Superintendent responded that she already provides that information, and suggested the OMC staff put it together. Councilwoman Forman would like the Council to decide if they want to have the staff keep the spreadsheet. Chairman Waller believes that the gas is going to be the issue, and he does believe that they should have the spreadsheet. Councilman Yates asks if Councilwoman Forman has tried to take the provided information to fill out the spreadsheet, to see if it does work. In his experiences sometimes these thing get

messed up because the staff isn't familiar with the terms used. Councilwoman Forman says that she will work on one month to see how it works and what information is needed. Councilwoman Gray believes that there could be a temporary position to get it going, and then keep it up to date monthly.

b. Vehicle- Talee Redcorn

Councilman Redcorn explains that the Bureau has vehicles that they are able to give to the Council, they just have to complete these 7 steps.

Motion by Councilwoman Harlan that the Council moves forward with getting the vehicle from the Bureau of Indian Affairs, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, Councilman Yates- Yes. (8 yes, 0 no)

Councilman Redcorn explains there is a need to extend the Buffalo Data contract to December.

Motion by Chairman Waller to extend the DEMD grant for Buffalo Data through December 2018, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, Councilman Yates- Yes, Councilwoman Forman- Yes. (8 yes, 0 no)

c. ABB discussion

Councilwoman Forman would like to look at short term solutions to the ABB. She proposes the 3-acre waiver that Arkansas has. She would like to talk with Fish and Wildlife about reinstating the 1.2-acre waiver. Also extending the lease term to 3 years. Councilwoman Harlan said that she did bring up the issue on the 1.2-acre waiver, they will not do it nor will they do the categorical exclusion. Harlan is not in favor of increasing the lease term. Councilman Redcorn asks the Superintendent if they are granting any type of categorical exclusions in Osage. Superintendent says they are not, they are using the programmatic EA for leasing.

Motion by Councilwoman Gray to invite Ms. Polk with US Fish and Wildlife to the November 2nd Council meeting, seconded by Councilwoman Harlan.

MOTION PASSED: Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, Chair Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes. (8 yes, 0 no)

8. Meeting Minutes

Motion by Councilman Redcorn to approve October 5th minutes, seconded by Chairman Waller.

MOTION PASSED: Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Chair Yates- Abstain, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Abstain. (6 yes, 0 no, 2 abstain)

Motion by Councilman Redcorn to approve October 12th minutes, seconded by Chairman Waller.

MOTION PASSED: Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Chair Yates- Yes, Councilwoman Forman- Yes,

Councilwoman Gray- Yes, Councilwoman Harlan- Abstain, Councilman Redcorn- Yes. (7 yes, 0 no, 1 abstain)

9. Committee recommendations

a. Review committees- Myron RedEagle

Councilman RedEagle would like to consolidate or eliminate some of these committees. Councilman Redcorn believes that everyone needs to hear these things, so going through committees doesn't give the ability for each member to hear. Councilwoman Forman thinks that some of these committees can be consolidated. She believes that the primary responsibility of the Council is to increase production. Councilman Redcorn proposes Councilman RedEagle work on this and come back to the Council.

Motion by Chairman Waller to place Councilman RedEagle on the signatory list, seconded by Councilwoman Harlan.

MOTION PASSED: Councilman RedEagle- Yes, Councilman Revard- Yes, Councilman Waller- Yes, Chair Yates- Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman Redcorn- Yes. (8 yes, 0 no)

Councilwoman Gray believes that committees do have a place in this. The Committees are a place for shareholders to voice their opinion.

10. Adjournment

Motion by Councilwoman Harlan to adjourn, seconded by Councilman Redcorn.

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

Time: 11:46 AM

Approved by the 4th Osage Minerals Council on the 2nd day of November, 2018.



Chairman



Administrative Assistant