

Osage Minerals Council Meeting Jan. 10, 2014

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Chairman Andrew Yates opened the meeting at the Wha Zha Zhi Cultural Center at 10:10 AM with a prayer by Councilman Myron Red Eagle.

BIA Supervisory Petroleum Engineer Charles Hurlburt gave a brief report. Answering a question, he said that somewhere between 12 and 20 wells had been plugged by Producers during 2013, and that none had been plugged by the BIA/MC during that period. He also told us that he had no production numbers yet on the increase in production that Chaparral Energy had been predicting for the North Burbank Unit. Further, he said that he didn't expect a radical increase in the first month or so, but he hoped to have some information for us next Wednesday.

BIA Acting Superintendent Robin Phillips spoke about a letter that was supposed to have been sent to all non-Osage Head Right holders about 2 years ago, offering to buy back their Headrights. The letter was authored by the Minerals Council, and was given to the Office of the Special Trustee for Indians (OST) for mailing. After further consideration, the OST decided that it should be sent by the BIA, and the letter was given to them. Someone dropped the ball, and the letter was never sent. The Council agreed that the letter would be rewritten using the current date, and sent out.

Darryl La Count, Assistant BIA Director for Development was here today to explain the Trust Account Management System (TAMS). This accounting system is being employed by the Pawhuska BIA agency. He told us that a section is being added to the existing system that is adapted exclusively to the Osage. This will streamline the accounting for oil and gas production, and other things.

Councilman Abbott, Chairman of the Election Committee, told us that the Committee had met with the balloting company and the tentative election supervisor. He said that the committee was pleased with the information provided and the results of the meeting.

Councilman Abbott, also Chairman of the Budget Committee, then told us that he is trying to find the reason why the billing from the wind farm attorneys has not been paid since July. He assured us that he would pursue this issue until he finds the problem.

This very short meeting adjourned about 11:30 AM.



IN MY OPINION:

I was disappointed that we got no information on the North Burbank Unit production today. Maybe this is something that the TAMS system will improve. We have been promised great things from Burbank, but so far, we hear nothing. I had been told “unofficially” a couple of days ago, that many extra work-over rigs were concentrated in an area north and west of Webb City. This would be within the NBU. Then, I was told today, again “unofficially,” that Chaparral was having problems with oil, etc., oozing up out of the ground up there in unexpected places. If this is true, it might be the result of 90 year old, poorly plugged wells beginning to leak oil as the formation pressure rises from the CO₂ injection process. I suspect that some of our early day wildcatters might have been in such a big hurry to find another gusher, they might have gone off and left some shabby plugging jobs. I do know that Chaparral has diligently searched for abandoned wells, and has no doubt re-worked or plugged at least a thousand wells, in anticipation of the higher formation pressures. This problem might throw a kink in some of Chaparral’s earlier prognostications and their time table. At least we know that the oil is starting to move.

I sure hope that Councilman Abbott can get these lawyers paid quickly. It would be a shame to lose the lawyers AND the wind farm issue, just because someone didn’t pay the bills properly.

Ray McClain, Osage Shareholder