

INNER VOICE COMMITTEE REPORT

Subject- Oil and Gas Status

Committee Chairman- Jerry Nagel *gn*

3-7-10 Meeting, New Town Civic Center

First, some up dates on related subjects:

1. Land Owners Association meeting at 1:00 p.m. Thursday March 11, 2010. Subject- Minerals beneath Garrison Dam, Grazing Rates, and Oil and gas Update. I suggest you attend; I'm going.
2. Chairman Levins and his group are traveling to points East; Bismarck to Minneapolis, Minnesota to discuss their progress on oil and gas development on our Rez; *this week.*
3. Gossip- Chairman Levins fired Dave Williams from the tribal oil and gas department; Councilman Scott Eagle hired Mr. Williams to work in his office. Why the firing? I know that Councilman Eagle spear headed an economic group of individuals to meet and discuss means and ways to generate economic development as the result of the tribal 'oil boom' for both individual entrepreneurs and ideas for tribal ventures. Lesli Morsette is the one who told me about it over a month ago. In fact, she invited me to attend these meetings but I just haven't been able go nor have I discussed the matter with Councilman Eagle. Ms. Morsette is volunteering her time to help. I know that Dave Williams has attended the meetings. Maybe, Chairman Levins has concerns about the political ramifications that could result. Maybe a couple successful projects could result from the meetings and before you know it Councilman Eagle could be a shoo-in chairman candidate this fall. I support Councilman Eagles effort because this is how ideas are made into projects; get together with a group each bringing forth their expertise.

You've got to understand that formal (tribal) releases of information on tribal oil and gas is really tough to come by, especially when they don't publish the Tribal Business Council (TBC) minutes even though they say they are available. I've got to get by with what I can squeeze out of people close to the scene (tribal workers) and you can't imagine how tough that is to do when it is I who is doing the probing; it's pleasant and more readily when the information comes voluntarily. Mostly, my oil and gas information comes from Allottees (heirs to Allotments) who receive various kinds of oil/gas lease papers; lease 'flip' notices from one company to another; oil or gas pipeline leases or right-of-ways for pipelines.

It is common knowledge by now that the TBC gave Arrow Pipeline Company an exclusivity right on the Rez. Arrow local hero, I understand is Spenser Wilkinson Jr. Petro Hunt was awarded a trunk pipeline line for their proposed wells in the Southeast corner of the Rez; Hunt proposes approximately 35 wells in the corner of the Rez, by the Lost Bridge area. There are hard feelings coming from Allottees about the Arrow Pipeline project because they feel they will be paying for it out of their oil and gas revenues. Hunt has wells West of Rez in the South-west corner. Therefore they bid the Rez land adjoining their oil and gas field.

What I have been suggesting to the Allottee' is to sign the oil or gas pipelines with legitimate oil

companies like Hunt because this is the kind of investment we need on the Rez, which makes out oil and gas boom long term. Regarding political type pipeline companies like Arrow I neither Yea nor Nea my opinion. I leave it up to them to also make a political decision on whether or not to sign.

I may have informed you at our last meeting that the last federal bids received in North Dakota brought \$6400 pe acre. None-Indian minerals anywhere near the Lake is still bringing \$1500 per acre or more depending on negotiations.

As they say in the cartoons, if we are able to bring down the 'evil empire' the rest will fall into place like the Secretary of Interior canceling the 3 Indian Mineral Development Act (IMDA) mineral Agreements passed by the TBC; may even cancel all the non-bid oil deals like Spotted Hawk's 50,000 to 60,000 acres giveaway to Delvin Foote; are other favorite sons in it too. I reported verbally last time that I heard the TBC has requested the Secretary of Interior, Ken Salazar review the 3 IMDA and cancel them. Isn't that interesting, they passed the deals, realized they got beat out of even their minuscule up front bonuses \$35 to \$40 per acre because of the state claim of our minerals under the Missouri River and the whole flooded taken area for that matter.

Now, we tons of 'front' companies registered with TERO. That our tribal members fronting for big service and goods companies like Northern Improvement. Some are providing drilling mud. Actually, I believe the TERO laws are not applicable to Allottee minerals particularly the fronts. There are some legitimate tribal companies operating, but they are getting overwhelmed by big bucks. It kinda reminds me of a Texas saying that states "Big hat, no cows." I believe the buzz word of getting around the TERO laws are 'joint ventures' with the big companies. The TERO ordinance to prevent 'fronting' has a clause that calls for all the approved TERO companies to submit their last year tax returns to show that they are not fronts. When I administered the Four Bears Lagoon project for the tribe in 2003, I researched and confirmed that tax returns had never been requested by the administration of TERO, which would be influenced by the TBC.

Wouldn't it be great to have overturned all the leases except the two BIA bids in 12-13-06 and 12-15-07? and go to bids again for the remaining Rez.