

Devon Considering Their Options

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After speaking directly with a Devon official this morning, things are looking slightly brighter than they were last week. He told me that although Devon is certainly concerned, they were not necessarily pulling out of the Osage. There are many options they are considering, and they will definitely be changing their approach in the short term to further development of their concession, but no irreversible decisions have been made yet. They have definitely decided to cease all further drilling and development until the Donalson dilemma is resolved. They do plan to continue to produce the wells they already have here for the time being, and they do plan to stay in this fight to protect their interests in the Osage.

Who could blame them for taking this stance? I would seriously question the sanity of any operator who would spend several million dollars to drill and complete a well, not knowing if they were going to be allowed to produce it or not. Devon had planned at least 3 new horizontals this year, as they continued to evaluate their concession. Now there will be zilch wells drilled, probably anywhere in the county. Thank You, Ms. Donelson, Mr. Friend, & Mr. Drummond---and possibly Ted Turner. It has been said many times that Ted Turner had offered to finance anyone who would file a legal action to weaken or eliminate the Osage/BIA control over our Mineral Estate. I don't know if that is the case here or not, but it sure looks like this would be an excellent opportunity for Turner to try to muscle in, doesn't it? This could be called an effort to "break the Trust."

BIA's apparent insistence on Producers immediately complying with the NEPA ruling to provide environmental assessments for ALL operating leases isn't helping much, either. This alone would have slowed down even the strongest of Producers, and will make it very difficult for all the smaller ones. We must find a way to convince the BIA that they must allow a reasonable amount of time for the operators to get this done. If BIA had started enforcing compliance 10 years ago like they should have, it would be behind us by now, so they certainly bear 100% of the responsibility. Shutting down or terminating leases overnight is not the answer. The Agency Superintendent must be given the authority to waive these immediate compliance requirements, as long as each operator can show he is making a diligent effort to get it done. Monitoring the compliance efforts by operators will take even more extra help at BIA for a while, but this is of their own doing.

Ray McClain, a very concerned Osage Mineral Estate Beneficiary