

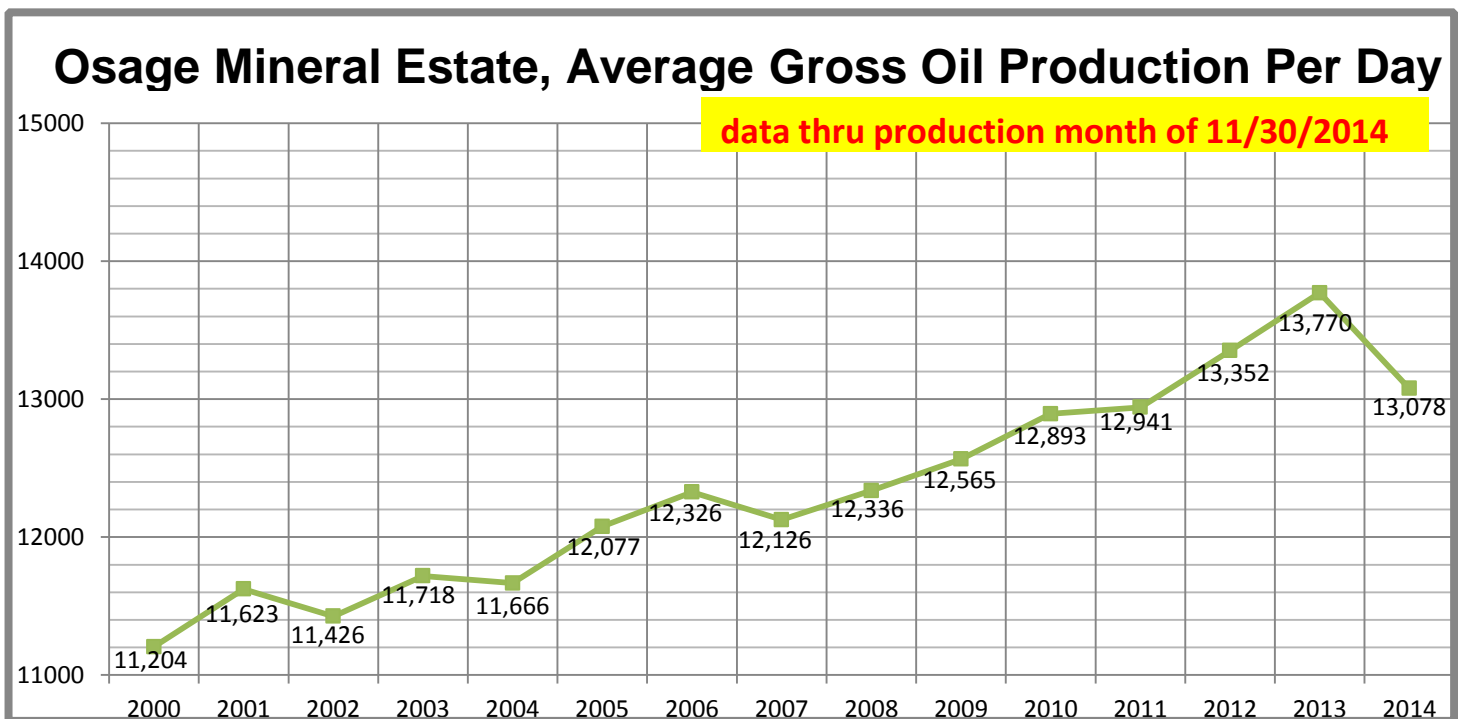
# We Still Have Problems

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

January 24, 2015

As I told you in my reports on Jan. 6 and Jan. 17, oil prices are still falling. The decline has slowed down a little, but on Jan. 23, the NYMEX oil price was down another \$2.00, which put our Highest Posted Price at **\$42.01** (projected) to start the week with on January 26, 2015. The annual average price of oil hasn't been that low since 2004.

There's not much we can do about the oil price but, just as bad for us, is the declining rate of oil production. There are things we can do about this! We had a little bump up of 238 bbl last month, but as I predicted, that was an anomaly. This month it was down 581 barrels per day. This is a recipe for disaster and it's not just on our doorstep, it's already in the house. This brings our average daily production for the year down to 13,078 bbl per/day. The chart below will likely look even worse when the December numbers are plugged in. Something must be done, quickly.



We must do everything possible to get the BIA to back off a little on their NEPA requirements. This means trying to work with the BIA instead of continually harping on issues that really do nothing to get the drilling started again. One Councilperson is asking for daily reports on the activities of the BIA Petroleum Engineering Technicians. This, and some other meaningless reports requested, take time to assemble. This is time that could be much better utilized in other areas.

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The Council has done a good job correcting errors made by a rock crushing company who was mining rock in an area where they had no lease or permit to operate. Now there's not a lot of money involved here, but in this day and age, every little bit helps. I don't know how this was discovered, but this is an example of something that might have been caught much earlier if the BIA field men hadn't been required to spend half of their time filling out reports. I'm just glad it wasn't an oil or gas well that was discovered producing without a lease or a permit.

We Headright Holders and our Producers are looking at a pretty tough year coming up. Let's do everything we can to make it easier for our Producers to get back to work.

Ray McClain, Osage Mineral Estate Beneficiary