



**RESOLUTION OF THE GOVERNING BODY
OF THE THREE AFFILIATED TRIBES
OF THE FORT BERTHOLD INDIAN RESERVATION**

A Resolution entitled, "Ratification and Final Approval of Dakota-3, LLC Indian Mineral Development Agreement and Consent to Assignment"

RECITALS:

- WHEREAS,** the Three Affiliated Tribes (the "Tribe") of the Fort Berthold Reservation (the "Reservation") have accepted the Indian Reorganization Act of June 18, 1934 (the "Act"), and the authority under Section 16 of the Act; and
- WHEREAS,** the Tribe's Constitution (the "Constitution") authorizes and empowers the Mandan, Hidatsa & Arikara Tribal Business Council (the "Tribal Business Council") to engage in activity on behalf of and in the interest of the welfare and benefit of the Tribe and of the enrolled members thereof; and
- WHEREAS,** pursuant to Article III, Section 1 of the Constitution, the Tribal Business Council is the governing body of the Tribe; and
- WHEREAS,** pursuant to Article VI, Section 5(1) of the Constitution, the Tribal Business Council has the power to adopt resolutions regulating the procedures of the Tribal Business Council and other tribal agencies and tribal officials on the Reservation; and
- WHEREAS,** Article VI, Section 5(i) of the Constitution specifically authorizes and empowers the Tribal Business Council of the Tribe to make assignments and leases of tribal lands and otherwise to manage tribal lands, interests in tribal lands, and property upon such lands, in conformity with Article IX of the Constitution; and
- WHEREAS,** Article IX of the Constitution specifically authorizes and empowers the Tribal Business Council to manage and lease or otherwise deal with tribal lands and resources in accordance with law; and
- WHEREAS,** the Tribal Business Council is acting on behalf of the Tribe in both land and mineral ownership and governmental capacities (and not in any capacity under Section 17 the Act), and has the authority to do so; and
- WHEREAS,** the Reservation comprises of approximately 1,000,000 acres and has within it potentially significant oil and gas resources of several billion dollars in value, as it lies within Williston Basin, a geologic formation that has been developed since the early 1950's; and



WHEREAS, the Tribe is actively seeking to develop its resources for the economic benefit of all of its members which will provide both increased revenue and increased economic opportunities for tribal members; and

WHEREAS, subject to approval by the Bureau of Indian Affairs (the "BIA"), on June 15, 2007 and September 19, 2007, Dakota-3, LLC ("Dakota-3"), executed prior versions of an Oil and Gas Lease (the "Previously Executed Lease") with the Tribe (the "Lessor") under the Indian Mineral Development Act (the "IMDA") of 1982 and regulations issued by the BIA pursuant to that Act found at Title 25, Part 225, of the Code of Federal Regulations; and

WHEREAS, the Tribal Business Council has previously approved the Previously Executed Lease in Resolution Nos. 07-127-VJB and 07-170-VJB, but the Previously Executed Lease has not been approved by the BIA and therefore never became binding or effective; and

WHEREAS, the Tribal Business Council now has received additional comments and revisions to the Previously Executed Lease from the BIA and from Dakota-3, which comments and revisions have been reviewed and approved by the Tribe's counsel and have been incorporated into the form of oil and gas lease attached as Annex 1 hereto (the "Lease"); and

WHEREAS, the Tribal Business Council has reviewed the proposed comments and revisions to the Previously Executed Lease as reflected in the Lease, has determined that the comments and revisions as reflected in the Lease are in the best interests of the Tribe, and desires to approve the Lease; and

WHEREAS, the total acreage of tribal minerals subject to the Lease as of the date of its execution and following the BIA's examination of proposed leased lands and described in a revised Exhibit A attached to and incorporated into the Lease, is approximately 41,991.06 acres, more or less; and

WHEREAS, under the Lease, (a) certain additional oil, gas and other mineral interests as to which Lessor's ownership interest is in dispute because the interests lie in Missouri River riverbed and related acreage (the "Disputed Acreage") shall, with the consent of Lessee, be attached to the Lease as Exhibit B, and (b) any Disputed Acreage shall, with the consent of Lessee, become subject to the Lease from and after the date that any final, non-appealable order of an applicable governmental authority determines that Lessor has actual title to or beneficial ownership of all or any portion of the Disputed Acreage; and

WHEREAS, the Tribal Business Council has been advised by Dakota-3 that it seeks to assign all its rights, title, and interest under the Lease to Dakota-3 E&P Company, LLC, a Delaware limited liability company ("Dakota-3 E&P"), and that Dakota-3 seeks



to effectuate that assignment simultaneously with the execution and BIA approval of the Lease; and

WHEREAS, the Tribal Business Council seeks to clarify the relationship between the terms and conditions of the Lease and the Tribe's TERO Ordinance (as defined in the Lease), and to confirm that:

(a) except as may be specifically provided in the Lease, neither the Tribe's TERO Director (as defined in the TERO Ordinance), nor the TERO Commission (as defined in the TERO Ordinance), nor any other TERO officials, nor any other tribal official or entity, nor the Tribal Court of the Tribe (the "Tribal Court") shall have any authority to issue sanctions or initiate any enforcement or dispute resolution action under the TERO Ordinance or its implementing regulations as described in the Lease ("TERO Regulations"), including without limitation any authority to issue sanctions against the original lessee under the Lease or any assignee of such original lessee (the "Lessee"), the assignee (the "Lessee") under the TERO Ordinance and under the TERO Regulations, including without limitation, TERO Regulations, §§ 6.4 (a), (c), (d), or (e); and

(b) that any disputes arising between the TERO Director, TERO Commission or any other TERO official, or any other tribal official or entity (including the Tribal Court) on the one hand and Lessee on the other hand shall be resolved pursuant to Section 18.1, titled Arbitration," and not before the TERO Commission or in the Tribal Court, except as expressly provided in the Lease; and

WHEREAS, the Tribal Business Council seeks to clarify the relationship between the TERO Ordinance Amendment adopted pursuant to Resolution No. 07-12-VJB on January 11, 2007 and the TERO Ordinance as it existed prior to that Resolution to confirm that, as further limited by the terms of the Lease, the "per well" fees adopted in Resolution No. 07-12-VJB that became a part of the TERO Ordinance supersede and replace any and all fees that would have otherwise been applicable to any lessee or operator of any oil and gas lease on the Reservation, and to any contractors, subcontractors, affiliates, and service providers conducting activities on oil and gas leases on the Reservation; and

WHEREAS, the Tribal Business Council seeks to clarify the relationship between the terms and conditions of the Lease and those provisions of the Tribe's Tribal Tax Code (the "Tax Code") that are applicable under the terms of the Lease and to confirm that only portions of Chapter 7, titled "Possessory Interest Tax" and Chapter 8, titled "Oil and Gas Gross Production Tax," of the Tax Code apply to the Lease and operations under the Lease, and to confirm further that any disputes arising under these Tax Code chapters, and any provisions of the Tax Code incorporated therein, between Lessee and the Tribal Tax Commission (as defined in the Tax



Code) or any other tribal official shall be resolved pursuant to Section 18.1, titled "Arbitration" of the Lease, and not by any tribal official, the Tribal Tax Commission, or in the Tribal Court under any Tax Code provision or implementing regulation, except as expressly provided in the Lease; and

WHEREAS, the Tribal Business Council desires to provide a predictable business, regulatory and dispute resolution environment for businesses operating on the Reservation, and desires to agree to Lease provisions that serve to accomplish these goals, including without limitation:

(a) Section 18, titled "Disputes," which among other things provides for binding, non-appealable arbitration, in lieu of any requirement to exhaust tribal remedies in the first instance, as the forum for resolution of all disputes arising from or relating in any way to the Lease, any activities under the Lease or any other Reservation Lands (as defined in the Lease), and providing that only the Secretary of the Interior has authority to cancel the Lease in accordance with the terms thereof or otherwise issue notices of non-compliance with the terms of the Lease also in accordance with the terms thereof;

(b) Section 20, titled "Governing Law and Construction," which, among other things, provides that:

(i) the only tribal laws currently in existence that apply to the Lessee, contractors, subcontractors, and service providers or their affiliates and their activities under the Lease or on the Reservation are the TERO Ordinance, TERO Regulations and Chapter 7, titled "Possessory Interest Tax" and Chapter 8, titled "Oil and Gas Gross Production Tax" of the Tax Code (copies of which are attached as an exhibit to the Lease); provided that, application of those tribal laws are limited as provided in this Resolution and in the Lease; and provided further that Section 16.1, titled "Taxes" imposes a cap on the total burden of tribal, federal and state taxes and any other taxes or fees imposed; and

(ii) any new tribal laws enacted will not effectively prohibit Lessee's activities, will not increase Lessee's costs, and will not adversely impact Lessee without resulting in liability on the part of Lessor under the Lease; and

(iii) any adverse impacts, including without limitation, any effective prohibition or increase in costs, to Lessee that arise due to any new tribal laws that are enacted after the approval of the Lease shall subject the Tribe to liability as provided under Section 20.2 of the Lease, and any disputes arising therefrom shall be resolved pursuant to Section 18.1, titled "Arbitration," and not by any tribal official, commission, agency, or in the Tribal Court, notwithstanding any other tribal ordinance or regulation, except as expressly provided in the Lease; and

(iv) tribal laws will not apply if they are inconsistent with any applicable federal or state law; and



(c) Section 21, titled “Limited Waiver of Sovereign Immunity,” which provides a limited waiver of immunity for monetary damages and equitable remedies and consent to arbitration and to other suits in tribal, federal, and state courts, as provided in Section 21; and

(d) Section 22, titled “Contests affecting Sovereignty,” which provides that the Tribe and Lessee shall cooperate in certain proceedings specified in that Section; and

(e) Section 23, titled “Representations and Warranties,” which provides a series of statements confirming, among other things, the validity and enforceability of the Lease following execution by tribal officials following enactment of this Resolution and approval of the Lease by the BIA; and

WHEREAS, the Tribal Business Council understands that certain provisions of the Lease, specifically including without limitation, Sections 3.2, 8.1, 16.1, 18.1, 20, and 21 of the Lease, shall apply to Lessor and Lessee with respect to any Reservation lands in which Lessee or any of its affiliates hold any leasehold or other interests and as to which Lessor has jurisdiction; and

WHEREAS, the Tribal Business Council desires to confirm (a) that no tribal, federal, or state laws provide for any referendum or election with respect to this Resolution, except as provided in the Constitution, (b) that the Tribal Business Council and each of its members will not initiate or promote a referendum under the Constitution, and (c) that the rights available under the Constitution’s referendum provisions cannot be exercised, without liability on the part of Lessor, to materially impair the Lessee’s rights and interests under the Lease, or to reverse, recall, invalidate, or otherwise effect the Tribal Business Council’s authorization, execution, delivery or performance of or under the Lease, or of any assignment of the Lease.

RESOLUTIONS:

NOW THEREFORE BE IT RESOLVED that the Tribal Business Council hereby determines that the foregoing proposed actions are in the best interest of the Tribe and promote the welfare of the Tribe and does hereby ratify and approve the Lease, including the lease and granting of rights to surface and mineral estates, between the Tribe and Dakota-3; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby confirm and clarify that:

(a) except as may be specifically provided in the Lease, neither the Tribe’s TERO Director, nor the TERO Commission, nor any other TERO officials, nor any other tribal official or entity, nor the Tribal Court shall have any authority to issue sanctions or initiate any enforcement or dispute resolution action under the TERO Ordinance or TERO Regulations, including without limitation any authority to



issue sanctions against Lessee under TERO Regulations, §§ 6.4 (a), (c), (d), or (e); and

(b) that any disputes arising between the TERO Director, TERO Commission, or any other TERO official, or any other tribal official or entity (including the Tribal Court) on the one hand and Lessee on the other hand shall be resolved pursuant to Section 18.1, titled "Arbitration," and not before the TERO Commission or in the Tribal Court, except as expressly provided in the Lease; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business does hereby confirm and clarify that, as further limited by the terms of the Lease, the "per well" fees adopted in Resolution No. 07-12-VJB that amended the TERO supersede and replace any and all fees that would have otherwise been applicable to any Lessee or operator of any oil and gas lease on the Reservation, and to any contractors, subcontractors, affiliates, and service providers conducting activities on oil and gas leases on the Reservation; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby confirm and clarify that only portions of Chapter 7, titled "Possessory Interest Tax" and Chapter 8, titled "Oil and Gas Gross Production Tax," of the Tax Code apply to the Lease and operations under the Lease, and to confirm further that any disputes arising under these Tax Code chapters, and any provisions of the Tax Code incorporated therein, between Lessee and the Tribal Tax Commission or any other tribal official shall be resolved pursuant to Section 18.1, titled "Arbitration" of the Lease, and not by any tribal official, the Tribal Tax Commission, or in the Tribal Court under any Tax Code provision or implementing regulation, except as provided in the Lease; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby confirm its agreement and consent to Lease provisions that help provide a predictable, business, regulatory and dispute resolution environment including without limitation:

(a) Section 18, titled "Disputes," which among other things provides for binding, non-appealable arbitration, in lieu of any requirement to exhaust tribal remedies in the first instance, as the forum for resolution of all disputes arising from or relating in any way to the Lease, any activities under the Lease or any other Reservation Lands (as defined in the Lease) and providing that only the Secretary of the Interior has authority to cancel the Lease in accordance with the terms thereof or otherwise issue notices of non-compliance with the terms of the Lease also in accordance with the terms thereof;

(b) Section 20, titled "Governing Law and Construction," which among other things provides that

(i) the only tribal laws currently in existence that apply to the Lessee, contractors, subcontractors, and service providers or their affiliates and their



activities under the Lease or on the Reservation are the TERO Ordinance, TERO Regulations, and Chapter 7, titled "Possessory Interest Tax" and Chapter 8, titled "Oil and Gas Gross Production Tax" of the Tax Code (copies of which are attached as an exhibit to the Lease); provided that, application of those tribal laws are limited as provided in this Resolution and in the Lease; and provided further that Section 16.1 of the Lease, titled "Taxes," imposes a cap on the total burden of tribal, federal and state taxes and any other fees imposed; and

(ii) any new tribal laws enacted will not effectively prohibit Lessee's activities, will not increase Lessee's costs, and will not adversely impact Lessee without resulting in liability on the part of Lessor under the Lease; and

(iii) any adverse impacts to Lessee, including without limitation, any effective prohibition of or increase in costs to Lessee, that arise due to any new tribal laws that are enacted after the approval of the Lease shall subject the Tribe to liability as provided under Section 20.2 of the Lease, and any disputes arising therefrom shall be resolved pursuant to Section 18.1, titled "Arbitration," and not by any tribal official, commission, agency, or in the Tribal Court, notwithstanding any other tribal ordinance or regulation, except as expressly provided in the Lease; and

(iv) tribal laws will not apply if they are inconsistent with any applicable federal or state law; and

(c) Section 21, titled "Limited Waiver of Sovereign Immunity," which provides a limited waiver of immunity for monetary damages and equitable remedies and consent to arbitration and to other suits in tribal, federal and state courts, as provided in Section 21; and

(d) Section 22, titled "Contests Affecting Sovereignty," which provides that the Tribe and Lessee shall cooperate in certain proceedings specified in that Section; and

(e) Section 23, titled "Representations and Warranties," which provides a series of statements confirming, among other things, the validity and enforceability of the Lease following execution by tribal officials following enactment of this Resolution and approval of the Lease by the BIA; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby confirm that certain provisions of the Lease, specifically including without limitation Sections 3.2, 8.1, 16.1, 18.1, 20, and 21 of the Lease, shall apply to Lessor and Lessee with respect to any Reservation lands in which Lessee or any of its affiliates hold any leasehold or other interests and as to which Lessor has jurisdiction; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby confirm (a) that no tribal, federal or state laws provide for any referendum or election with respect to this Resolution, except as provided in the Constitution,



(b) that the Tribal Business Council and each of its members will not initiate or promote a referendum under the Constitution, and (c) that the rights available under the Constitution's referendum provisions cannot be exercised, without liability on the part of Lessor, to materially impair the Lessee's rights and interests under the Lease, or to reverse, recall, invalidate, or otherwise effect the Tribal Business Council's authorization, execution, delivery or performance of or under the Lease, or of any assignment of the Lease; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Chairman, Vice-Chairman, Secretary and Treasurer of the Tribal Business Council, or each of them as may be necessary, are hereby authorized to execute the herein described Lease, and that each of the above officers are authorized to execute any further documentation and take any other actions necessary or appropriate to carry out the intent of the terms of the Lease and to comply with the Tribe's obligations under the Lease; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby ratify and confirm its consent to the assignment of the Lease by Dakota-3 to Dakota-3 E&P; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Chairman, Vice-Chairman, Secretary and Treasurer of the Tribal Business Council, or such of them as may be necessary, are hereby authorized to execute any documents necessary to allow completion of the assignment from by Dakota-3 to Dakota-3 E&P, LLC; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council confirms that if any provision of this Resolution or the application of any provision of this Resolution is held to be invalid, the remainder of the Resolution shall not be affected; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council hereby requests that the BIA Regional Director and any other BIA officials review and approve the Lease, including surface and mineral estates, as soon as possible; and

NOW THEREFORE BE IT FINALLY RESOLVED that any resolutions or other actions of the Tribal Business Council or of any other tribal agency or committee, including any prior resolutions regarding the Lease that are in conflict with or inconsistent with the terms of this Resolution are hereby to such extent repealed and annulled. This Resolution shall supersede any prior or currently existing resolutions or other actions of the Tribal Business Council or Tribal Executive Committee that are contrary to the actions authorized or contemplated herein or in the Lease.

[Signature page follows.]

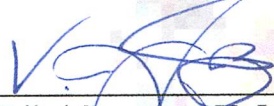


CERTIFICATION

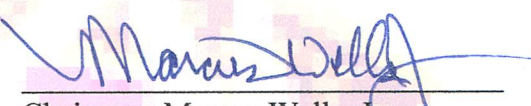
I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Indian Reservation hereby certify that the Tribal Business Council is composed of seven (7) members of whom five (5) constitute a quorum, 7 were present at a special Meeting thereof duly called, noticed, convened and held on the 16th day of October, 2007, that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 7 members, 0 members opposed, 0 members abstained, 0 members not voting, and that said Resolution has not been rescinded or amended in any way.

Chairman [] Voting. [] Not Voting.

Dated this 16th day of October, 2007.



Tribal Secretary, V. Judy Brugh
Tribal Business Council
Three Affiliated Tribes



Chairman, Marcus Wells, Jr.
Tribal Business Council
Three Affiliated Tribes