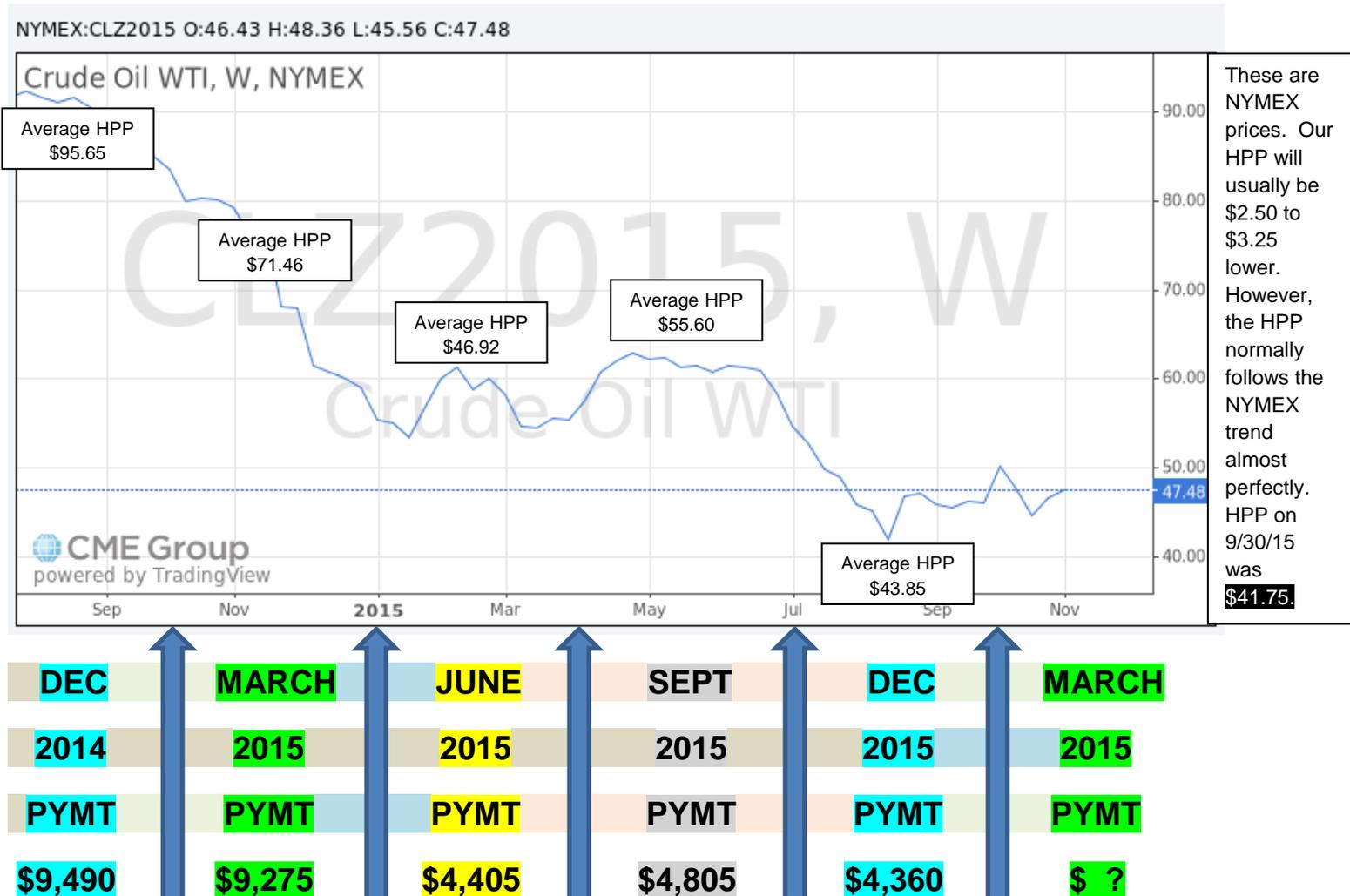


December, 2015, an Osage Payment that will Live in Infamy...

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

November 7, 2015

It seems like all the news we get anymore is more bad news. I'm afraid this report will not be much different. The Highest Posted Price for royalty oil in the Osage was all the way down to \$34.75 on August 25, 2015. That's the lowest it had been since sometime in 2004. These low prices and falling production rates due to the lack of drilling activity, has taken our payment for a full headright down to **\$4,360** for December, 2015. It would have been even worse if one of our better Producers had not discovered an error in reporting gas royalties that had been made. The error amounted to nearly \$900,000, and this correction, plus some penalties, was added back to the December, 2015 payment. We certainly appreciate this Producer's diligent efforts to identify the error and promptly make things right. It gave us about \$400 more for each headright.



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November 7, 2015

In my opinion, we may be seeing oil prices stabilize a bit. The world-wide over-supply of crude oil seems to be easing up a little now, and OPEC is beginning to suffer the consequences of their decision to sacrifice oil prices for market share. In the US, several Producers are backing away from the expensive, hard to get, and lower priced Bakken oil. However, a couple of new large discoveries have been made in Texas, and development of these has begun.

Lifting the 40 year old crude oil export ban is still being considered by the US Congress. Other than a quick knee-jerk reaction, this might not have much immediate short term effect on oil prices, but in the long term, results of lifting of this export ban would be wonderful for the U.S. oil industry.

Natural gas prices have been in a steady decline for 7 or 8 years, and are currently at their lowest point in recent times. I also think these gas prices will begin heating up a little in the next few months. By the end of 2016, exports of Liquefied Natural Gas should be well underway from the gulf coast, and more export facilities are currently under construction on the west coast. This will all help gas prices, but we also really need to be pushing for more gas fired generating plants, and for greater use of natural gas to power cars, trucks, and busses here at home.

Simply stabilizing oil prices at the current levels won't improve our headright checks all that much. Although our total production was up 112 bbl for the accounting month of August, 2015, our average daily production hasn't been this low since 2009. We really need drilling and workovers to resume to get the Osage Mineral Estate's production back on the upswing. Were it not for Chaparral Energy's CO₂ enhanced oil recovery project at Burbank, our Mineral Estate production would currently be about 3,000 bbl per day less than it is. It was announced at the Osage Oil and Gas Summit this week that Chaparral had been chosen as the Producer of the Year by the Osage Minerals Council. Thank you Chaparral, Thank You, Thank You!

Ray McClain, Osage Mineral Estate Beneficiary