

Osage Minerals Council Meeting 1/15/2014

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Jan 16, 2014

Chairman Andrew Yates opened the meeting at the Wha-zha-zhi Cultural Center with a prayer by Councilman Galen Crum.

Tribal accountant Leslie Young gave her report on the C395 account. When finished, Cynthia Boone asked if the wind farm attorneys had been paid yet. Ms. Young told us that they had been paid in December. Tribal accountant Julia Roe was not present to report on the S510 account.

Minerals Council auditor Jim Swan reported that the daily average production was 13,223 bbl per day for the reporting month of November, down 572 bpd (4.14%) from October. He also told us that the average Highest Posted Price for November was \$92.58, down \$6.92 (6.95%) from October.

BIA Supervisory Petroleum Engineer Charles Hurlburt gave a detailed report on the activities of the field technicians for the month. He also told us that the numbers from Chaparral Energy's CO₂ enhanced recovery project at the North Burbank Unit were still not available to him. He promised a report next month, but he expressed doubt that we would see any radical increase this soon.

BIA Acting Superintendent Robin Phillips reported on activities at BIA and the letter concerning the Council offering to buy back headright interests currently held by non-Osages. She said the letter would be mailed.

Shareholder Amanda Proctor, an attorney for the Fletcher lawsuit, introduced Steve Simms, the lead attorney for Fletcher. They both spoke at length about the status of the case, and were here to ask for financial support and to ask for a letter of support to Congress expressing no objections from the Council if Congress wished to become involved. Much time was devoted to this issue, and there were many questions from the Council and from the audience. No action was taken on the request for financial support, but the Council did vote to send the letter to Congress in support of the concept of the Fletcher suit. The vote was 6 yes and 2 no, with Boone and Whitehorn dissenting.

Councilman Abbott, Election Committee and Budget Committee Chairman, said that the Election Committee had met and finalized the plans for the 2014 Minerals Council Election. He then made a motion to approve a preliminary

budget of \$60,000 to hold the Minerals Council Election in June, 2014. The motion passed 8 yes, 0 no.

He then made a motion to approve hiring a company named "True Ballot" to handle the balloting and pay them \$14,310. The motion passed 8 yes, 0 no.

He next made a motion to approve hiring Faren Revard Anderson as the Election Supervisor and to pay her \$10,000 for running the June 2, 2014 election. Cynthia Boone asked if Ms. Anderson was a Shareholder. Abbott said he didn't know. Councilman Core advised that "yes, she was a Shareholder." The vote was 6 yes, with Cynthia Boone voting no and Dudley Whitehorn abstaining.

Then Councilman Abbott made a motion to pay an assistant for the Election Supervisor \$12 per hour, and to pay clerks and judges \$10 per hour, and to pay \$0.56 per mile for any travel expense incurred by the election workers on behalf of the Council. This motion passed 8 yes, and 0 no.

Councilman Melvin Core made a motion to put up a historical marker at the site of the first producing oil well in the Osage, drilled in 1897 in extreme north eastern Osage County, then still known as "Indian Territory." A brief discussion was held, and Cynthia Boone made a motion to table the issue, pending receipt of more information and City of Bartlesville and land owner permission. The vote was 8 yes, 0 no to table.

The meeting adjourned a little after 1 PM.

IN MY OPINION:

I was glad to hear that the arrears in monthly payments to the wind farm lawyers has finally been paid. I would still like to know why we got 4 or 5 months behind. I've got a feeling there's still more going on here than what meets the eye.

Jim Swan's report was a little disheartening this month. There's not much we can do about the price of oil, but when production numbers go down, I start getting nervous. The only reason I can think of, is the week of abnormally cold weather and snow and ice we had during this period. Cold weather creates heavy wear and tear on the production equipment, therefore many producers will just

shut everything down for a few days until it passes. December weather was a little better so maybe we will see production bounce back next month and continue on its gradual rise.

As I understand the Fletcher lawsuit, the basic primary objective is to get the headrights owned by non-Osage entities, back to their rightful Osage owners or have them returned to the Shareholders of the Minerals Estate. The case was dismissed but upon further review, the courts have allowed it to proceed. We should all hope that Fletcher can succeed, and whether or not the Minerals Council participates financially, I certainly see no harm in these attorneys asking Congress for financial help. If successful, this could bring more Osages into our family of Shareholders. I don't know why anyone would vote "no" to a letter that only expresses no objection to the Fletcher litigants asking Congress for financial assistance. That's about the same as saying "no, we don't want the headrights back."

The Election Committee has taken their first big step toward getting the Election Board up to speed. I think Faren Anderson was a great choice for Supervisor. She is highly educated, computer savvy, and did a great job when serving as a Congresswoman. I think we will all be quite pleased with our election process this year. The Tru-Ballott company is the same company who handled the ONG elections in 2010 and 2012. They will be again handling the ONG election in June, 2014 and have given the MC a very reasonable price. Maybe the MC candidates can find out the election results before 5 AM on Tuesday this year.

I appreciate Councilman Core's effort to shine a little light on a very important event in our Mineral Estate history. Mr. Core told us that the first well drilled was a year earlier, in 1896, but it was a dry hole. I hope he can get the details worked out quickly, and get the historical marker put up. Thanks, Mel.

I just got to thinking, maybe we should consider putting up a marker at the first well (dry hole) too, to remind us not to give up too quickly.

Ray McClain, Osage Shareholder