

# Osage Minerals Council Meeting Mar. 19, 2014

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03/24/2014

Council Chairman Andrew Yates opened the meeting today at 1:15 PM with a prayer by Councilman Curtis Bear. Chairman Yates told us that the lease sale today brought us \$356,200 in bonuses. We should receive this on the June, 2014 check.

The Tribal Accountants were not present, but the Council was furnished a written report from each. Auditor Jim Swan was ill today, but his report was also furnished to the Council.

BIA Supervisory Petroleum Engineer Charles Hurlburt told us that ODOT had added 2 more wells to the list to be plugged to make way for the Hwy 60 relocation project west of Bartlesville. This makes a total of 15 wells. Apparently, some negotiations with ODOT had taken place, because ODOT's offer of \$138,000 to compensate for the anticipated loss of royalty income from these wells was later accepted by the Council by a vote of 8 yes and 0 no.

BIA Acting Superintendent Jeanine Hale gave a brief report and answered a few questions.

A very brief executive session was held, but no explanation was given that I heard.

Under **New Business**, Ian Chavez and Wilson Pipestem reported on the status of the wind farm issue. Due to the poor sound system in the room, I couldn't hear much of what they said, but it's my understanding that our opposition to the wind farm is still very much alive.

Under **Old Business**, ODOT's Greg Massey gave a report on the Hwy 60 project.

The Candy Creek Crusher project by Anchor Stone, providing the Shareholders a royalty of 52¢ per ton for the 1<sup>st</sup> year, with a 1¢ raise each year for the following 4 years, was approved by a vote of 8 yes and 0 no.

Ms. Louella Marlman was asking the Council to renegotiate 13 leases formerly held by production. Apparently, the Company she had hired to operate the leases had failed to do the job properly, and the leases were being terminated by the BIA. A motion to terminate 4 of the leases was made and approved by a vote of 6 yes and 2 no, with Core and Yates dissenting.



The Council approved Short Oil Company's request to add Gas to an existing oil only lease. The oil will continue at the previously established royalty rate, but the new Gas royalty will be 20%. The vote was 8 yes and 0 no.

Small producer Matt Tilley had asked the Council to intervene in a negotiation he was having with Chaparral Energy. The Council declined.

The minutes from December, 2013, and January and February, 2014 were approved, subject to minor corrections. Chairman Yates asked that the staff and the Council work together better to get the minutes corrected and approved in a more timely manner in the future.

Councilman Crum proposed a resolution banning the use of Minerals Council equipment and materials for personal use. The vote was 6 yes, with Boone voting no, and Whitehorn abstaining.

Councilman Crum also proposed a resolution directed at preventing the existence of a hostile work-place environment at the MC offices. Ms. Boone objected, stating that the resolution only protected the staff and did not offer equal protection to the Council members. The vote was 6 yes, with Boone voting no and Whitehorn abstaining.

Councilman Crum then said he wished to clarify a matter concerning a statement Ms. Boone had made at a previous Council meeting concerning a donation request by the Chief James Bigheart family to erect a statue in honor of the 1906 Chief. He reminded us that Ms. Boone had told the meeting that a Producer had been offended by a Bigheart family member asking him for a donation. Crum said that he had talked to the Producer in question, and that the Producer told him that exactly the opposite had happened. It seems that the Producer had actually told the Bigheart family member that "if the Council decided to make a donation, then his Company would also make a donation for the statue." Ms. Boone denied making this statement in open meeting, but Councilman Crum said that is definitely on the audio recording of the meeting on the day in question. No further action was taken.

The meeting adjourned about 3:30 PM.

## **IN MY OPINION:**

I think we received very good prices at this March, 2014 lease sale. One went for \$68,000 (\$425.00 p/acre) and several more drew heavy attention. A 160 acre oil & gas lease going for the minimum price, only brings \$29.37 per acre. This sale

averaged about \$65.00 per acre. Along with the good part, I must tell you that 22 of the leases went for the minimum bid. There were 31 leases in this sale, and all were nominated and front money was put up by the producers for each lease. This means to me that NOBODY is leaving yet. I guess they all want to stay here and make money. Let's hope the next lease sale in September at the Oil & Gas Summit will be even better.

I was glad to see Chairman Yates start doing something about keeping the meeting minutes up to date. Approval of the minutes has been 5 or 6 months behind at times within the last year. Once approved by the Council, the minutes become available to the public. As long as they remained open for corrections, they were not official, and therefore not available to the public.

I still don't know what prompted Councilman Crum to put forth the resolution forbidding use of MC equipment and supplies for personal purposes. I can only assume that he found someone playing games instead of working on trusts, or maybe he suspected someone of blogging or campaigning on Company equipment. I can see where he might be upset by either situation, if it was happening.

I do have a pretty good idea why Crum put up the anti-hostile work-place resolution. There have been some real horror stories coming off of that hill recently. I just can't imagine why Cynthia Boone would object, though. It looks like she must be concerned about her own safety. I guess, when you think about it, those 3 little office girls do look mighty fearsome at times. I sure hope they don't hurt anyone. However, if one of them happened to turn mean, I could certainly understand it. They've had a very good teacher!

I hope the Council makes their decision soon about whether or not to donate to the Chief Bigheart statue project. Further delay in making this decision, and the decision on the plaque noting the first producing oil well in the Osage, serves no good purpose and it just leaves both subjects open for possible further distribution of misinformation. The statue will cost each full share about \$2.25 and the plaque will cost far less than that. Let your Council know what you want them to do, and let's either get it done or forget it.

Ray McClain, Osage Shareholder