

Osage Minerals Council Meeting 3/20/2013

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March 23, 2013

This meeting opened with a prayer by Councilman Myron Red Eagle, given both in English and in the traditional Osage language.

Tribal accountants Leslie Young and Julia Hutson gave their reports. Ms. Young stated that we were currently 43% into this fiscal year, and have used only 31% of the funds budgeted.

Minerals Council auditor Jim Swan gave his report. He told us that all the numbers were up, and for the first time he can remember, royalty barrels were over 14,000 for the reporting month. The average price per barrel was \$93.31 for January, 2013. This will help shore up the June payment a little. It's now looking to me like June, 2013 could use some help, too. In January, 2013, royalty barrels were 1,360 barrels more than January of 2012. Since Encana and Devon's 14 or 15 new Hz's are just now going on line, this monthly total will hopefully keep going up and up. By the end of the year, CEJA and Spyglass will have another 15 or more Hz's coming on line.

The BIA answered several questions, but gave no reports that I recall.

Wah-Tiah-Kah Scholarship recipient Sam Sadler attended this meeting and expressed his appreciation to the Council for selecting him. Three other recipients of the Scholarships were at the March 15 meeting.

After about 1 ½ hours in executive session, the Council returned to:

- 1.) Propose and pass a resolution to lease to Encana, an additional 10 leases within their concession for a total of \$200,000 in bonus, and;
- 2.) Propose and pass a resolution approving a request by a Mr. Bruce Krebs concerning an oil and gas combination lease, and;
- 3.) Propose and pass a resolution for a Mr. John Sanderson for 4 oil and gas leases for the minimum lease price each, and;
- 4.) Propose and pass a resolution to approve adding gas to 3 of 4 leases that Tyler Oil Company of Hominy had recently purchased. He was charged the minimum lease rate for combination oil and gas leases for each. Mr. Tyler grew up in Hominy and these are his first leases. This shows that with enough determination, it is still possible to get into the oil business in the Osage, and I'm sure we all wish him the best of luck.

In old business, Councilwoman Boone again made it quite clear that only Minerals Council members and spouses would be allowed to attend the Encana field trip to their new production facility on the west edge of Pawhuska. Since average Shareholders can't go, and I can't go to do a report on it for you, why does she persist in even bringing it up, and in two consecutive meetings, no less? What's the point?

A resolution to extend further negotiations with the Negotiated Rulemaking Committee for an indefinite period of time by Councilman Curtis Bear was passed 5 to 3, with Crum, Abbott, and Yates voting “no.”

In new business, Councilman Myron Red Eagle proposed a resolution to terminate the services of NRC attorney Merrill Godfrey and oil and gas expert Dan Renieke, effective immediately. After a short discussion to clarify the resolution, it was passed 5 to 3, with Crum, Abbott, and Yates voting “no.”

In committee reports, Councilwoman Boone proposed additional revision to the office staff policy. This was passed 7 to 1, with Abbott voting “no.”

This meeting adjourned about 1:30 PM.

In my opinion, several good things happened today, and some things happened that I guess I just don’t understand. The good things were the numbers reported by the accountants and the auditor. Also, the new leases done today are a definite sign of progress, and in particular, the very welcome \$200,000 bonus and probably a drilling commitment by Encana, and Mr. Tyler’s entry to the oil business in the Osage. Maybe more of our local young men will be encouraged by this.

I am not happy with Ms. Boone’s announcement which apparently excludes me from tagging along on this field trip, but then I haven’t been happy with a lot of her previous announcements, either. Maybe she will offer a report on this field trip to the Shareholders. That would be interesting.

I just don’t understand the necessity of this moratorium on participating in the revision of the CFR’s that started out last Friday at 6 months, and then somehow grew to “an indefinite period” over the weekend,. What some others may not understand, is that the BIA doesn’t really need any Minerals Council, or Producers’, or landowners’ input to do about anything they want to these CFR’s. They had an obligation to invite the Minerals Council to participate, and they have fulfilled that obligation, but when the Minerals Council then declines to participate by issuing a resolution for a moratorium, especially one for an indefinite period of time, it looks to me like it may be possible that the BIA could consider that to be an unreasonable delay, and simply go right on without them. If that happens, our Producers may be in for a really big hit in several different areas, and hits that some may be not able to afford. It will cost the Producers more even money and we lose Producers that way. How can this be a good thing?

As for firing our attorney and our oil and gas expert 10 days before the final session of negotiations, that is akin to sending the infantry back home on the day before the battle. How can we win like that? I sure hope someone has a “plan B” for this one.

Ray McClain, Osage Shareholder