

# Osage Minerals Council Meeting

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

January 16, 2013

The meeting opened with a prayer from Councilman Myron Red Eagle. This was the first time I have heard Myron give the opening prayer without doing a part of it in the Osage language and I really missed the uniqueness of this. The tribal accountants gave their reports on the C-395 and S-510 accounts. Leslie Young stated that we had come through the first quarter of the fiscal year using only 17% of the annual budget. That sounded very good to me. Auditor Jim Swan reported that production had been steadily rising and was up again this month. The 20% royalty oil made up 16.1% of the total production.

The BIA Supervisory Petroleum Engineer Charles Hurlbert and Acting Supt. Rhonda Loftin answered a couple of questions but otherwise had no other reports to offer today.

Chairman Crum then called for the vote to take the meeting to executive session. Encana was scheduled today, and a couple of others showed up requesting time in executive session, which was granted. This wound up taking nearly 2 hours.

Following executive session, the December 2012 minutes were approved, subject to one correction, and Cynthia Boone proposed a resolution to prohibit the MC from purchasing funeral flowers for anyone except Shareholders. This was discussed for about 20 minutes, and finally was reworded to basically the way it was before they decided they needed a resolution. I nearly went to sleep while this was going on, but I think the vote was 8 to 0 approving the resolution.

Ms Boone also presented a resolution for an addition to the office policy and procedures. No one ever told us what the new policy was, but it must have been good. The vote was 8 to 0 to approve.

Ms. Boone then presented a resolution to send a letter of support for former Agency Superintendent Melissa Currey to the BIA. This certainly woke everyone up. All 8 of the Council had something to say about this, and the issue was discussed for about 30 minutes. The motion to approve was made by Cynthia Boone and seconded by Melvin Core. Voting yes were Red Eagle, Whitehorn, Bear, Boone, and Core. Galen Crum voted no. Abbott and Yates abstained, stating that they didn't feel that the MC should be voting at all on an issue that was clearly the business of the BIA. Abbott said that the Council has had it's hands full

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lately just trying to keep a receptionist. The resolution was approved 5-Y, 1-N, 2-abstain. The meeting adjourned about 2:30 PM.

During the timeout for executive session, I got a chance to visit a little with representatives from Encana, Devon, and Spyglass.

The **Encana** rep told me that all of the problems with shipping oil encountered last week had been resolved. Later in the day, another Encana rep called me to say that the 2 new leases on the west side of Pawhuska had been shut in by Encana. It seems they had made arrangements with a gas purchaser to take the 1,000,000 plus MCF per day they had been venting, but the pipeline necessary to carry the gas must cross a mile or so of the Bluestem Ranch (Ted Turner property), and Bluestem had denied them access to a right-of-way. When venting gas like this, the royalty due the Shareholders must still be paid by Encana, whether the gas is vented or sold. It is obvious that is not a sound business practice, nor is a sound practice from an ecological standpoint. Therefore, Encana decided to shut the lease down until the matter is resolved. Now, Encana, nor the Shareholders, will receive any money at all from this huge production unit until production resumes.

The Code of Federal Regulations for the Osages clearly states that access to the Minerals Estate cannot be denied by a land owner, and titles to all real estate in Osage County clearly state that the mineral rights are owned separately and apart from the surface property. It is totally the responsibility of the BIA to enforce these regulations, and they have totally failed to take care of the problem for many years. This is probably one of the primary complaints lodged against former Supt. Currey. This one incident will cost Encana and the Shareholders several million each month until it is resolved. I wonder how those Council Members who voted for this "letter of support for Currey" today would justify their vote in light of this dilemma.

One glimmer of hope, there is a meeting between 5 or 6 of the major ranchers, including Turner, the upper echelon BIA from Washington, Pawhuska BIA, and the Minerals Council tomorrow in Tulsa to try to find a resolution to the problem. If they don't come home tomorrow with a solution, this could go to Federal Court and take years to resolve. I'll let you know when I hear something.

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**Devon** expects to have all 7 of their new Hz's pumping oil by mid-March. They will spend the next several months evaluating what they have, and will then decide on a strategy for further development.

The **Spyglass** rep was pretty tight-lipped today, but he did tell me again that they had indicators of some very good things from the deep well. He said that they had shows of methane, hydrogen, CO<sub>2</sub>, C-5, and helium, and no H<sub>2</sub>S. Detection of these elements was only possible when they were drilling with air because the weight of drilling mud would hold these gasses back in the formations. Drilling with air takes at least 750 cubic feet of air per minute. This much air flow severely diluted the gasses coming from the formations, making it impossible to do much more than detect minute quantities. They've started pumping down the water now and expect to be able to start testing in 2 or 3 days.

Spyglass has also scheduled 9 new Hz's and 3 SWD's in their Personia West concession. Work will start very soon, and they expect to have everything completed in September, 2013. I didn't specifically ask, but I'm pretty sure these are all Mississippi Lime or Chat wells.

I hate to say it, but today I was very disappointed in our Minerals Council. This letter of support for Ms. Currey will do absolutely no good what-so-ever for Ms. Currey or for getting her job back. What it does do is tell the BIA that we really don't want any changes made at BIA, just leave things like they are. Of the several BIA, BLM, and DOI officials on the Negotiated Rulemaking Committee, not one has said that they have seen even 1 thing being done right by Pawhuska BIA in the field operations or in the accounting. This is a sad situation.

In a separate document posted adjacent to this one, I have listed some of the charges leveled against Ms. Currey and others and filed with 2 Federal investigators. I was surprised to find out that the first of these charges were filed nearly 5 years ago, and more keep being added all the time. They are made by many separate individuals, working in different departments and for different entities, and vendors, Shareholders, and Lord knows who all else.

After reading this, check out this list of charges, and if any bells ring for you, call your favorite Councilperson. Maybe some of them can tell you why they want to pat Ms. Currey on the back. I sure can't explain it.

Ray McClain, Osage Shareholder