

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**

21  
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 25<sup>th</sup> I think, but paid on the 20<sup>th</sup>.  
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 25<sup>th</sup>. 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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249  
250  
251

252 **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: \_\_\_\_\_