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Washington trip spurs debate at Osage Minerals Council meeting

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PAWHUSKA – There was a lot of sound and fury at the [Osage Minerals Council](#) meeting on Friday, but no action.

For 58 minutes the council debated the merits of four members making a trip to Washington, D.C., on Aug. 8 on the oilmen's dime.

“ I am sorry that the people that took this trip do not see there was a conflict, said Councilman Galen Crum.

The four council members, Curtis Bear, Cynthia Boone, Melvin Core and Dudley Whitethorn, went to Washington with Rob Lyon Jr., Bob Sullivan Jr. and James Sicking. They met with Bureau of Indian Affairs Assistant Secretary for Indian Affairs Kevin Washburn. Lyon is president of Link Oil Co. and the Osage Producers Association. Sullivan is manager of Sullivan and Co. Sicking is an attorney and member of the Osage Producers Association board of directors.

Crum questioned the ethics of the four going on a trip funded by the producers.

“ I am not at war with the producers, Crum said. “ But, I believe a line was crossed when they took that money for the trip.”

There is room for disagreement as there are times the council members are not on the same page, Crum said.

“ The producers want to operate as cheaply as possible, Crum said. “ We want more money,

Yet, there was a perception that the four went as paid spokespeople for the producers, Crum said.

“ The perception is that they have abandoned their position as representatives of the shareholders, Crum said. “ That is the perception I am hearing from folks.”

Bear said once he was invited, he felt an obligation to go and was not going to feel guilty about it.

“ I felt I was doing my job to go and represent the shareholders, Bear said.

The council has the same goal, but different ways to get there, Bear said.

“ We are all passionate about our beliefs, Bear said. “ But we are all in this together.”

Councilman Sonny Abbott asked why he was not invited.

“ You say, We are all in this together, he said, but if that is the case, why wasn't I invited?”

Bear replied that no one questioned who was going on the trip.

“ I believed I was taking care of shareholder business, Bear said. “ I would ask the producer why you were not invited.”

The OPA paid for the trip, Lyon said Wednesday in an interview with *The Journal Record*.

The OPA, worried about the possible negative consequences proposed production rules will have on producers' bottom line, in May began a war chest to prepare for a either a legal fight or a public relations battle against the proposed rules, Lyon said.

It is no secret that the Osage County producers are concerned about what they claim will be higher costs to do business in Osage County once the rules become law, Sullivan said.

“ The producers have been operating in Osage County more than 100 years and when something threatens that, it should be no secret that we will get together and defend ourselves, Sullivan said.

The Washington meeting focused on the [Negotiated Rulemaking](#) Committee's proposed revisions to the Code of Federal Regulations, or CFR, which governs production on the Osage Minerals Estate. The four who went to Washington have been vocal in their opposition to the proposed set of rules targeting oil and gas production in Osage County. Councilman Myron Red Eagle, who also opposed the proposed rules, did not attend the Washington meeting.

The five members passed two resolutions this past spring: One urged members of the nine-member committee drawing up the CFR to avoid targeting producers and a second sought to slow down the process.

Producers strongly objected to the rules as they raised costs to do business, cut into the price oilmen earned for crude oil and shortened the time oilmen can develop a lease. Producers complained that the process was rushed and asked for more time to work with the government and landowners, who also had gripes about dangerous emissions of hydrogen sulfide gas, leaking tank batteries that ruined the surface and exposed electric lines spread across the ground that killed cattle that came in contact with the lines.

Three of the Minerals Council members, Abbott, Chairman Andrew Yates and Crum, who was chairman during the process, were members of the nine-member committee rewriting the CFR. All three voted for the proposed rules.

Boone said she was proud to go on the trip.

“ And, before I got back there were emails flying around with an ‘ off-with-their-heads mentality, without getting the facts, Boone said. “ The four members that went were the ones that did not agree with the negotiated rulemaking changes. We were part of the majority that wanted more time to research the issues. We and those producers are of like mind.”

Linda Haskett, a shareholder, said that the latest shareholder check is shrinking and blamed the proposed rules for scaring away oil companies and reducing production.

Only a fraction of the Osage Nation receives royalties from its mineral estate. Last quarter, a person with a full royalty, or what is known as a head right, received \$9,110. The next check, to be paid in September, is [\\$9,035](#), according to the Osage Minerals Council website.

Yates countered that production was as high as it has ever been.

Lou Phillips, a shareholder in the audience, said she would not have allowed the four to go.

“ Have you not heard the phrase united we stand and divided we fall?” she said.

LeeAnn Ammons, a shareholder in the audience, said the rulemaking was stuffed down the throats of the producers.

“ If we do not help the producers, they will not be able to help us, Ammons said.

Bear said talks should start over, including all the stakeholders.

“ I made statements about slowing this thing down, and it fell on deaf ears, Bear said.

The proposed rules, approved in April and sent to the Department of Interior for review, are expected to be published and then a public comment period opens. After that, the rules will be sent to Congress, where they will be approved or voted down.

The Minerals Council, landowners and producers have all been to D.C. All three groups are on the record asking for the rules to be sent back to Pawhuska.

After nearly an hour, Yates announced that discussion was over and said the group needed to stick to the agenda, ending discussion.

The group also met with Michael S. Black, BIA director; Jack Haugrud, an attorney for the solicitor generals office within the U.S. Department of Interior; Vanessa Ray-Hodge, a senior counselor to the solicitor within the U.S. Department of Interior; and Richard Sawaya, the Washington representative for Devon Energy.