

Minerals Council Meeting

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Not much excitement today at the Minerals Council meeting. In his report, Council accountant Jim Swan told us that production was up last month. The new, 20% royalty oil now makes up well over 16% of our total production now. When this little number gets up to 35 or 40 percent we will be in high cotton again, and well on our way to doubling the early 2011 production rate. I am an optimist of course, but this could easily happen in mid to late 2014. Keep watching for that little number in the MC Quarterly Newsletter. Mr. Swan's quarterly report is published there.

They were supposed to have discussed hiring a new secretary in executive session today, but I haven't heard of any results.

Chairman Galen Crum asked for a resolution to approve retaining an expert to develop a strategy to defend against any further actions concerning bringing wind farms back into the county. The resolution passed. It is probably a good idea to be ready in the future because the last time this came up, we went to court totally unprepared, and we lost. We tried to do it on the "cheap," and that just doesn't work good in Federal Court. We found out the hard way. However, right now it doesn't seem likely that "wind farms" will be back anytime soon. I am told that the company planning this, lost their financing when the tax credits went down the drain last fall. Apparently, these things are not a good investment if they must pay taxes on their earnings.

Chairman Crum also announced today that the Shareholders have a little more cash coming, thanks to the HPP Trust Case. This is not additional settlement money. It seems that when the US Government first built Hulah Lake, there were some disputed "water rights" involving the Osage Tribe. These water rights were apparently evaluated and legally appropriated by the Government and the lake was built, but for some reason, the funds were never paid. The people negotiating the HPP settlement agreed that this money should be paid and distributed. That is about to happen for us.

Also, OST has an account named "whereabouts unknown," where Headright money is kept that is due to people who cannot be found. Some of this money has been there for many years, and is now eligible to be returned to the normal payout accounts and distributed to the Shareholders that they can find. I don't know what

the rules are that govern this account, but I'm quite sure that great diligence is exercised to find the rightful owners before declaring any funds to be "eligible for distribution."

These two little "house cleaning chores" will net the Shareholders approximately \$1.8 million dollars.

Now don't be expecting to get this check before Christmas, cause 'that ain't gonna happen.' Several other things must happen first. First, the claim for restoration of the money must be made through all the proper channels, with the last stop being the US Congress. Congress then has 60 days to approve or reject the claim. If Congress takes longer than the allotted 60 days to make a decision, then the request automatically becomes approved and payable. I'm sure we will not see a separate payment for this and it will simply be put in the segregation account and distributed with the next quarterly payment due. If everything goes perfectly, I guess we could see it in March, but I really don't expect Congress to get off their grid-locked butts and get much of anything done quickly. June payment for this would be much more realistic. Unless Congress rejects the claim. If that happens, it's anybody's guess what would be next. Just be an optimist. It's easier.

Speaking of March payment, I won't be surprised if is a little lighter than what we are used to seeing. Oil prices have been in the mid 80's (today it's \$84.35) for the last 3 months, and no big lease take downs have happened recently to bump it up any. March payment should still be pretty good, tho. Maybe our producers are saving up for Christmas and spending their extra money drilling new wells. That's even better.

Ray McClain, Osage Shareholder