

1 **OSAGE MINERALS COUNCIL**

2 **Meeting Minutes**

3
4 **November 15, 2013**

5 **1. Call to order**

6 **Galen Crum** called to order at **11:24 A.M.**

7 **2. Opening Prayer -**

8 Opening Prayer– Myron RedEagle

9 **3. Roll Call**

10 The following Minerals Council persons were present:

11
12 Joseph B. Sonny Abbott, Jr. P Curtis O. Bear P
13 Cynthia Boone P Melvin Core P
14 Galen Crum P Myron F. Red Eagle P
15 Dudley Whitehorn P Andrew Yates A

16
17 The following members of the audience signed the guest register:

18
19 **Ray McClain, Stephanie Penn, Julie G., Gene B., Nona Roach, Miles C.**
20 **Welke Linn, Stan Delong, Mark P. Linn, Patricia Bright, Tim Burchett**

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22 **4. Minerals Matters- Charles Hurlburt, Supervisory Petroleum Engineer**

23
24 Charles: Since we didn't report last month, I'm giving you a month and a half of permit
25 information. Last month we only permitted seven wells. If you will remember we were
26 gone for one half of the working days of the month. So this month we kind of more than
27 made up for it, and I'm pretty sure most of these would have been done when we were
28 not working. The first week we mailed out twenty drilling permits. This week, they're
29 either mailed out, in the cue to be signed or they are coming back to us after they've been
30 signed...fifteen. When the weekly report comes on Tuesday, we'll have a hard number
31 there, but that's going to very close to what we got. I don't have the work-overs for
32 October, but we've done six so far this month, seven last month, and we have plotted
33 some wells, we've iniated some activity, one of the first things we do is make sure if they
34 are restricted or not restricted. Dale (Jesse) plotted fifteen last week and he's already got
35 six this week. I don't anticipate that the numbers I gave you are going to be different
36 from last month. We are really catching up from the two weeks, roughly, that we weren't
37 working. But just wanted to let you know what was going on, fairly busy time even
38 when we are not having the demand for leases that we have had in the last few years. I
39 was going to also bring this up, possibly in well-plugging. Some of you have already
40 seen it. If you'll remember we had a well that broke out at the high school. We went into

41 plug it and it turns out that wasn't one of our wells. That was part of the geo-thermal
42 heating and cooling system they had at the high school. But that's obviously not where
43 the gas was coming from. They did a little more exploration and this is slightly a little
44 less of a problem. It goes right back to right field in the baseball field. We have done the
45 paperwork to get started on that. I've talked to Ivan. This is going to be a bear. We've
46 plugged it once, we've re-plugged it 2003. It's still leaking. What we are probably going
47 to have to do is go all the way to the bottom and clean all that stuff out and start over
48 again. I know that Andrew (Yates) knew about it and I was hoping that we could talk
49 about it in the well-plugging committee reports. But since he's not here I'm just going to
50 bring it up. Abbott: Thank you Charles. Andrew wanted me to bring it up in the well-
51 plugging committee reports but you've told them everything that I was going to tell them.
52 Charles: It could be a whole lot less noticeable. It's better than being right there in front
53 of the front door of the school. But it's not necessarily going to be inconspicuous right
54 there in right field of the baseball field. So, if anyone calls and everyone that lives in
55 Pawhuska is probably going to be getting phone calls as far as you know what's going
56 on?? Abbott: Yeah, on plugging that well. Andrew told me it was plugged in 2003...by
57 who? Charles: Elmore Plugging. Abbott: My next question is are they responsible
58 for?? Charles: Unfortunately, I don't think so. The well was originally plugged in
59 1940...and...by Indian territory eliminating company. I'm guessing when they redid the
60 field they noticed leaking. And Elmore just went in and just cleaned out up to 850 feet.
61 This well is 1650 roughly deep. They filled the thing with cement. I don't know that
62 they could have done a better job. It's just that they missed the zone that's producing the
63 gas. Abbott: Are they still in business? Charles: I don't know. We'll check. When you
64 talk about a mom and pop organization...Stanley ran the rig and his wife Patricia did the
65 paperwork. It was a very small company. Crum: Before you go off of that, I have a
66 question that I had asked Andrew. I don't know if he had a chance to check. But the
67 reason we had a problem figuring out where the leak was because of the geo-thermal
68 system. It's collecting from somewhere and not necessarily where the leak is. Do we
69 know for sure that is underground gas or could there be a utility line leaking somewhere?
70 Charles: The reason we suspect what we suspect is this well is also leaking. Crum: We
71 need to fix it. Charles: We need to fix it but that's probably the source of the gas. Any
72 time we have one of these lateral movement things it's very difficult to say that we know
73 that it's there and with definition when we plug it, it will cure the problem. It's not close,
74 it's probably 200 yards away. Abbott: That disk, is that available to anyone that wants a
75 copy? Charles: Right now this disk has not left my hand. The superintendent has seen
76 it. I got it at 9:30 this morning and what we have done in the past is to present that to
77 Steve Tully our IT person who retired. He scans it and sends the disk to Muskogee. So,
78 I'm probably, unless the Superintendent or Deputy tells me this is wrong, going to
79 present this to Susan who replaced Steve and ask her to do the same thing...to put a copy
80 on their server and keep the original wherever they keep them. When you want it to be
81 available, and I don't want to get into a big argument about whether this is a tribal record
82 or a BIA record, because I think both sides would be happy to make this available
83 whenever they can. If you want it to be available I will get it set up so that you have
84 access to it. Abbott: I just asked because I got a feeling someone is going to ask.

85
86

87 **5. Administrative Matters** – Robin Phillips, Osage Agency Acting Superintendent

88
89 Robin: I wanted to go back to introduce our new Deputy, your permanent Deputy, Janine
90 Hale. She comes to us from Region 6 EPA. She's got a lot of knowledge, somewhat
91 knowledge to some of the issues that's going on here in Osage County. So, you're really
92 fortunate to have her. She has also been with the Cherokee Nation and their
93 environmental programs and the Attorney General's office. She's also worked with the
94 State of Oklahoma's Attorney General's office in environmental issues as well as water.
95 So, I'm really glad she's here and hope she's able to get involved in the issues that are
96 going on here at the Osage Agency here at Osage County and help us out as far as how
97 we can address these issues. I don't know if by chance you have met her before when
98 she was working with EPA Region 6, maybe you heard her name. And I'm glad that
99 she's here. She is permanent and quite an asset to the Osage Agency. I do want you all
100 to know that we advertised three positions. They are petroleum technician positions. The
101 Regional office has given us vehicles so that we these individuals can get more money
102 once we train them. So we've got three additional individuals that are going to be
103 coming on board to go out and do field inspections and gauging. We are really excited
104 about that. Janine is in the process of doing some interviews. We just got cert yesterday
105 so we will interviewing this week. I was notified that the annuity payment is in...the
106 amount is \$10,265. The shareholders should receive this on or before December 16,
107 2013. The Osage Agency met with Andrew Yates and a few other members of the Tribal
108 Council or Osage Minerals Council about the Windfarm. You know that there's this
109 concern and we are looking at what the Osage Agency can possibly do as far as permits
110 under 25CFR2-14. We are still talking to the Regional office and our solicitor's office
111 and as of yesterday we did have some discussion with our solicitor out of Washington
112 D.C. So we are still reviewing that. I can't really tell you one way or the other how the
113 Agency is going to proceed. At this point, we just have to wait on advice from our
114 solicitor. Crum: Before I open you up for more questions could you give us a little bio
115 of yourself? Robin: I have been in the trust world for about thirty years now. I am a
116 member of the Muscogee Creek Nation. I went to work in their trust department when
117 they compacted services from the BIA. I went to work in their reality department with
118 the BIA, spent 11 years with my tribe before joining the government at the Chickasaw
119 Nation as a supervisor reality specialist. I spent ten years there working with the
120 Chickasaws before joining the Anadarko Agency where I was the Deputy Superintendent.
121 I spent about a year there before I jumped to the other side the Office of the Special
122 Trustee. I started dealing more with the financial side. While I was at Southern Plains as
123 a trust officer the Regional Director asked me if I would be interested in assisting in a
124 2006 Oil and Gas Lease sale. The position for the Superintendent became available and I
125 threw my name in and been there for about three years now. And since I've been there I
126 feel like we have made some changes to the Anadarko Agency to make it beneficial to
127 doing business. I really enjoy what I'm doing and I'm glad to be here. They asked if I
128 would be willing to come over for a detail and I thought that would be great. I've dealt
129 with the five civilized tribes and the western tribes under the General Allotment Act. So
130 now here I am learning about the Osage. I didn't bring all of my staff today and I wanted
131 to explain that to you. But if you have any questions either Charles can answer it or I can
132 or Janine. Crum: So you said you got to hire some new gaugers? Robin: Yes. These

133 were vacant positions. Crum: Do you have any idea when you will be able to hire the
134 new positions that were to be created and funded with the million dollars? Robin: I'm
135 glad you brought that up because yesterday we met with the Regional Director and they
136 have got Human Resources there and looking at doing position descriptions (pd) for
137 advertisements. We don't have a specific date when we might be able to do that. But we
138 do have the monies and we are looking at advertising that in the very near future so
139 hopefully next month I'll be able to give you more information about those positions. But
140 yes you are right. We have identified those positions. I spoke with the Regional Director
141 yesterday and one of the things was relocating people to the Osage Agency down at the
142 field office and bringing an Environmentalist here. We are hopefully looking at doing
143 that within this month. And Ben Daniels has been assigned to the Osage Agency its my
144 understanding that we will be able to bring him over full-time. Abbott: I'm the Budget
145 Chairman for the C-395 and every year I got to submit a budget to the BIA for approval.
146 Well I'll call Leslie after so long and say "has it been approved yet" and she'll say "no".
147 In a conversation she had heard that the BIA does not have to approve our budget. I just
148 assumed that when I made it as Budget Chairman they just told me I had to submit it to
149 the BIA. Two times I submitted it and six months later it still wasn't approved. I was
150 always told by the former superintendent, "well the solicitor's got it". Twice I had to go
151 to Mike Black. Robin: Well I'm glad you brought it up because we did get your budget.
152 2014 is what we are talking about. And I sent it back saying that we were in receipt of
153 the budget. And I was asked later on well did you approve it. And I was sitting there
154 thinking, "we have to approve your budget". And I made contact with the Solicitor Allen
155 Woodcock and he basically said that the budget did go through and there was a
156 documentation. And I said, you know I don't feel comfortable about approving your
157 budget because it is your budget. So I said anyway I don't think technically we could
158 approve your budget. I sent a letter back saying we have received your budget. When
159 you're in a position and you want to do a tribal draw down. Funding is available and
160 we'll be more than happy to send that budget on through. We can process it for you. I
161 can't talk about the last administration but you'll notice that the letter I sent out did not
162 say anything about...Abbott: The only thing you have to approve is the draw down.
163 Robin: Basically yes. Is there a resolution that has been passed? Is the money there?
164 Abbott: Yes and Yes. Robin: Then we can proceed on.

165 **6. Executive Session**

166 A. Bob & Bill Sullivan – Sullivan & Company

167 B. Stan Delong – Wellco Energy

168 C. Miles Welke – Linn Operating

169 D. Scott Robinowitz – Grand Resources

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171

172 MOTION TO ENTER EXECUTIVE SESSION AT _12:03__

173 BY: __Abbott__ SECOND: __RedEagle__

174 Joseph B. Sonny Abbott, Jr. _Y__ Curtis O. Bear _Y__

175 Cynthia Boone __Y__ Melvin Core __Y__
176 Galen Crum; __Y__ Myron F. Red Eagle _Y__
177 Dudley Whitehorn _Y__ Andrew Yates __A__
178 ROLL CALL: MOTION: ____X____ PASSED _____ FAILED
179
180

181 **INTERMISSION**

182
183 MOTION TO END EXECUTIVE SESSION AT __2:46__
184 BY: __Red Eagle__ SECOND: __Core__
185 Joseph B. Sonny Abbott, Jr. _Y__ Curtis O. Bear _Y__
186 Cynthia Boone __Y__ Melvin Core _Y__
187 Galen Crum; __Y__ Myron F. Red Eagle _Y__
188 Dudley Whitehorn _Y__ Andrew Yates _A__
189 ROLL CALL: MOTION: ____X____ PASSED _____ FAILED
190

191 **7. Old Business**

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193 A. Oil and Gas Summit Recap – Yates
194 Chairman Yates absent for Washington meeting
195

196 **8. New Business**

- 197
198 A. Tim Burchett – CVS
199 I'm here but should be somebody from our corporate accounting but they couldn't attend
200 today. April production...we purchased in the county of 2013, they're would've been a
201 payment on the BIA royalty. Charles it was due the 25th I think, but paid on the 20th.
202 We had an internal clerical error. That's how it was described to me and the royalty
203 was not made. That payment was not made by the date of the 25th. So we were
204 delinquent. We made the corrections, got the money to the BIA, as soon as we
205 discovered it. And then there was a fine or penalty assessed. And we paid it the next
206 day after we received that. But there was a process apparently in the regulations for us
207 to protest, if you will, ask for a little forgiveness on the penalty. The penalty was in
208 excess of \$65,000. We are not denying they fact that we made the mistake. I can't
209 describe what it was it was clerical on a computer in nature. It just didn't happen. But
210 we sent in our protest according to regulations and another error I guess. We sent it to
211 the BIA's office and they affirmed the penalty. But part of the language indicated that
212 we need to make that oral presentation to the Council first. So that's kind of why my
213 presence is here today, to ask for a little mercy if you will on the side of the penalty.
214 We'd like that remediated. Abbott: Why are you having this gentleman talk to us?
215 Charles: Let me address that. If there is a default. If there is a delinquent payment.
216 We have to charge a penalty of 1.5%. But the Osage Tribal Council has the right to
217 wave part of all of that penalty. It's a late charge actually. It's not a fine. When we
218 fine somebody the money does not go in your account. When there's a late charge it
219 goes into the headright account. That's why you have control. In the past Councils
220 have waved all of it. We've had Councils say absolutely not we don't do that. And

221 we've had some say well we will take a part of it off. Abbott: I have a question for
222 Charles. You say you have paid it in this fine or whatever you want to call it. Can you
223 retrieve it from where it's been put? If we were to vote to forgive this, Charles: The
224 short answer is we cannot reach into your account and take money out. The way it has
225 worked in the past is you would have authorized us to take from future debts. Boone:
226 So let me make sure that I'm understanding this correctly, the late charge belongs to the
227 shareholders? Charles: The late charge is figured into the payment check.

228 **B. Osage Christmas Celebration – Yates**

229 If you notice in your section under 8 there is a flyer for this. I think we made a
230 contribution last year. The table is \$250 and the money goes to camps and stuff for
231 kids with Osage preference. Andrew put that in there so we could discuss whether we
232 wanted to donate or not. And if we did so my assumption would be that it would come
233 out of the S-510 account. Boone: I am not in favor of us purchasing a table for a
234 dinner and whatever. Abbott: I'm always in favor of supporting the Osage Nation
235 foundation. I always enter a team into their golf tournament each year. Crum: Its
236 going to be down at the Tulsa Casino Event Center. It's to support youth. You can
237 purchase the tickets at \$25 a ticket. Neal McCoy will be the musical guy. And there's
238 also an auction that people donate stuff for.

239 **C. Ashley Bailey – IHS**

240 Dean William: (with HIS) We are a global provider of information, but particularly
241 around the oil and gas information started here in the U.S. There's rich history here
242 within Osage county all the oil and gas activity that's gone on here. But if you really
243 take a look at the last six or seven years, the dynamics of the energy business have
244 completely changed dramatically. We are looking at heavy dependents still on foreign
245 oil and we are talking about 2020 being independent. You guys happen to sit on one of
246 the larger plates called the Mississippian plate. Power Point Presentation. Extensive
247 discussion about future database.

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9. Committee Reports:

253 **1. Election Committee - Abbott**

254 **2. Budget Committee - Abbott**

255 **3. Media Committee – RedEagle**

256 **4. Liaison Committee- Crum**

257 **5. Scholarship Committee- Core**

258 **6. Well Plugging Committee- Yates**

259

260 **7. Policy/Procedure –Boone**

261 **8. 1906 Act – Bear**

262 **10. Adjournment**

263 **MOTION TO ADJOURN AT: _____**

264 **BY: Yates SECOND: Crum**

265 Joseph B. Sonny Abbott, Jr. _Y_

Curtis O. Bear _Y_

266 Cynthia Boone _Y_

Melvin Core _Y_

267 Galen Crum _Y_

Myron F. Red Eagle _Y_

268 Dudley Whitehorn _Y_

Andrew Yates _Y_

269 **AYE 7 NAY _____**

270 **MOTION: X PASSED _____ FAILED**

271 Minutes submitted by: Secretary, Ciaradon Carpenter

272 Minutes approved by: _____