

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
JULY 17, 2019**

1. Call to order

Chairman Waller calls the meeting to order at 10:03 AM.

2. Opening Prayer and Reading of deceased Osages

Councilman RedEagle gave the opening prayer.

3. Roll Call

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

Guests present were: Julie Wilson, Yvonne Stevens, Yvette Britt, Joe C. Daniel, Whitney Whitehorn, Abi Fain, Matt Bauman, Nona Roach, Sharon Long, Cara Dillion, Robin Phillips, Linda Heskett, Adam Trumbly, Bradley Tinker, Joe Hall, Ronn Matson, Janel Perry, Andy Matson, Bob Knappe, Lenzy Krehbiel Burton, and Ken Haack.

4. Superintendent Report

During the month of June the Branch of Field of Operations performed 7 trucking permits, 12 lease inspection for primary term, 2 plugging's witnessed, 141 lease inspection with 19 follow ups, 16 gas meter proving's, 3 damage appraisals, 2 tank trucks checked for permit, 8 tank strappings witnessed, 97 landowner/ lessee meetings, 7 complaints, 19 spills and leaks, 11 inspection follow ups, 5 OERB assessment's, 104 tanks gauged, 1 tank bottom removals witnessed. The Branch of Lease Management reported there were 59 assignments approved, 38 division orders, 22 lease termination. June production was 18,087 less for saltwater disposal wells totaling 14,855. Under 25 CFR part 214 the 3 leases that sold the most were APAC- 20,372.45 tons for \$23,436.42, Candy Creek Crusher 12,993.03 tons for \$10,394.43, Burbank Materials 9,458.95 tons for \$10,499.43. There were 5 request for information, only 1 was a FOIA request. Branch of Subsurface minerals approved 18 plugging permits and 4 approved work over permits. The Branch of Accounting reported the top 3 producers for the month of June were Perdure Petroleum LLC- 118,033, Ceja 19,557, Performance Energy Resources, LLC 14,069. Oil production for the month is 55,424 with a royalty payment of \$541,740. Gas production was \$247,616 mcf liquids at 467,439 for \$84,421.54. Tank bottom was 455.99 so 456. Royalty received 387,016. Superintendent says they received a check for lost oil on a spill and deposited \$420.78. The Branch of Enforcement Lease of Compliance received 2 EA covering 11 wells, they performed 27 onsite inspections, issued 11 noncompliance letters, issued 7 extension letters for those noncompliance issues, 3 final notice letters were issued, and number of spilled remediated reporting notices issue letters were 7. Superintendent says that her accountant wanted her to comment that Coffeyville month of May payment showed up in the month of June because we had a holiday by the time we sent the money in they were unable to put it in for that month. Councilman Revard asks what the results were on the meter proving's. Superintendent says the staff were informed to notify of any issues and there were no. Councilwoman Forman says 9 and maybe

7 out of 10 times you find problems with meters and that not finding a problem with 16 meter proving's is not an acceptable answer. Councilwoman Forman advised the Superintendent that in 2009 a report from a gas measurement specialist showed that 9 out of 10 meters had errors. The gas measurement specialist determined that in 2009 there was a loss of over \$100,000 per month on poor measurement and one meter inspected was in 30% in error and the rest were 10% or more. Councilwoman Forman request that the BIA probe more, ask for the meter inspection report from the pipeline that inspected the meter. Deputy Superintendent says that the reports are in the report that they supply, and that sometimes you don't find any error. Deputy Superintendent says it doesn't mean that there's a percentage of error that you will find. Deputy Superintendent says that the fieldman witness the test and if they did not report any then there were no errors and they have been corrected to report to himself or Robin that if they found any errors to let them know. Councilwoman Forman addresses the Superintendent that she is having reports that mowing the well site below 8 inches is not helping with the permits. Superintendent says that it has to be below 8 inches or they will say that there is an ABB habitat and request a study.

5. New Business

a. Ellsworth Construction- 214 lease

Mr. Matt Bauman explains that this project is for a housing project with an estimated 11,000 cubic yards used. The supply will be relocated around the site and will not be sold.

Motion by Councilman Yates to waive the 214 lease for Ellsworth construction, seconded by Chairman Waller.

MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilman Redcorn- Abstain, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, and Councilman Yates- Yes. (6 yes, 0 no, 1 abstain)

b. Orphan Well Committee supplies

Councilman Redcorn says that their grant cannot pay for supplies for the Orphan Well Committee so it will come from the general budget.

Motion by Councilwoman Forman to purchase the requested supplies for Orphan Well Committee out of the C-395, seconded by Councilman Revard.

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

c. Travel NAPE

Councilman Redcorn explains that this is for Mr. Lynn and Councilman Revard to attend NAPE. The expense will be paid by the Council and reimbursed at a later date by DEMD.

Motion by Councilman Redcorn to approve Mr. Lynn and Councilman Revard to attend NAPE and be reimbursed by the DEMD, seconded by Chairman Waller.

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

d. Travel oil and gas expo

Councilwoman Forman informs the Council that the oil and gas expo is October 10, 2019 in Oklahoma City.

Motion by Councilwoman Forman to approve travel for Council to attend OK oil and gas expo, seconded by Councilman Redcorn.

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

e. Purchase monthly natural gas liquids prices published in Oil Price Information Service (OPIS)

Councilwoman Forman is requesting to purchase monthly natural gas liquids prices every quarter so we can compare it to what we are being paid.

Motion by Councilwoman Forman to set up a process to purchase natural gas liquids published market prices quarterly the previous three months from Oil Price Information Service, seconded by Councilman Redcorn.

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

f. Creation of information sheet handout

Councilwoman Forman would like to create an instruction sheet for new producers. Deputy Superintendent informs the Council that producers are provided this when they contact lease management.

g. Domestic Energy producers Alliance

Councilwoman Forman would like the Council to consider joining this organization that supports domestic energy producers including the mineral estate. They have regular fly-ins to Washington to meet with the Secretary of Interior or officials to discuss issues affecting oil & gas production. She would like the Council to review materials provided and see if it is something we should be a part of to stay in the loop with other energy producers and their concerns many which are our concerns.

h. Performance letter

Councilwoman Forman asks Superintendent if a producer keeps their well site mowed to 8 inches or below, and you go inspect the site, if another American Burying Beetle (ABB) study is required at that time. Superintendent says that once the permit is received they request pictures of the site. If the pictures reflect a possibility of ABB habitat, then they proceed with an ABB study. Superintendent says that not maintaining the site

creates an ABB habitat. When forms 139 are submitted after burns there will not be an ABB study. Superintendent says that the lessee will need to work with the land owner in order to do that.

i. Adding signatory for oil and gas summit account

Councilwoman Forman said that the committee voted to require that the chair of the Summit committee sign all purchase orders and be one of the signatories for the summit account check signing. This person must be on the Minerals Council and two signatures will still be required.

Motion by Councilwoman Forman to add the Summit Chair to the Signatories for the Summit account, seconded by Councilman Yates.

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

j. Contract photographer/ graphic designer

Councilwoman Gray informs the Council that the following letter will be sent to Tammy Leaper to start the process to contract a vendor to perform photography/graphic design and to manage the OMC website.

Motion by Councilwoman Gray to hire a photographer/graphic designer, seconded by Councilman Redcorn.

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

k. BGI resolution correction

Cara Dillion requests the Council to correct resolution #4-105.

Motion by Councilman Yates to correct resolution #4-105 to include #4- \$16,000 lease bonus paid by BGI per leases SW corner of 17, Township 28 North, Range 7 East on 310 in 2019 representing consideration for 320 acres to satisfy the payment obligation set forth in paragraph 1, correct the acreage from 6,020 to 7,040, and correct section 14 to 24, seconded by Councilwoman Gray.

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

Motion by Councilwoman Gray to go into executive, seconded by Councilman RedEagle.

MOTION PASSED: Councilwoman Gray- Yes, Councilman Redcorn- Yes, Councilman RedEagle- Yes, Councilman Revard- Yes, Chairman Waller- Yes, Councilman Yates- Yes, and Councilwoman Forman- Yes.

(7 yes, 0 no)

TIME: 11:47am

6. Executive

- a. Strategic plan
- b. ABB comment period
- c. Executive Administrative Assistant position

7. Old Business

Motion by Councilman RedEagle to come out of executive, seconded by Councilwoman Gray.

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

1:04 pm

a. Update letter requesting well records

Councilwoman Forman says she would like to revise our letter request to include forms that Councilman Revard says we need. Councilman Revard asks the Chairman to create a new letter that requests all well records in the folder for the following tracts in addition to forms 139 and 208. This would exclude proprietary and confidential information and would include open acreage to have a lease sale. Deputy Superintendent Winlock says they were going to provide and digitize that information anyway. Councilwoman Forman says the original letter only asks for forms 139 and 208. Superintendent says information of expired and terminated leases have been identified, sent to the record center, and they follow up saying that they got it.

Motion by Councilman Revard to request additional records for unleased acreage in Osage, seconded by Councilwoman Forman.

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

b. Summary of DOI meeting and ON Congress meeting

Councilman Revard says that we need to put on social media what occurred last week on the 11th. This includes their meeting with Congress the following day to clarify misinformation, any misconceptions, and would allow shareholders to be aware of what is going on.

8. Meeting minutes

Motion by Councilman Redcorn to approve the minutes, seconded by Councilman RedEagle.

MOTION PASSED: Chairman Waller- Yes, Councilman Yates- Abstain, Councilwoman Forman- Abstain, Councilwoman Gray- Abstain, Councilman Redcorn- Yes, Councilman RedEagle- Yes, and Councilman Revard- Yes. (4 yes, 0 no, 3 abstain, 1 absent)

9. Adjournment

Motion by Councilwoman Gray to adjourn seconded by Councilman RedEagle.

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

TIME: 1:11 pm

Approved by the 4th Osage Minerals Council on the 21st day of August 2019.



Chairman Everett Waller



Administrative Assistant