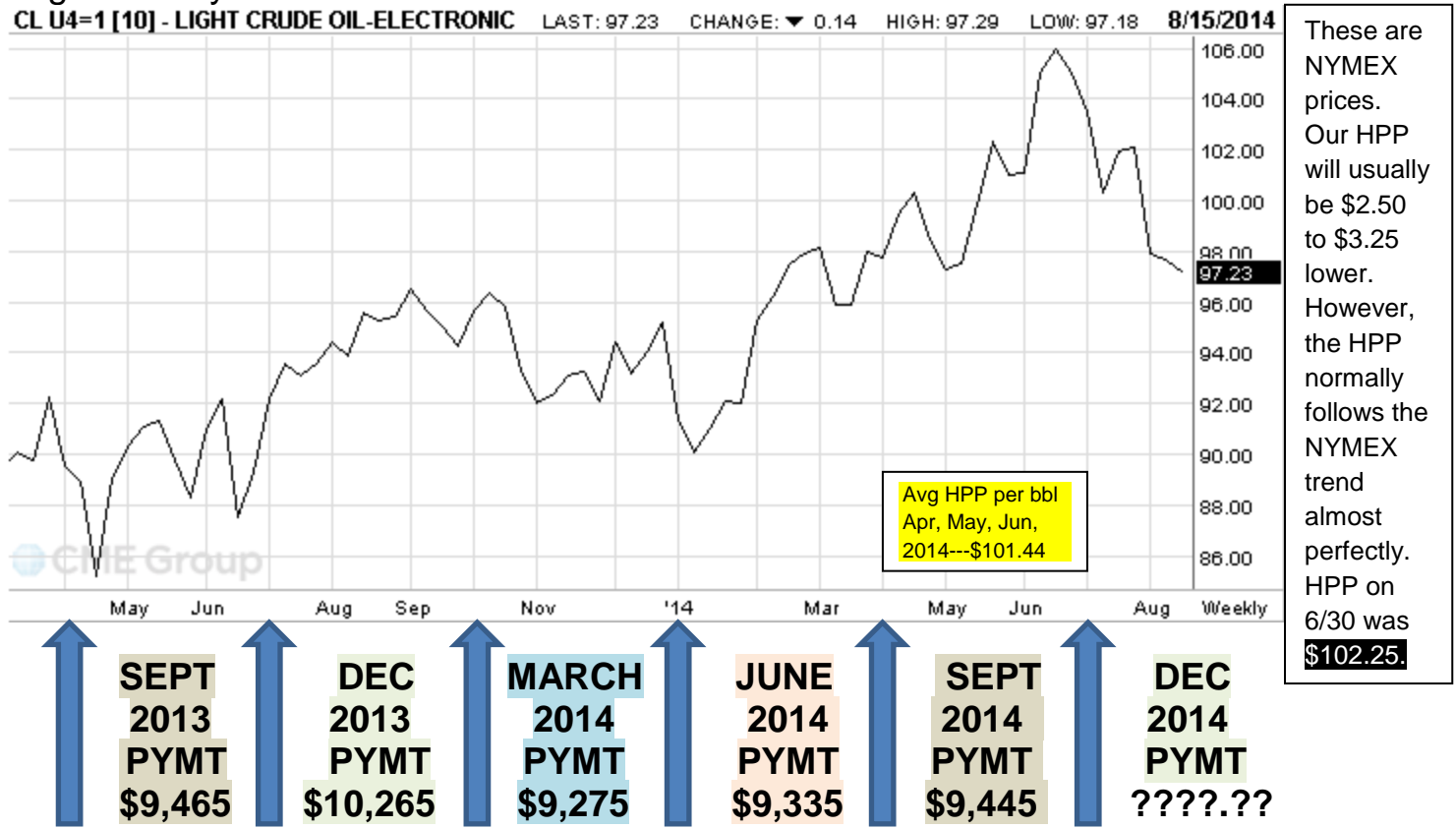


NYMEX Oil Prices vs. Osage Headright Pymt

<http://www.Osages-You-Need-To-Know.com>

August 21, 2014

This chart is intended to help the average Osage Mineral Estate Beneficiary better understand how their quarterly payments are calculated. The chart depicts only the NYMEX prices of crude oil in our general area. Many other sources of income are included in the payment we receive, ie: royalty on natural gas, natural gas liquids, tank bottoms, limestone and sand stone, and also lease sales, and leases and concessions negotiated by the Minerals Council.



Comparing Sept. 2013 with Sept 2014, notice that the payment amount was about the same, but the oil price was about \$10 lower in 2013. The concession fees and lease bonuses collected in the 2nd quarter of 2013 more than made up the difference. Little or none was collected in 2nd quarter of 2014. This simply illustrates that although concessions and lease sales are nice when they happen, and higher oil prices do make a difference, the Average Daily Production is the real backbone of our headright payment. ADP for the 2nd quarter of 2014 was 13,396 bbl. That's up 168 bbl p/day from the 1st quarter, but it's coming up very slowly. I would feel better if it were closer to 14,000.

For a bit of serious trivia, in 1990 the daily average was 17,254 bpd. However, the oil price in 1990 was only \$23.73. Reservoir depletion and economic inflation have both been at work here. Our discovery rate is not keeping up with the depletion rate.

Ray McClain, Osage Mineral Estate Beneficiary