

Osage Minerals Council Meetings, June 13 & 18, 2014

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6/20/2014

Friday, June 13, 2014

The Friday meeting was opened promptly at 10:00AM by Council Chairman Andrew Yates. A prayer was offered and the list of recently deceased Osages was read by Councilman Galen Crum.

BIA Supervisory Petroleum Engineer Charles Hurlburt reminded the Council that the deadline for nominations for the September lease sale is July 26, 2014. This prompted the Council to approve immediate advertising for the nominations. Mr. Hurlburt then spoke of the limestone rock being removed by the Hwy 60 construction contractor. He stated that the limestone is being crushed and will be used to build the road but no royalty has been paid on the rock. Councilman Crum said that although there had been ample opportunity for ODOT and the contractor to advise the Council at several meetings of their intent to use this rock, it was never mentioned. Councilman Crum estimated that the royalty due might be as much as \$150,000. The BIA indicated that they would follow through on this matter.

This was the new Osage Agency Superintendent Robin Phillips' first official meeting as Superintendent. She told us she was looking forward to serving, and welcomed the challenges. She said that the hiring and training is continuing, and that they will have 13 Petroleum Engineer Technicians in the field soon. She also said that they have 2 people now working on trusts and CDIB applications.

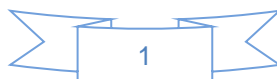
For the Executive Session, Tim Pinny with Candy Creek Crusher and a personnel issue were scheduled.

Following Executive Session, the Council voted to waive the procedure rules by 8 yes and 0 no, and then voted 8 yes and 0 no to accept the 2 week notice of resignation of receptionist Heather Burch, to be effective immediately, and to pay her full salary and benefits for those 2 weeks remaining.

Under Old Business, the Council read several phone polls into the minutes, and gave a brief update on wind farm activities.

Under Committee Reports, Andrew Yates, well plugging committee Chairman, said that 5 wells had been plugged in the Hulah Lake area, and that they were still scheduling 1 to be plugged at the Pawhuska High School.

The meeting adjourned about 1:00 PM.



Wednesday, June 18, 2014

Chairman Andrew Yates opened this Wednesday meeting at 10:00 AM with a prayer offered by Councilman Curtis Bear.

Tribal accountants Kelly Young and Julia Roe gave their reports.

Minerals Council auditor Jim Swan gave us the production numbers for the month of April, 2014. Daily production was up 161 bbl/p/day from the previous month, with average daily production now at 13,479 bbl/p/day.

In Minerals Matters, BIA Supervisory Petroleum Engineer Charles Hurlburt told the Council that there now are more than 200,000 acres now available for lease, and much of this is in historically prime areas where production has been found for years. The Council agreed to develop advertising that would advise potential producers of this availability, and to get it published as quickly as possible. Hurlburt also told the Council that scheduling was being done to get the well plugged on the Pawhuska High School property.

BIA Superintendent Robin Phillips told the Council that BIA had 3 more new positions opening up and advertising for them would begin very soon. Council Chairman Andrew Yates presented Ms. Phillips with a blanket and again welcomed her to the Osage.

Four items were on the agenda for executive session; Dan O'Toole with Encana, Matt Beavers with Devon, Steve Sewell with Hard Rock Operating Company, and a personnel issue.

Following the intermission, Councilman Sonny Abbott made a motion, seconded by Councilman Crum, to approve a request by Devon Energy to grant a 1 year extension on their concession obligation to drill 6 wells on the Donelson property, while Devon has agreed to immediately drill 6 wells in another area of their concession. A dispute over access to the Donelson property is set to be resolved in Federal District Court in Tulsa within the next few months. The vote was 8 yes and 0 no.

A motion by Councilman Red Eagle, seconded by Abbott, that the Council place an ad in the Oklahoma City "Journal Record" newspaper passed 8 yes, 0 no.

In Old Business, the minutes from the previous meeting were presented and after minor corrections, they were approved 8 yes, 0 no.

Councilwoman Cynthia Boone presented several new policy and procedures. Upon motion by Councilman Sonny Abbott, these were tabled for consideration by the new Council. The motion passed 4 to 3 with 1 absent. Boone, Bear, and Red Eagle voted no and Councilman Whitehorn was absent.

Councilman Galen Crum then presented a resolution directed at Councilwoman Boone's apparent disregard for the recently approved Anti-hostile Workplace policy. Below, find a copy of Resolution 2-250. The resolution passed 4 yes, 3 no, with 1 abstention. Boone, Bear, and Whitehorn voted no and Red Eagle abstained.

**RESOLUTION
OF THE
OSAGE MINERALS COUNCIL**

WHEREAS,

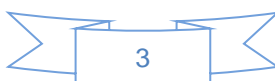
No. 2-250

1. The Osage Minerals Council, established pursuant to Article XV of the Osage Nation Constitution, is an independent agency within the Osage Nation; and
2. The Osage Nation Constitution vests the Osage Minerals Council with the powers to administer and develop the Osage Mineral Estate in accordance with the Act of June 28, 1906, 34 Stat. 539, as amended, such powers with prior to ratification of the Osage Nation Constitution were vested in the " Osage Tribal Council"; and
3. It is in the best interest of Headright holders to create an office atmosphere that is conducive to worker productivity;
4. Every Minerals Council staff person has a right to expect a work environment free of hostile and abusive treatment by Council members; and
5. Both former and current employees have reported a long history of perceived abusive and bullying behavior by Councilwoman Boone toward office staff;
6. Despite being asked by the office manager, Councilman Core, to cease all direct contact with our staff and route all requests through him, Councilwoman Boone has repeatedly ignored this directive, resulting in numerous complaints of hostile encounters between Councilwoman Boone and staff; and

THEREFORE, BE IT RESOLVED,

1. The Anti-hostile work place policy be invoked and that Councilwoman Boone be banned from the office area except when absolutely necessary to attend duly called Council and Committee meetings and collecting official communications from Council mailbox; and that she cease all direct contact with office staff, instead directing all legitimate requests through the Council Chairman and or office manager.
2. The Chairperson of the Osage Minerals Council is hereby authorized to sign this Resolution.

CERTIFICATION



I hereby certify the foregoing Resolution No. 2-250 was considered by the Osage Minerals Council at a duly called meeting in Pawhuska, Oklahoma, at which a quorum was present and the same was adopted by a vote of in favor and opposed on this 18th day of June 2014.

Chairman Andrew Yates

Attest:

Secretary

Resolution 2-50 was signed June 18, 2014.

Anti-Hostile Workplace Policy

1. Osage Minerals Council staff members are not private secretaries for Council members and should never be asked to perform tasks that are not directly related to legitimate Council business.
2. Staff members are always to be treated with respect and dealt with in a professional manner. Shouting, bullying, intimidation and sarcastic remarks will not be tolerated.
3. When discipline is necessary, it should be properly documented and conducted by the office manager or the Chairman. A well understood explanation of the undesirable behavior, as well a necessary corrective actions should always be clearly explained to the employee.
4. Osage Minerals Council members that fail to abide by these standards not only disrupt the efficient conduct of Mineral Council business, but pose a significant litigation liability to the Council as a whole. Offending Council members may be banned from office privileges by a majority vote of the remaining Council members. As such, they would be prohibited from being in the office area except for meeting days, committee meetings, and collecting official communications. They would also be required to refrain from direct contact with staff members, instead, directing their legitimate requests through the office manager or Chairman.

This final meeting of the 2nd Osage Minerals Council adjourned about 1:15 PM.

IN MY OPINION:

I was happy to see a little more positive report from Jim Swan today. This average daily production is a very important item. It is good to see this number slowly creeping up again, and this is the highest it has been since October of 2013.

I was told outside of the meeting that Chaparral's CO₂ enhanced oil recovery project is finally showing some signs of life with a 10% increase in production. Ten percent of less than 1500 bbl/per/day isn't much yet, but we must remember, that most of the pump jacks that had been previously used on these recovery wells to pump just a few barrels each day had been removed to enable the wells to flow when the formation pressure became high enough. Let's hope that this is a sign that the pressure is rising, and will continue to rise as Chaparral expects it to do.

The new Middle East crisis will likely cause oil prices to rise. This will be good for our Headright checks, at least for a while. Just keep in mind, that total U.S. production is rising every day, also. The Arabs will settle down before long, and the price for our oil could take a dramatic nosedive.

It is a shame that Resolution 2-250 became necessary, but there have been hundreds of hours over the last four years, totally wasted because of a lack of consideration and cooperation with the staff. In that time, twelve or more people have either left or refused to come to work for the MC because of this problem. I hope it stops here, before more permanent damage is done.

Ray McClain, Osage Mineral Trust Beneficiary