

# Oil Prices vs. Osage Headright Pymt

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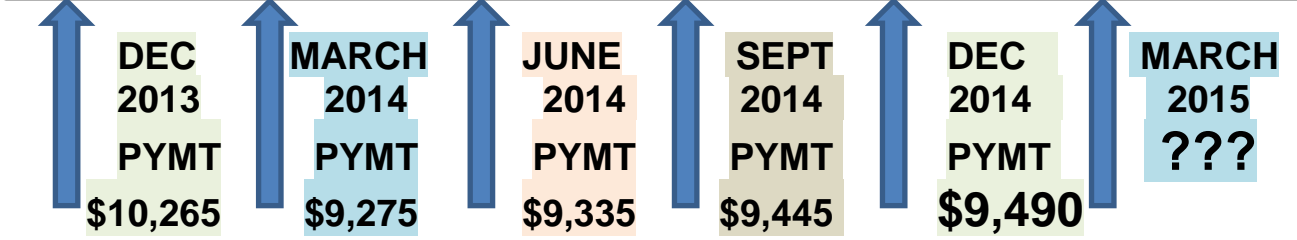
November 19, 2014

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, but our HPP always follows this trend. 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. This time there was about \$90,000 from a lease sale and OST closed out some old accounts worth about \$1,500,000.

CL Z4=1 [10] - LIGHT CRUDE OIL-ELECTRONIC LAST: 75.93 CHANGE: ▲ 1.72 HIGH: 76.30 LOW: 73.25 11/14/2014



These are NYMEX prices. Our HPP will usually be \$2.50 to \$3.25 lower. However, the HPP normally follows the NYMEX trend almost perfectly. HPP on 9/30 was \$91.00



Notice that the price trend starts it's nosedive in late June and continues through mid- November and it's still pointing down for now. Let's all hope it stops soon. Had it not been for the approximately \$1.6 million mentioned above, our December, 2014 payment would have been about \$700 less per headright share. This couldn't have come at a better time.

I sure hate to tell you this, but I still see nothing but gloom and doom for March and probably June. Surely the MC won't try to hold a lease sale while the Donelson lawsuit is

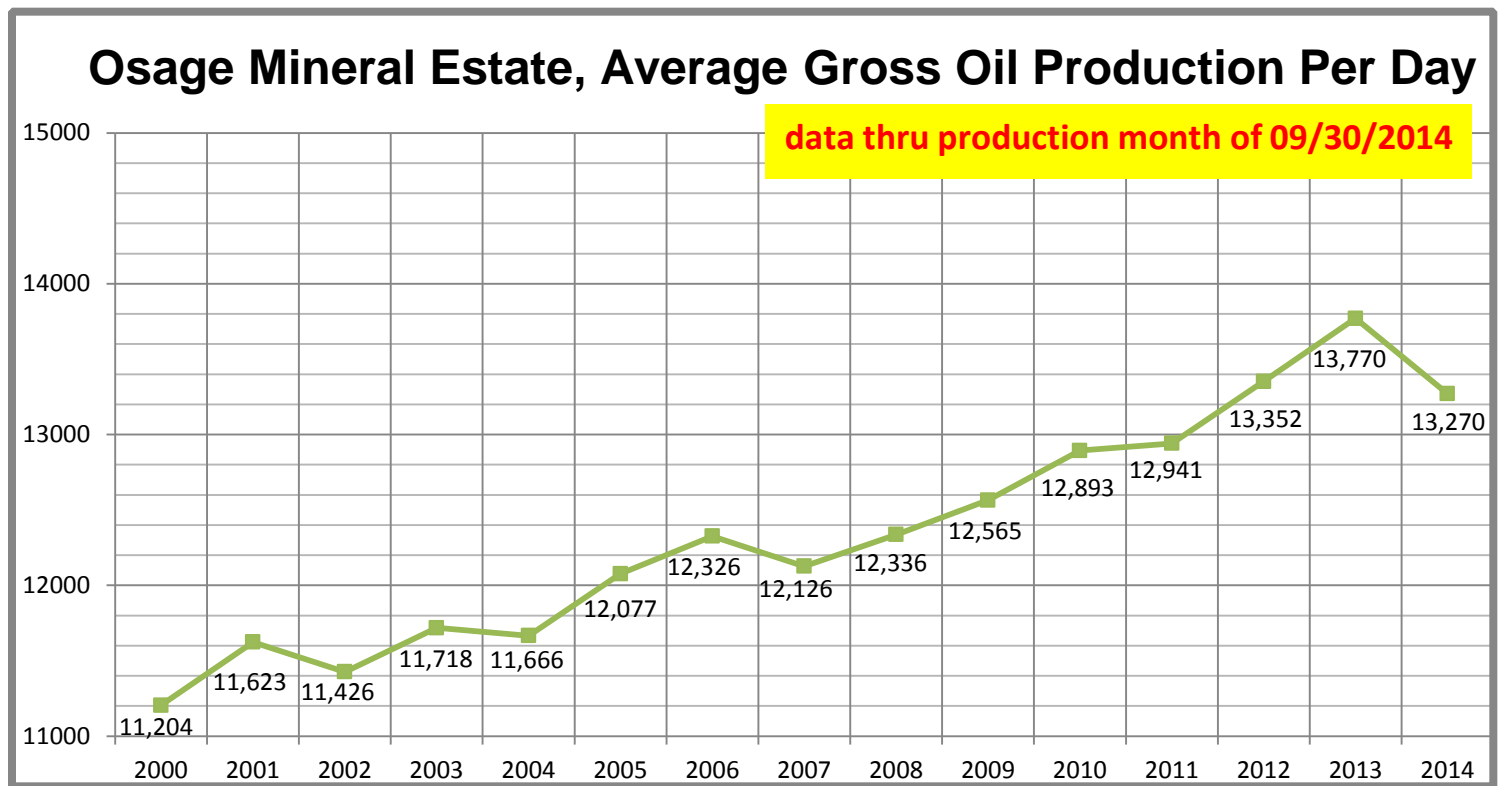
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still alive. We gave away 22 leases for nearly minimum bid at the last sale. It's better that we just sit on these leases until there is some competition for them.

While we're dealing with bad news, take a look at our average production rate chart. We were doing pretty good from 1999 thru 2013. Then the Donelson law suit hit us in the face. 2014 has been a disaster, and there is nothing happening to turn it around any time soon. Once this lawsuit is resolved, it will still take many months to see the results of leases being in demand again and a turnaround in the production rate on our checks. Then, we still don't know what the oil price will do. Just keep in mind, things are likely to get worse before they start getting better. March and June don't promise to be a lot of fun for the Shareholders OR the Producers.



Have a happy Thanksgiving and a very merry Christmas.

Ray McClain, Osage Mineral Estate Beneficiary