The Sky is Falling

http://www.Osages-You-Need-To-Know.com **April 9, 2015**

The sky is falling, the sky is falling, and it's all the BIA's fault.

Now just how ridiculous can we get here?

The following report was taken from an investment advisor's publication, *Money Morning,* and the *Tulsa World* newspaper. I am posting this in response to remarks made by an anonymous person posting on http://osageblog.blogspot.com/2015/03/osage-shareholder-matters-march-2015.html on April 8, 2015 at 12:45 PM. It's hard to believe that an Osage Shareholder would make such inane, uninformed, and possibly libelous remarks. And who knows, maybe it wasn't a Shareholder, but someone else posting on this open Shareholder's blog.

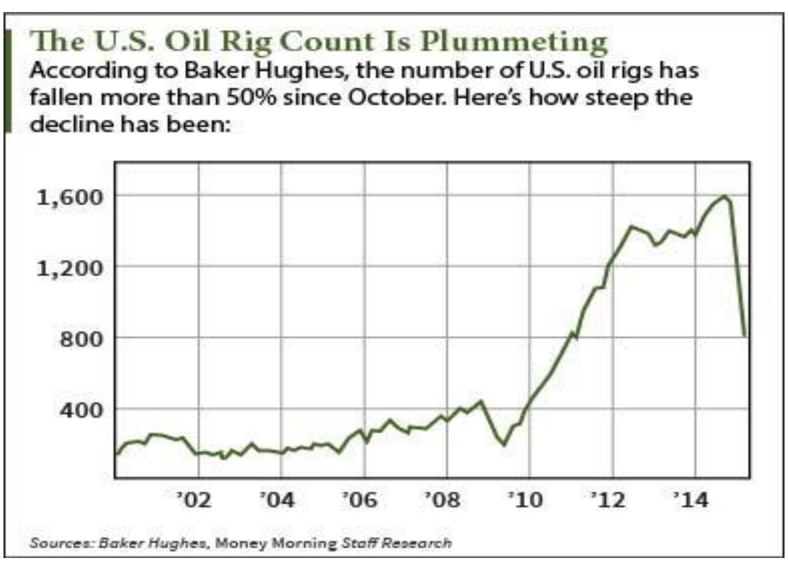
If you will read the following information, you will see that it's not just Osage County that's suffering, it's the entire USA. In fact, Osage County may be in better shape than many other places.

April 7, 2015 Money Morning

Slumping oil prices have been a benefit at the gasoline pumps, but its wreaking havoc on our nation's energy workforce.

Amid a **55% plunge in crude oil prices** since last June, there have been roughly **91,000 energy sector layoffs** announced since late December.

Workers in Texas and North Dakota have felt the brunt of the pain according to analysts at Moody's Analytics.



According to the Bureau of Labor Statistics, some 600,000 work in the U.S. oil and gas sector. With **industry layoffs** approaching **100,000**, the economic impact is huge. These are high-wage jobs being lost.

The U.S rig count has fallen by more than 50% since October. For every rig idled, about 40 people lose their jobs. The average pay package for drilling rig workers is $100,000.

More layoffs are expected, and that's troublesome.

"Without question, the increased announcements of layoffs this year has been in energy extraction," Steven Pressman, professor of economics and finance at Monmouth University in West Long Branch, N.J., said. "Worrying people right now are the layoffs yet to come. That unknown is unsettling, and will weigh on the economy.

Warnings about unsustainable debt held by energy companies and a burst of bankruptcies are expected to result in more pink slips.

More Energy Sector Layoffs Ahead in 2015

On March 18, Quicksilver Resources Inc. (OTCMKTS: KWKAQ) filed for Chapter 11 bankruptcy protection. In regulatory filings, the energy company said it had $2.35 billion in debt and $1.2 billion in assets. Management said it would face a "potential liquidity shortfall" in the first quarter of 2016, for reasons including its mountain of debt and the **oil crash**.

Dune Energy, a small Houston-based oil and gas producer filed for bankruptcy protection in federal court on March 9. Dune's bankruptcy filing came less than a week after Houston-based Cal Dive, an offshore oil services company, filed for bankruptcy protection.

Here's a look at some of the most notable year to date energy sector layoffs…

2015 Energy Sector Layoffs – 91,000 and Counting

Apache Corp. (NYSE: APA) began laying off workers worldwide in mid-January. The oil company didn't say precisely how many workers will be let go. They did, however, peg the number at around 5,000. That's about 5% of APA's workforce. A slowdown in activity and a budget reduction amid **falling oil prices were cited.**

Baker Hughes Inc. (NYSE: BHI) and **Halliburton Co.** (NYSE: HAL) agreed in November to merge in a $34.6 billion deal. Early this year, Halliburton said it's cutting 1,000 jobs. Baker Hughes, meanwhile, is laying off 7,000. That's 11% of its workforce. ***Zero Hedge*** shared this startling stat: When it comes to pay, each Baker Hughes job is equivalent to about 10 waiter and bartender jobs. Those service jobs have been the basis of America's job "recovery."

Schlumberger Ltd. (NYSE: SLB) reported Jan. 15 it would cut 9,000 jobs. That's 7.3% of its 120,000-person workforce. The cuts were announced "to better align with anticipated activity levels for 2015." Slow drilling activity **due to oil's steep price drop** was cited**.**

British Petroleum plc (NYSE: BP) said on Jan. 28 it will lay off workers from its Houston office complex, where some 6,000 are employed. BP hasn't said how many jobs are being cut, but said some employees have been notified. **BP attributed the layoffs to falling oil prices**, adding that more job cuts are expected.

Chevron Corp. (NYSE: CVX) ANNOUNCED on Jan. 22 it will cut 162 jobs from its Appalachian natural gas exploration unit. The move represented the **first major layoff** to hit Marcellus shale operations **since oil prices began falling last year.**

Civeo Corp (NYSE: CVEO), a provider of housing for oil workers, laid off more than 1,000 workers at the start of 2015. CVEO primarily houses workers in the Canadian oil sands industry, a previously red-hot area of the North American economy **reliant on lofty oil prices to turn a profit.**

Conoco Phillips (NYSE: COP) reported March 31 it has begun laying off people at its former corporate headquarters in Bartlesville, Okla. The company wouldn't confirm how many workers are caught up in the reduction, but estimates peg it at dozens. COP is laying people off companywide, including at its Houston base.

Nabors Industries Ltd. (NYSE: NBR) reported March 3 it has cut 3,480 jobs. That's 12% of the Bermuda-based driller's 29,000 workforce. Nabors' active U.S. rig count is down 32% from its 2014 peak.

United States Steel Corp. (NYSE: USX) – though not technically in the energy sector – announced on March 26, the temporary idling of its plant in Granite City, Ill. The move, spurred by **reduced demand from the oil and gas industry**, puts 2,080 employees out of work.

Nowhere is it mentioned that these terrible BIA regulations are responsible for anything!!! This propaganda comes only from Osage County. Go Figure!
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Energy Industry Layoffs

As per Tulsa World March 28, 2015

	Company	Energy Sector	# of layoffs
1.	Samson Energy	Oil Producer	26
2.	IPSCO Tubular	Pipe maker	200
3.	Samson Resource	Oil Producer	270
4.	Team Oil Tools	Equipment mfg.	95
5.	Helmerich & Payne	Drilling rig mfg. & cntr. drilling	2,000
6.	Laredo Petroleum	Oil Producer	75
7.	WPX Energy	Oil producer	83
8.	SM Energy	Oil producer	100
9.	Apache Corp.	Oil producer	216
10.	Baker Hughes	Oil field service	7,000
11.	Schlumberger	Oil field service	9,000
12.	Halliburton	Oil field service	6,000
			25,065

These are worldwide numbers, but all of these companies have (or had) offices and employees in Tulsa and Osage County and many are totally Tulsa based. No one can tell me that all of this drilling shut down is because of the BIA's regulations any more than they can tell me that Galen Crum, Andrew Yates, and Sonny Abbott have caused the shut down. If these three men had that much influence, I can assure you that things would be going the other way.

I have yet to see even **ONE** Shareholder get up and say that they don't want the lack of accountability and sometimes the outright thievery of our royalty MCF's and BBL's that's gone on over the last 100 years STOPPED RIGHT NOW.

Well folks, that's what they are saying when they say they don't want the CFR's to be updated. It's as simple as that. I know that this is going to cost our Producers a little money. They don't like that, and I certainly can see their point of view. But just remember, we haven't had a substantial CFR update in well over 20 years.

We had a little H_2S 20 years ago, but nothing was put into the CFR's addressing this deadly problem at the time. Now we have a lot more of it. It must be regulated.

We have directional drilling and horizontal production now that was unheard of in the Osage 20 years ago. It too, must be regulated. It's regulated everywhere else.

We have much more stringent EPA regulations now that must be addressed, particularly concerning venting and flaring of natural gas and H_2S. This must be regulated.

We had a little fracking going on 20 years ago, but nothing like the hi-tech, hi-pressure, hi-additives fracking that's happening now in the tight oil plays. But we have no fracking regulations.

So far, we haven't had any earthquakes here, but we don't want any either. This is why waste disposal wells, water flooding, and hi-pressure—hi-volume fracking must be regulated closely. If we start having a lot of quakes here, our whole Minerals World could nearly disappear with the stroke of the pen of some government official somewhere.

I would be one of the last to say that any Producer is stealing anything. They don't have to. We have been giving a lot of our product away in the past through mistakes made by the Council and the BIA when designing leases and some estimate that as much as ½ of our gas has gotten away from us through bad gas sales contracts approved by the Council and the BIA and poor or non-existent metering.
I don't blame the Producers. If I were a Producer and I was handed gas and oil that I didn't have to pay for, I would take it too. A few Producers hate to see this stop, but STOP IT MUST!

This is why Andrew Yates, Sonny Abbott, and Galen Crum deserve all the kudos we can give them. These guys saved the day at the Negotiated Rulemaking meetings and when the dust settles, we will all be thanking them for listening and learning and then making some very tough, sometimes politically unpopular decisions. They certainly have my thanks.

Ray McClain, Osage Mineral Estate Beneficiary