

Osage Minerals Council Meeting 9/14/2012

<http://www.Osages-You-Need-To-Know.com>

The meeting on September 14, 2012 was very interesting. Charles Hurlbert, Petroleum Engineer for the BIA talked a little about Data Conversion, one of my favorite subjects. Mr. Hurlbert had recently been to a meeting where a Oracle Database used by the Bureau of Land Management (BLM) to help manage their oil production related data was one of the subjects. This database was briefly described by the BLM Representative at the Negotiated Rulemaking Committee (NRC) held last month in Pawhuska. Mr. Hurlbert told us that, in his opinion, this data base was set up several years ago and, although it does well for the BLM as an in-house management tool, it may be a little out of date, and he wasn't sure it would do for our purposes, where we are wanting to make our production history records available on-line to the public. Councilman Curtis Bear, Chairman of the NRC sub-committee investigating this issue, had some questions and it was decided to continue their investigation on Data Conversion. Councilman Bear said that his committee meets each Tuesday morning and he welcomes any input from Shareholders.

Melissa Currey, BIA Superintendent, told the meeting that she had been instructed by her superiors to temporarily re-assign one of the employees working in the permitting department to work for a different department. Several of the Council expressed their concern over this move. The permit department has been keeping up fairly well the last few weeks, but I would have thought this would be the last place in the world that they should be juggling personnel around to fill holes somewhere else. I sure hope this doesn't start causing issuance of drilling permits to be delayed. I guess we must trust that they have a good reason for doing this.

An Encana representative told me today that they finally got their first couple of drilling permits on about August 15 and were expecting their first rig to be here sometime today. Their first set of 3 wells will be drilled just outside of Pawhuska to the west, and right beside Hwy 60. There will be one disposal well and 2 Mississippi Lime horizontals on this same drilling pad. I drove out there after the meeting and their location sure looked a lot different than the locations I worked on around here 50 years ago. They had cleared and leveled about 5 acres, installed a very wide permanent ditch culvert and had graveled the entire area. A containment berm had been built around the entire location. A 100 ton+- crane on tracks was there to unload and rig up with. There were about 15 pipe racks and pipe tubs and other ancillary equipment already there and

neatly lined up around the perimeter of the location ready to be setup, and a crew was waiting for the rig to arrive. This sure beats wallowing around in the mud with 2 large winch trucks and a bull dozer to rig up with. This was a first class operation and I was very impressed.

There is a large department store parking lot directly across the road from the location where the entire operation can be seen as it progresses. It will take a couple of months or longer to complete this set of wells and I wish every shareholder could find the time to go by and take a look. This will be almost as good as being right on the rig floor.

Encana will be bringing a second rig in to a location several miles west of Hominy in the very near future. They plan to drill a disposal well and at least 2 horizontals there also, and maybe more. These two drilling pads are a part of the exploratory phase of Encana's drilling program. I am told that they plan to drill and test several sets of wells in strategic places around their 60,000 acre concession to prove up on their holdings, and then, if things look as good as they think they will, they will bring in several more rigs.

The ONG has reportedly been negotiating with several entities for well over a year now in an effort to set up an oil field construction business here. They plan to call it "Osage Nation Energy Services, LLC." Now would be a great time for the Tribe to get into this business. There will soon be a huge demand for semi-skilled and skilled labor to put in all the infrastructure that will be necessary to service this coming oil boom. The Tribe would gain a lot of good paying employment for our members and it should make a good deal of money for the Tribe for many years to come.

But this is business for the ONG. For some reason, this issue was put on the agenda for the Minerals Council today. What ever you may be told, this is not Minerals Council business. Any comments or suggestions concerning setting up this new business should be made to Congress or to the Chief. They are very capable of making all the decisions concerning this new company. This Minerals Council has plenty to do without trying to interfere with someone else's business.

Councilman Core proposed a 3% Cost of Living pay raise for the MC today. This is long overdue since the Council hasn't had a raise of any kind since 2009. This is scheduled to be voted on next Wednesday and will become effective Oct.1, 2012.

Ray McClain, Osage Shareholder