

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
NOVEMBER 14, 2018**

1. Call to order- Chairman Waller

Chairman Waller calls the meeting to order at 10:02 AM.

2. Opening Prayer

Councilman RedEagle gave the opening prayer.

Chairman Waller reports that the Council has met with their attorneys on Enel, and the meeting went great. Further specific questions will have to wait while the Council is in the Supreme Court.

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: Kandy Jump, Lenzy Krehbiel Burton, James Hessert, Randy White, Charles Wickstrom, Robin Phillips, Richard Winlock, Gage Gray, Sandra Maker, Janel Perry, Linda Heskett, Sharon Long, Beverly Brownfield, Teresa Rutherford, Scott Ducharme, Robert Knappe, Nona Roach, Kyle Johnson, Roy Fletcher, Rhonda Fair, Gene Bowline, Rhonda C Wallace, Reta Litner, Kim Ballard, Christy RedEagle.

4. Superintendent Report

Superintendent Phillips reported: The Branch of Field operations reported: 18 Trucking Permits Prepared, 3 Restricted Landowner Letters Prepared, 12 Gas Meter Reports Scanned into Osage Nation Report, 3177 Purchaser Run Tickets Reviewed and Scanned, 9 Leases Checked for Production/Primary Term, 9 Pluggings Witnessed, 110 Lease Inspections, 54 Lease Inspection/Follow up, 14 Gas Meter Provings, 3 Tank Trucks Checked for Permit, 1 Tanks Strapping's witnessed, 89 Landowner/Lessee Meetings, 6 Complaints, 20 Spill/Leaks Inspected, 45 Spill/leaks inspection/Follow ups, 4 OERB Assessment, 110 Tanks Gauged, 15 Run Tickets Figured, 30 Gaugers calculations vs. purchaser calculations. The branch of Lease Management reported: 2 approved leases and 11 pending, 27 assignments approved and 173 pending, 39 division orders approved 0 pending, 33 approved lease terminations and 0 pending. October 2018 18,095 less 3,234 for Saltwater disposal wells total of 14,861 total wells. The 3 leases that sold the most were: 1) APAC, 30,092.48 tons for \$28,023.92. 2) Burbank Materials, 9,332.58 tons for \$9,892.53. 3) Candy Creek Crusher, 10,698.91 tons for \$7,392.95. There were 7 requests for lease information, non were FOIA. The Branch of Subsurface Minerals reported: 2 approved drilling permits, 1 approved workover permit, 20 approved plugging permits, 56 pending permits. No reported well completions for October. The top 3 producers under 25 CFR part 226: 1) Chaparral Energy with 82,538.11 barrels. 2) Ceja with 22,283.86 barrels. 3) Performance Petroleum with 16,589.55. The Branch of Enforcement and Lease Compliance reported: received 3 EA's for 6 permits, issued 54

noncompliance letters, 4 non production letters, 2 fine letters, 1 penalty letter, 7 extension letters, 4 final notice letters, 9 spill remediation and reporting notice letters, 3 exemption approval letters. The Superintendent confirms that she has received the agenda for the bi annual meeting on December 11th at 10. Councilwoman Forman asks if they have found any copies of the gas meter reports. Deputy Superintendent has not. Councilman RedEagle asks about the taking gas in kind question. Superintendent Phillips believes this will be reported at the Bi annual meeting. Councilman Revard asks if there is an ABB study or environmental assessment required to plug a well? Deputy Superintendent says that it depends on that site specifically. Councilman Revard asks if any new operators have entered Osage County since the rise of Oil. Superintendent Philips says that they have a new operator that has nominated tracts for the December lease sale. There are 38 leases nominated. Councilwoman Harlan asks the Superintendent if they have heard anything on taking the ABB off the endangered list. Superintendent has not. Councilwoman Harlan mentions the Kansas land being used as a set aside for ABB, and requests that this item be placed on the agenda. Councilwoman Harlan requests that the Council set up a meeting time with Johnna Polk. Councilman Redcorn asks the Bureau for a list of how many companies have left. Superintendent indicated the only company she knows of that has left is Devon.

5. New Business

a. PE Osage

Roy Fletcher explains that the letter that they have prepared explains their experiences bringing waterfloods back to life, and their issues with injection wells.

Motion by Councilman Redcorn to approve sending the letter from PE Osage to Phil Dellinger with the EPA, seconded by Councilwoman Harlan.

MOTION PASSED: Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, Councilman Yates-Abstain, Councilwoman Forman- Yes. (7 yes, 1 abstain)

Mr. Fletcher is requesting adding one quarter section and the three sections that he is acquiring from Black Gold to the Whizbang waterflood, for 1/8th royalty for specified zones, and all other at 20 percent.

Motion by Councilwoman Harlan to approve their proposal for expanding the Whizbang waterflood with zones at 1/8th and all others at 20 percent, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- No, Councilman Yates- No, Councilwoman Forman- Yes, Councilwoman Gray- Yes. (6 yes, 2 no)

b. BGI Resources

Motion by Councilman RedEagle to accept a 2-year extension for 6 new wells, 2 new leases on 3400 acres and a \$16,00 lease bonus, and re processed seismic, seconded by Councilwoman Forman.

Superintendent Phillips doesn't recommend the OMC give them an extension they can come back in and lease each tract. Cara Dillion says that there is 34000 acres under production

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

c. Iron Hawk Energy

Mr. Wickstrom asks for a 2-year lease, 20 percent royalty and a lease bonus of \$3,600.

Motion by Councilwoman Forman to approve the new lease on SE/4 of section 23-25-10, seconded by Councilman RedEagle.

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

d. Spyglass

Motion by Councilwoman Harlan to approve the extension for 6 months on drilling from December 31st 2018 to June 30th 2019, seconded by RedEagle.

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

Motion to take a break at 11:16 AM.

Chairman calls the meeting back to order at 11:32 AM.

e. ODOT

Johnna Fair presents the most recent MOU to the Council, it is 10 percent for the sandy soil permits. Councilwoman Gray addresses a 500-dollar payment in the MOU. Councilwoman would like to revisit this. Councilwoman Forman has issues with the lack of detail in the MOU. Councilman Redcorn addresses that this has been on the agenda for years, and until it is resolved no ODOT projects can go forward in Osage County.

Motion by Councilwoman Harlan to reject ODOT's MOU until it is pleasing to all 8 Council members, seconded by Councilman Redcorn.

MOTION PASSED: Councilman Revard- Yes, Chairman Waller- No, Councilman Yates- No, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle- No. (5 yes, 3 no)

Motion by Councilwoman Gray to send the MOU to the Osage nation attorney general's office, seconded by Councilman Redcorn.

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

f. IHS Data Exchange Agreement

Motion by Councilwoman Harlan to approve the IHS data exchange agreement, seconded by Councilwoman Gray.

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

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

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)

Time: 11:56 AM

6. EXECUTIVE

- a. Auditor Position- Myron RedEagle
- b. ODOT/Universal Field Services- Kim Ballard

7. Old Business

Motion by Councilwoman Harlan to exit executive, seconded by Councilman RedEagle.

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

Exit executive 1:10 PM

a. Oil and gas Summit agenda finalization

Christy RedEagle gives an update on her efforts for Summit. Councilwoman Harlan asks how many sponsorships there have been. Ms. RedEagle reports she has gotten two, from Enbridge and the casino. Councilman Revard is concerned that the producers have not been invited to the Summit. Councilman Redcorn would like to invite the Superintendent to give a presentation. Chairman will contact the Osage Producers Association to obtain a mailing list.

b. Signatory

Motion by Councilman Redcorn to approve Chairman Waller for signatures, seconded by Councilwoman Forman.

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

c. BBR Oil Corp

Councilwoman Forman is bringing this back to ask the Council to make a decision. There are 10 wells that are capable of producing, and are being demanded to be plugged. Councilwoman Forman is asking to delay the plugging until the Superintendent determines commercial ability.

Motion by Councilwoman Forman to delay the plugging of the BBR wells, until the Superintendent completes her evaluation.

Councilman Yates asks if they did a show cause. Councilwoman Forman explains they did not. Councilwoman Harlan explains that BBR did not appeal this decision, this is a Council member asking to delay the plugging.

Seconded by Councilman RedEagle.

MOTION FAILED: Councilman Redcorn- Abstain, Councilman RedEagle-Yes, Councilman Revard- Abstain, Chairman Waller- No, Councilman Yates- No, Councilwoman Forman-Yes, Councilwoman Gray- No, Councilwoman Harlan- No. (2-yes, 4-no, 2- abstain)

Councilwoman Harlan asks the Chairman to place Mr. Pipestem on the next agenda.

8. Meeting Minutes

Motion by Councilwoman Gray to approve minutes for November 2, 2018, seconded by Councilwoman Harlan.

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

9. Adjournment

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

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

Time: 1:42 PM

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



Chairman



Administrative Assistant