

**OSAGE MINERALS COUNCIL
REGULAR MEETING MINUTES
December 18th, 2019**

1. Call to order

Chairman Waller calls the meeting to order at 10:09am.

2. Opening prayer

Councilman Redcorn gave the opening prayer and reading of deceased Osages.

3. Roll call

Lacee called roll. Council members present were: Susan Forman, Marsha Harlan, Talee Redcorn, Myron RedEagle, Paul Revard, Everett Waller, and Andrew Yates. Councilwoman Gray arrived after roll call. Guest present were: Richard Winlock, Robin Phillips, Lensy Krehbiel Burton, Melissa Currey, Wylie Davidson, Candy Thomas, Andy Matson, Nona Roach, Joe Hall, Teresa Bates Rutherford, Rhonda Wallace.

4. Superintendent's Report

Superintendent Phillips says the Osage Agency would like to report from the Branch of Field Operations that 12 trucking permits were prepared, 1 ingress/egress letter was prepared, 24 well plugging's were witnessed, 13 leases checked for production/primary term, 68 lease inspections, 17 lease inspections/follow-ups, 9 gas meter provings, 4 tank truck checked for permits, 2 tank strappings witnessed, 104 landowner/lessee meetings were reported, 3 complaints were responded to, 7 spills/leaks were inspected with 22 follow-up performed, 53 tanks were gauged, 4 tank bottom removals were witnessed, 4 run tickets were figured, with 8 gauger's Cal vs. Purchaser's Cal. The Branch of Lease Management reported 24 leases were approved, 32 assignments were approved, 27 division orders were approved, and they issued 2 lease terminations. Superintendent Phillips says for Oil and Gas rentals collected for the month of November were \$43,281.83, oil and gas bonus Collected \$3,600.00, water usage royalty paid \$7,019.00. Superintendent Phillips says they reported for the month of November 2019-14,848 wells, for those leases under 25 CFR Part 214 sales reported by lease APAC reported 19,863.14 tons paid a royalty of \$18,479.93, Burbank Materials reported 17,828.15 tons paid a royalty of \$18,719.56, Candy Creek Crusher reported 11,825 tons paid a royalty of \$9,944.83, Schmidt Brothers reported 416 cubic yards paid a royalty of \$312.00, Rocky Banks 378 cubic yards paid \$219.00. Superintendent Phillips says we do need a correction for Subsurface Minerals report. Superintendent Phillip says there were no workover permits so instead of 1 it should be zero, and we did approve 6 drilling permits for the month of November and five plugging permits. Superintendent Phillips says Subsurface reported that they did not receive any 208's so there were no new drilling completion for the month of November. Superintendent Phillip says the Branch of Accounting total oil produced was 338,172.04 royalties barrels paid were 51,155.26, total royalty paid was \$2,734,907.36, total gas produced was 644,828 MCFs reported royalty paid were \$79,787.87, total tank bottom reported was 888.26, royalties barrels were 84.33 royalty paid per tank bottom was \$787.88.

Superintendent Phillips says the Branch of Enforcement and Lease Compliance received 4 new EA's for 21 new drilling permits, they completed 1 EA, they issued FONSI/NOAS for 4 new drilling permits. Superintendent Phillips says of course we'll have to wait for thirty days for those. Superintendent Phillips says number of non-compliance letters issued was 13, non-production letters issued was 1, number of extensions provided for non-compliance to address non-compliance issues 4, number of final notices 7, number of spill remediation and reporting notice letters were four, one exemption approval letters, and that concludes my report.

Councilwoman Forman asked if there were any internal meter inspections. Deputy Superintendent Winlock says meter runnings internally no. Councilwoman Forman says that out of three meters our consultant found error with all three and says that we need to start requesting an internal inspection of the meter run. Superintendent Phillips says can we get the Minerals Council to send me a letter to that request requesting this to be performed and says she'll send something to the companies. Chairman asks what the guidelines are for meter inspections now. Superintendent Phillips says if they are contacting the agency we are going out there performing an inspection with them the time they do it. Superintendent says with the last council there was something said that it needed to be done downstream or something to that effect. 2nd Chair says there were 15 returned assignments including Mr. Long and says why were those returned. Deputy Superintendent Winlock says Mr. Long is not completing the process and turning in his fees or is not doing his bonding. Superintendent Phillips says she made a call to Mr. Long because we have a lease that has been executed by Mr. Long, he's met every other requirement, and the Chairman has signed off on it. Superintendent Phillips says we've made several attempts for him to submit the \$10 fee and we provide you copies of our letters, and says she is following up with a letter letting him know he has 30 days otherwise we are going to close that file. 2nd Chair Yates asks if these assignments were with his prior partner. Deputy Superintendent says yes on leases granted through the Minerals Council but two were a problem because of lease compliance or Lease Management trying to get a hold of him about all these issues and he doesn't respond to us. 2nd Chair says so with 4D oil and gas are they still having to go through the process that lease inspections where they have to be compliant with regulations. Deputy Superintendent Winlock says I believe those were completed with his we're just waiting for his part. Superintendent Phillips says she'll be happy to look at that for next month. Deputy Superintendent Winlock says there's no regulation on inspecting the meter run meter tube and says they can if they are given something in writing saying to perform that inspection. Councilman Revard says our consultant advised that the majority of our meter runs in Osage County are constructed in such a way that they are not accessible to inspections. Councilman Revard says this will fall back on the purchaser in most cases who owns the gas meter. Councilman Revard says I don't know what the contract says and that each one may be different, and says it may be where we can't force them to open the meter.

Motion by Councilwoman Harlan to send a letter to the Superintendent requesting annual meter run inspection on every gas meter in Osage County, seconded by Councilwoman Forman.

MOTION PASSED: Councilwoman Forman-Yes, Councilwoman Gray- Abstain, Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes, Chairman Waller- Yes, 2nd Chair Yates-Yes. (7 yes, 0 no, 1 abstain)

Councilwoman Harlan says Superintendent Phillips do you have an update on the OST system the faux pas with them changing the system and trying to hold our shareholders' checks. Councilwoman Harlan says have they corrected everything. Superintendent Phillips says she talked to Paula Reese yesterday because there was another inquiry that came in and that she doesn't know. Superintendent Phillips says yes, they are still working out all the kinks of the new system. Councilwoman Harlan says on social media there were some that haven't received their direct deposits yet, and says are you aware of how many have been delayed, or has everyone received their payment now. Superintendent says she can't answer that. Deputy Superintendent says we're not really aware of how many and that on the daily they get numerous calls.

Motion by Councilwoman Harlan for legal counsel to follow up with OST to ensure all shareholders have received their December payment, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Gray- Yes, Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes, Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman-Yes.

(7 yes, 0 no)

Councilwoman Gray says we understood on the Bureau side when checks come in to the lock box that lock box was not checked for several days and we were advised by Bureau there was a delay in getting those checks in, and we were also advised that through written letter of BIA and OST that we are of one of a few that still does this archaic process where royalty payments come in, went into lock box, and we have according to policy days to get that deposited. Councilwoman Gray says then on this check there was a delay and says we're missing interest on and says we need to reevaluate that process and BIA get with OST on how we can direct deposit. Deputy Superintendent says as far as when the money comes in to the lockbox says he's not aware of any time lag in a timely manner because we process everything. Deputy Superintendent says what happens last time we processed them is we changed them over to OST and says once they hit there they were processed by OST where the time lag set in. Deputy Superintendent Winlock says it wasn't BIA and says some sat there for three or four weeks and that was OST's new system having errors. Superintendent Phillips says but it does drawl interest and says she does agree that were are one of the only that do manual payments in Oklahoma because every else used honor system. Legal counsel, Mr. Pipestem says he suggest the council and BIA have a meeting to make suggestions with the uncertainty of the Osage system because they're so different. Chairman says he contacted OST the second we knew about the short fall out of the lockbox and he asked to make sure we had a listing of these accounts because they can check them here immediately to know if they are paid or not. Councilwoman Gray says the moment we found out this council acted as well as being directed by our legal counsel and wants to make sure we follow up with what is recommended.

Motion by Councilwoman Harlan for legal counsel to coordinate the meeting with OST, BIA, and Minerals Council member before we get close to March payment, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Abstain, Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman-No, Councilwoman Gray- Yes.

(6 yes, 1 no, 1 abstain)

Councilwoman Forman says she's not in favor of our legal counsel coordinating our meeting due to charges. Councilwoman Forman says we were notified of when they were going on gas meeting inspections and would like for that to continue. Deputy Superintendent Winlock says he sent one and says our regs require that they give 24 hour notice. Councilman Revard asks Superintendent if they are close to implementing the accounting system for Osage County. Superintendent Phillips says until such time that the regulations are revised then no they have no authority to be in Osage County, and says at this time the lockbox is actually a module of Trust Assets Accounting Management System and that is a BIA and a OST system. Superintendent Phillips says OST has access just like BIA and says when things are deposited EFT or check into lock box the agency basically processes it manual deposit or transfer if it is royalties. Superintendent Phillips says if the lease is in the system like an oil and gas lease and its rentals then the agency is able to do a matching. Superintendent Phillips says we gave that to OST and says their system went into effect September 25th, 2019 the same day we got a big payment. Superintendent Phillips says unfortunately it wasn't able to be processed due to the new system, we are using the TAAMS module for Osage to make distribution of the annuity payments automatically so by March this should not happen again. Councilman Revard says you said ours are being delayed until the new CFR's are in place and asks if Superintendent can give an update

of when she thinks that may be. Superintendent Phillips says no I cannot and to ask during the Biannual consultation.

5. New Business

a. Osage Nation Environmental Solutions, LLC

Mr. Eddy RedEagle Jr. is here on behalf of David Conrad. Mr. RedEagle says the last eighteen months they have worked to reach a certain profile for the company and says they have achieved the status of AA certification totally owned by the nation. Mr. RedEagle says they are aware of the draft EIS and with high regards for the house of Pipestem and Storer with your involvement with them and relationship and says we are not here to challenge that or say one is better as it will be with personnel and capabilities to be of a working relationship sharing the challenge of a final EIS that will set destination for generations to come of environment of Osage County. Mr. RedEagle says we feel we can streamline and aid in education aspects engage in public and bring in the the whole comprehensive view of an impact of an EIS statement and how to deliver that to the Minerals Council, shareholders, and the Osage County as a contractor set by your standards and desires. Councilman Redcorn says he agrees that we're not grabbing full breadth of our tribal authority under the Clean Water Act. Councilwoman Gray says it would be good to see a flow chart of people streamlining and we need to see a qualified engineer to oversee that in the document. Councilwoman Gray says someone to know that they have experience reviewing EIS especially in the county in this area and if you have that then share it with us. Councilwoman Forman asks if they are planning to make a comment and if so make sure we are in accordance with. Mr. RedEagle says they will take the lead by Executive and Minerals Council before they do something like that.

Break

b. Grant Writing Seminar

Motion by Councilwoman Harlan to send staff to appropriate training that the Chairman or staff may identify, seconded by 2nd Chair Yates.

MOTION PASSED: Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes, Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan-Yes.

(7 yes, 0 no, 1 absent)

c. Plugging requests

Councilwoman Forman says Shane Matson sent the email concerned about this.

Councilwoman Forman says we're plugging valuable saltwater wells in an area that produces thousands and tens of thousands gallons of water to produce barrels of gas.

Motion by Councilwoman Forman for Superintendent delay plugging these wells until a complete qualified reservoir engineer evaluates the potential of the production and laterals that have been treated, seconded by Councilman Revard.

MOTION FAILED: Councilman RedEagle- No, Councilman Revard-Yes, Chairman Waller- No, 2nd Chair Yates- No, Councilwoman Forman-Yes, Councilwoman Gray- No, Councilwoman Harlan- No, Councilman Redcorn-Yes.

(3 yes, 5 no)

d. 25 CFR 90

Chief Standing Bear says he's here to bring discussion on the new regulations published this morning on Tribal Energy Resource Agreement and CFR. Chief Standing Bear says

on page 7 the Solicitor, Alan Woodcock recommended deleting everything except part 90.35 which needs to be kept by the BIA and Superintendent. Chief Standing Bear says that is the one section the Solicitor says his office would say it needs to be in there and that is so the trust responsibility can still be continued on determining the headright sharers who is an eligible voter. Chief Standing Bear we are asking you read it carefully, the existing regulations, and next month let us know by resolution if you approve if you don't we'll just stop and it will sit as it's been sitting for years.

Motion by Councilwoman Harlan that Mr. Pipestem work with the Executive's legal counsel on these regulations and then present them to the Minerals Council in an appropriate time, seconded by Chairman Waller.

MOTION PASSED: Councilman Revard-Yes, Chairman Waller- absent, 2nd Chair Yates- No, Councilwoman Forman-Yes, Councilwoman Gray- Yes, Councilwoman Harlan- Yes, Councilman Redcorn-Yes, Councilman RedEagle- Yes.

(7 yes, 0 no, 1 absent)

Chief Standing Bear says a year ago Trump signed in some amendments to federal law that said one year you shall have regulations issued. Chief Standing Bear says this council has seen drafts and comments were filed, and says I know most of you have not had time to read it all. Chief Standing Bear says if you go into what was published this morning in the section by section comments for the trust responsibility it talks about several commenters saw confirmation that the Secretary of Interior's trust responsibility and provision of other statutes are unaffected by the TERA regulation. Chief Standing Bear says four of these commenters expressed concerns that they would lose the trust responsibility protections of the Secretary if the tribe enters into a TERA. Chief Standing Bear says here is a response published this morning in the federal register which is the prelude to include in the CFR, the response of the DOI is "the TERA regulations explicitly preserve the Secretary's trust responsibilities, see § 224.40, the TERA regulations do not affect who is considered in trust a beneficiary, the 1906 Allotment Act is not unaffected, or the ability of the beneficiaries to elect to choose to maintain their trustee for collection and disbursement of funds." Chief Standing Bear says for your office this is about carrying out managerial duties if you choose to assume them. Chief Standing Bear says the views do not talk about separate funding, meeting with Secretary Bernhardt was brought up and I know we deferred to the report of your own legal counsel on that one of the matters covered should the Osage Minerals Council and Osage Congress take over some of these activities what money would be available and turns out they have at least so far determined the vehicle for that is in the 638 contract like we do with the BIA on our police our social services or real estate services. Chief Standing Bear says as you know Candy Thomas is our self-governance director the timing on this is very important and on this there are going to be some hard deadlines that are set because of the fiscal years. Chief Standing Bear says because the Osage Nation is on a federal fiscal year as is the federal government beginning October 1, our negotiations and discussions with the Superintendent have to begin fairly soon and official meetings usually occur in July and to prepare for those meetings in July there are letters to be generated from our self-governance office to the Superintendent so she can do and her team can do what they do for her other programs for service programs and write down what is there we understand there are empty slots not funded that's always a problem. Chief Standing Bear says but there is a process that she and her team have to go through and that's sent back over and to add one more layer to it because we're talking about minerals we're going to include the minerals every step of the way. Chief Standing Bear says you would have to be involved at the July meetings that we have every year so your choices on how to proceed under the federal law and under the CFR's are going to have to

be made fairly quickly if you want to go into the next fiscal year. Chief Standing Bear says nothing can happen this fiscal year well actually it's possible you could do it, you could sign the TERA, and says I understand one tribe has about ready to or already have.

Motion by Councilwoman Harlan for Chairman Waller to coordinate a meeting between the Congress committee, Executive Branch, and Osage Minerals Council seconded by Councilwoman Forman.

MOTION PASSED: Chairman Waller- absent, 2nd Chair Yates-Yes, Councilwoman Forman- Yes, Councilwoman Gray-Yes, Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes. (7 yes, 0 no, 1 absent)

Motion by Councilwoman Gray to enter Executive Session seconded by Councilman RedEagle.

MOTION PASSED: 2nd Chair Yates-Yes, Councilwoman Forman- Yes, Councilwoman Gray-Yes, Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes. (7 yes, 0 no, 1 absent)

TIME 2:18PM

6. Executive to discuss confidential and/or proprietary matters

- a. Legal counsel update
- b. EIS comment consultant contract

7. Old Business

Motion by Councilwoman Harlan to exit Executive, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray-Yes, Councilwoman Harlan-Yes, Councilman Redcorn- Yes, Councilman RedEagle-Yes, Councilman Revard- Absent, Chairman Waller- Yes, 2nd Chair Yates-Yes. (7 yes, 0 no, 1 absent)

Motion by Councilwoman Harlan that we instruct and direct our legal counsel to present to us a specific outline of the TERA that has just been released today and what our options are and that be presented to us by the third week of January, seconded by Councilman Redcorn.

MOTION PASSED: Councilwoman Gray-Yes, Councilwoman Harlan-Yes, Councilman Redcorn- Yes, Councilman RedEagle-Yes, Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman- Yes. (7 yes, 0 no)

Motion by Councilwoman Harlan to recall the contract we had with our proposed contractor for EIS, seconded by Councilwoman Gray.

MOTION PASSED: Councilwoman Harlan-Yes, Councilman Redcorn- Yes, Councilman RedEagle-Yes, Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman- Yes, Councilwoman Gray- Yes. (7 yes, 0 no)

Motion by Councilwoman Harlan to direct Councilman Redcorn to work with our legal counsel to identify an individual to serve as the contractor of the EIS, seconded by Councilwoman Gray.

MOTION PASSED: Councilman Redcorn- Yes, Councilman RedEagle-Yes, Chairman Waller- Yes, 2nd Chair Yates- Abstain, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan-Yes.

(7 yes, 0 no, 1 absent)

a. Moving well logs

Councilwoman Gray says we requested Director Halleck from Managed Assets to give us a cost estimate of our well logs. Councilwoman Gray says the cost to move the cabinets will be \$1,000.00, and the other option was to put these at a site in Hominy and the space cost will be 10.75 per square foot for \$74,595 per year for space cost. Councilwoman Gray says a walk-through of the former congressional offices for storage of the files and says it looks like those who don't use their offices will be used to store the logs.

Motion by Councilwoman Gray that we accept moving the cabinets at a cost of \$1,000.00 from C395 to our offices here at the Osage Minerals Council, seconded by Councilwoman Harlan.

MOTION PASSED: Councilman RedEagle-Yes, Chairman Waller- Yes, 2nd Chair Yates- No, Councilwoman Forman- Yes, Councilwoman Gray- Yes, Councilwoman Harlan-Yes, Councilman Redcorn-Yes.

(6 yes, 1 no)

b. Oil and Gas Summit Reimbursement

Councilwoman Forman says she was told to come to the full council with her expenses for the Oil & Gas Summit. Councilwoman Forman says she bought two blankets, one for the Assistant Secretary of Indian Affairs, one blanket for the Producer of the Year, and the first handout of the Summit brochure. 2nd Chair Yates says why are we looking at these if this is Oil & Gas Summit if it's out of the Oil & Gas Summit budget not the C395 or S510. Lacee says because you passed a resolution for Councilwoman Forman to have signatory authority on everything for the Oil & Gas Summit. 2nd Chair says it will be taken out of the Oil & Gas Summit budget. Chairman Waller says yes.

Motion by 2nd Chair Yates to approve reimbursing Councilwoman Forman, seconded by Chairman Waller.

MOTION PASSED: Chairman Waller- Yes, 2nd Chair Yates-Yes, Councilwoman Forman- Abstain, Councilwoman Gray-Yes, Councilwoman Harlan-No, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes.

(5 yes, 1 no, 1 abstain)

c. Request for newsletter articles

Councilwoman Gray says she would like everyone to submit 500 words from everyone and says Lacee and I have been tracking that with Tammy Leeper and it should be any day. Councilwoman Gray says we can set up a meeting with Magnum and hopes to have the IT Media Committee convene.

8. Meeting Minutes

Motion by Councilman RedEagle to approve December 6th meeting minutes, seconded by Councilwoman Gray.

MOTION PASSED: 2nd Chair Yates-Yes, Councilwoman Forman- No, Councilwoman Gray-Yes, Councilwoman Harlan-Yes, Councilman Redcorn-Yes, Councilman RedEagle-Yes, Councilman Revard-Yes, Chairman Waller- Yes.

(7 yes, 0 no)

9. Adjournment

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

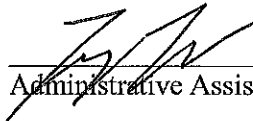
**MOTION PASSED: Councilwoman Forman- Yes, Councilwoman Gray- Yes,
Councilwoman Harlan- Yes, Councilman Redcorn- Yes, Councilman RedEagle-Yes,
Chairman Waller- Yes, 2nd Chair Yates-Yes.**

(7 yes, 0 no)

TIME 12:10pm

Approved by the Council on the 3rd day of January, 2020.


Chairman


Administrative Assistant