

1 **OSAGE MINERALS COUNCIL**

2 **Meeting Minutes**

3  
4 **January 10, 2014**

5 **1. Call to order**

6 **Andrew Yates** called to order at **10:00 A.M.**

7 **2. Opening Prayer -**

8 Opening Prayer and reading of deceased Osages– 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:

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19 **Ray McClain, J. Geurin, Nona Roach, Patricia Bright, Mary Johnson**

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21 Yates: As a matter of information, we had a meeting yesterday with the Bureau  
22 of Indian Affairs and the Environmental Protection Agency...and some other  
23 people, the Cattleman's Association and some state agencies. We were wanting  
24 to coordinate a revision of our Osage Handbook. It's a handbook that's been  
25 around. It was first done in 1997. It was with the BIA, EPA, and Osage  
26 Producer's Association. We just kind of helped give a guide on how to operate in  
27 the Osage. There is different requirements through different federal agencies.  
28 We are going to be starting that meeting in February. We will be coordinating  
29 with individual groups and one set of meetings will be set aside for shareholders.

30 Crum: Yesterday we were not just in the position to just listen. We were able to  
31 give them some feedback about their demands. We had a very strong  
32 representation from the BIA saying that we were not looking to change the  
33 jurisdictional issues and that all we want to do is cooperate with the agencies that  
34 we are already working with and put together a nice handbook that will help the  
35 producers to know who to contact, what the procedures are and that sort of thing  
36 that are uniquely Osage.

37 Boone: I noticed yesterday that all the entities that were there had their attorneys  
38 there and so I make the request that our attorney be at the other meetings that we  
39 schedule. There was also information that was passed around during that

40 meeting, I believe it was from Tallgrass. I didn't get a copy of that, so I would  
41 like to receive a copy of whatever was passed out.

42 Yates: That may have been just information that U.S. Wildlife and Fish Service  
43 had, but I will check into that.

44

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

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47 With Christmas and some of our staff out on "Use or Lose" vacation, we have had  
48 five well permits issued since the last monthly meeting. We will have at least one issued  
49 today or Monday. We have received in the incoming about 13 or 14. There's always a  
50 slight difference between what we tell you we have approved and what we have turned  
51 in. The only other thing I need to report is, and I want to thank Mr. McClain for  
52 suggesting this; at the last meeting he asked for a report on how well the CO2 Flood is  
53 doing. I checked today, we still haven't gotten the first full month's production  
54 processed, but we will have it at least by next month. We will at least be able to give you  
55 the month to month, before and after. I know that Chaparrel has been very diligent at  
56 repairing and doing work-overs on all the wells in North Burbank Unit. Some of that  
57 work has resulted in very good production before we got into the CO2 flood. You know  
58 just fixing leaks and getting things in very good shape. They know they are going to  
59 have problems if they don't do that with the CO2 escape. So, they made a tremendous  
60 investment and we see a pretty big increase in production. It's going to be an incline  
61 plane and we've already started on the way up. I will try to report every month for the  
62 foreseeable future unless you all tell me not to on how well it's doing. I think it's going  
63 to be not as dramatic as what you would expect. Other than that I have nothing else to  
64 report. RedEagle: Could you tell them again what the deadline is for nomination of  
65 resale. Charles: The deadline for nomination is the 17<sup>th</sup> of January, 2014. Traditionally  
66 we probably get 75% of our nominations the last week, and probably 60% of them the  
67 last day. People just don't want other people to know what's going on I guess. It's just  
68 always been a mad rush just right before the deadline. Yates: Charles I have had a lot of  
69 people contacting me wanting to know who they contact to nominate leases. Who do I  
70 direct them to? Charles: I would recommend calling Carol Revard. She's one of the  
71 three people that check these. Carol, Ellen Hawzipta and myself will all look at these and  
72 make sure they are not in concession, they are not under lease, they are in the county  
73 believe it or not. Before we will send out the bulletin we will have checked that, as I said  
74 three different people and I've got a piece of paper saying I checked it, they checked it,  
75 what we checked and what we found. Everett Waller: Charles give out your phone  
76 number and website address please. Charles: Okay...the branch of Minerals phone  
77 number, I'm going to give you that and then I'm going to give you mine...is (918)287-  
78 5710 and my direct line is (918)287-5772.

79

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

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82 I just want to say that the questions asked, how many wells are plugged, etc. We will be  
83 in a position Wednesday to provide that to you. As far as Administrative matters, I  
84 wanted to let everyone know we have the four Petroleum Engineer Technicians and they

85 are scheduled to leave on January 13, 2014 to attend the second BLM training. Training  
86 is going to be held in Taos, New Mexico and they will be focusing on drilling  
87 inspections. And that will remain to have two PET Petroleum Engineer Technicians in  
88 the office with supervisors. So, while they are out for two weeks we should be able to  
89 handle anything and everything that comes our way. As you all know, I recorded in the  
90 last meeting that December 16, 2013 was the closing date for three PET positions. We  
91 have been informed that Personnel is in the process of giving the certifications to  
92 knowledgeable candidates. So hopefully we'll be able to next month report where we are  
93 at on that. The two positions that were previously advertised we did make a selection and  
94 two individuals have accepted those positions and until such time as they have the  
95 security background clearance and that comes through favorable they won't be able to  
96 report to work. So, right now we are waiting for that. Unfortunately we did have an  
97 individual that retired...Joseph Cheshawala. And as stated yesterday we have positions  
98 identified for the new funding that's coming in and hopefully we will be able to do  
99 something as far as advertising within the next month. We will continue to provide those  
100 positions advertisements to the Minerals Council and we would appreciate you do  
101 something maybe posting something on your website as well. Right now the regulations  
102 that are in place do not allow us to accept anything but a corporate surety bond. I think in  
103 the past there have been bonds that have been accepted and we are not going to be able to  
104 do that. So, I'm sure you may hear about the Agency returning some assignments, but  
105 we have got to follow the regulations that are in place and right now at this point, it does  
106 state "Corporate Surety Bonds". So you might get some calls on that because I think we  
107 have staff assignments that we are going to have to return.  
108 BIA is working with IT to pull information from Annuity System. BIA has received the  
109 letter prepared by OMC and is going to get information and letters out. Crum: It would  
110 be helpful if you could notify Andrew (Yates) when those letters go out so we can have  
111 some policy in place for all those people...I have another question. For those of you who  
112 were at our Special Meeting January 3, 2014 one of the pieces of business we had to take  
113 care of was Clear Mountain, LLC taking over Encana concession. We made a deal with  
114 them. Part of that deal was they were to lease 31,800 acres of the Encana concession.  
115 We want to get money from them upfront on that, because we don't want to release  
116 Encana from their financial obligations without having the new company have to pay us  
117 something. And we didn't want to have to have them tell us what 200 leases were going  
118 to be. So in order for us to get the money for the shareholders we were going to have to  
119 put it in a concession. So, we want to make sure we have a method. Charles: I was  
120 talking to Rhonda (individual in Muskogee that does this detail) and on this particular  
121 concession we put in TAMS as a concession as well as the leases. So, according to what  
122 she told me, we will be able to take the trust money in order to be paid out. What will  
123 happen is the first 200 or whatever will show a zero bonus because you have already been  
124 paid for them.  
125 RedEagle: I got a call from a student from Oklahoma University, and he wanted to know  
126 if we had some kind of Internship program. So, I referred him to Janine Hail. Hail: I  
127 haven't spoken to him yet, but I got the message

## 128 **6. Executive Session**

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**No executive session**

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## INTERMISSION

### 135 **7. Old Business**

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137 Boone – Follow-up MOU

138 Yes, last month I had asked that we get a copy of the Memorandum of Understanding  
139 with the Nature Conservancy that the Chief signed. And I just wanted to know what  
140 progress we've made in terms of us getting that copy.

141

### 142 **8. New Business**

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#### 144 **Darryl Lacount/BIA – TAMS (Trust Asset Accounting Management System)**

145 As we left some of the other meetings there was some confusion about what path we  
146 were trying to go down to help manage the Minerals Estate. And so I would like to  
147 take this opportunity to clarify as much as I can for the Council and answer any  
148 questions that you may have. Right now the way things operate with your royalty  
149 payments, is that payers, producers whomever it is pay it directly to a “lock box”. That  
150 is where the money goes. The Agency then runs the ownership that they have in the  
151 Osage and its then distributed through OST. We are, right now, pursuing an MOU with  
152 the Office of Natural Resources and Revenue (ONRR) to perform, essentially, the “lock  
153 box” function that currently goes on and the accounting function that goes on at the  
154 Agency. We don't have it in place. Mike Black has a meeting this week with the  
155 Director of the ONRR to begin that. What it would do is replace the “lock box” and the  
156 accounting piece that is done at the Agency. As for the TAMS part of that, it is in use  
157 here at Osage. Every acre that is in the Minerals Estate, is tracked in TAMS. They've  
158 got them broke out into 160 Acre tracks. It is our system of record in the Bureau for  
159 Land Title, Surface Leasing, Business Leasing, we have a right away module and we  
160 have an Indian Consolidation module. We have a buy-back module, that's the most  
161 recent one out of this Cobel. There's a range module in there that manages mostly on  
162 the plains and the Dakotas in Montana, range units. We have a forestry module. And  
163 there's also a module in there called “legal documents” where we deal with mortgages  
164 on lands. There's an acquisition and disposal module. And there's a Minerals module,  
165 which we use outside of Osage to manage leases. What we are proposing to do is build  
166 an Osage module that would serve solely Osage. That's what we are proposing to do.  
167 In December we sent out about 2,600 offers to individuals at Pine Ridge, Makah, and  
168 Rosebud. That program has started already and we are seeing results. We sent out our  
169 first offer on December 17, 2013 and Christmas Eve we did our first sale. We were  
170 pretty pleased with how we turned it around. We put \$29,000 in an IIM account. This  
171 person lived on Pine Ridge, and unfortunately he was a terminal cancer person. So we  
172 did everything that could be done and it is working well. The largest purchase we have  
173 made so far on behalf of the tribe is \$169,000 from one individual. And so we had to  
174 get that module up and running before we could get to the Osage module. We've got  
175 just a few tweaks to it. I think that we will probably start developing the Osage module  
176 by March. The other thing that is happening right at the moment is we don't have the

177 other TAMS contract in place which is causing a delay or two. We are in a 6 month  
178 extension period and I fully expect that by the time we get going in the Osage we will  
179 have a permanent one in place. It took a little over 3 months to build the land by back  
180 module. That module has the most out of any automation and Osage may be right up  
181 there with it. So I would anticipate 3-4 months from the time we get all the  
182 requirements in place to the time that it is up and running. The way it will work is OST  
183 will keep its same role that it had. There's still going to be the ones that distribute to  
184 the IIM accounts to the shareholders. The ownership as opposed to being managed for  
185 the headrights in Osage suite would be managed through TAMS. That's a piece that  
186 they have developed to do land ownership, but we will have to move it over to do  
187 headright ownership. All the functionality is there it is just a manner of capturing it  
188 from that perspective and using it from there. Essentially we would manage it as if  
189 there are 229 tracts. Within that Osage module it's going to have its own ownership  
190 and that's how we will manage that. There was a law passed in 1982 that allowed  
191 tribes to do what you are doing with their concession agreements, take large amounts of  
192 acreage and put it under agreement, pay a bonus on it and as it leases out make more  
193 payments on it. So, the system is in place to do just that. Bonus payments are still paid  
194 directly to the Agency. Royalty payments are paid to the "lock box".  
195  
196

## 197 **9. Committee Reports:**

### 198 **1. Election Committee – Abbott**

199 Curtis Bear and I met with an election company and we were impressed with their  
200 presentation. You will have some things in your box this afternoon. You will have the  
201 presentation and a Budget report.

### 202 **2. Budget Committee – Abbott**

203 I've got one thing on the budget committee to share with the rest of the Council. I've  
204 talked to Curtis and Andrew on the Budget Committee. I got a call from the Executive  
205 branch, specifically Scott Bighorse, wanting to know why we didn't pay our bills. I told  
206 him, "I don't know what you're talking about Scott". He said that he had gotten a call  
207 from the firm of Akin & Gump saying that they have been submitting bills to us since  
208 August on the wind farm issue and none have been paid. So, I got on the phone and the  
209 first person I called was Leslie Young in accounting, who writes our checks. And I asked  
210 Leslie, "Why are these bills submitted since August from Akin & Gump not being paid?"  
211 Leslie said that she had never seen the bills. She never knew they even existed. So, my  
212 next call was to my office as to why these bills weren't being submitted. I haven't got an  
213 answer for you yet. But I promise you that I will get to the bottom of this. These bills  
214 will have to be paid in a whole sum. Half of that bill would have been paid out of last  
215 year's budget. But by them not being submitted when they were supposed to be properly  
216 submitted, now we will have to pay all of this bill out of this year's budget. So, I just  
217 wanted to share that with the rest of the Council. I will get an answer, but I have not yet  
218 got an answer as to why these were not submitted on time. Boone: How much money

219 are you talking about? Abbott: Approximately \$135,00 through November (2013). We  
220 are probably going to have a December bill that's going to be on there too.

221 **3. Media Committee – RedEagle**

222 As everyone knows we are getting ready for our next newsletter. We got to have a  
223 deadline by the end of February. And also, we are working with the secretaries to get  
224 some information on the website. If we have to go through the Osage website to  
225 advertise the job opportunities then we will. We will do whatever we can. Patricia  
226 Bright: Are you going to make some kind of ruling that one can put an ad in the  
227 newsletter on their re-election? RedEagle: At the media meeting we will discuss it.

228 **4. Liaison Committee- Crum**

229 Nothing to report

230 **5. Scholarship Committee- Core**

231 The current scholarship recipient students have been re-selected. They are: Bret Fugate,  
232 Bryce Fugate, Jesse Pierce, and Nicholas Carbone. Scholarship award letters have been  
233 sent out.

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

235 We have five up there by Hickory Creek. I will continue to contact contractors. We have  
236 one at the school and I understand that they are ready to go but they are just trying to iron  
237 out some permits through BIA.

238 **7. Policy/Procedure –Boone**

239 Nothing to report

240 **8. 1906 Act – Bear**

241 Not present. Nothing to report.

242

243 **10. Adjournment**

244 **MOTION TO ADJOURN AT: \_11:41 \_\_\_\_**

245 **BY: \_\_\_\_\_ SECOND: \_\_\_\_\_**

246 Joseph B. Sonny Abbott, Jr. \_Y\_\_

Curtis O. Bear \_Y\_\_

247 Cynthia Boone \_Y\_\_

Melvin Core \_Y\_\_

248 Galen Crum \_Y\_\_

Myron F. Red Eagle \_Y\_\_

249 Dudley Whitehorn \_Y\_\_

Andrew Yates \_Y\_\_

250 **AYE\_7\_\_\_\_\_ NAY \_\_\_\_\_ Absent 1**

251 **MOTION: \_\_\_\_\_X\_\_\_\_\_ PASSED \_\_\_\_\_ FAILED**

252 Minutes submitted by: Secretary, Dena Cosby-Rackliff

253 Minutes approved by: \_\_\_\_\_