



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

A Resolution entitled, "Approval of Spotted Hawk Development, LLC Proposal for Oil/Gas Development."

WHEREAS, This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under said Act; and

WHEREAS, The Three Affiliated Tribes Constitution authorizes and empowers the Mandan, Hidatsa & Arikara Tribal Business Council to engage in activity on behalf of and in the interest of the welfare and benefit of the Tribes and of the enrolled members thereof; and

WHEREAS, The Natural Resources Committee of the Tribal Business Council has reviewed the proposal by Spotted Hawk Development, LLC ("Spotted Hawk") of Parshall, ND; and

WHEREAS, The Fort Berthold Indian Reservation of the Three Affiliated Tribes comprises approximately 1,000,000 acres and had within it potentially significant oil and gas resources worth many hundreds of millions of dollars, as it lies within the generally accepted geologic formation known as the Williston Basin, a proven oil field since the early 1950's; and

WHEREAS, The Three Affiliated Tribes, exercising its rights as an Indian Nation, is actively seeking to develop its resources for the economic benefit of all of its members, which will provide both increased revenue to individual members and increased employment for tribal members; and

WHEREAS, The Three Affiliated Tribes has been approached by Spotted Hawk, of Parshall, ND to develop potential oil resources in the Bakkan formation on approximately 10,000 acres of land it has identified for development south of the riverbed in Township 147 N, Range 90 W and Township 147 N, Range 89 W; and

WHEREAS, Spotted Hawk is in the process of leasing at fair market value individual allottee tracts adjoining the identified tribal blocks which will give Spotted Hawk key access to the Tribal acreage; and

WHEREAS, Spotted Hawk has submitted a proposal to develop the Bakkan formation on the identified blocks of land and the terms of the proposal look very favorable to the Tribal Business Council; and



WHEREAS, The Tribal Business Council desires to enter into an straight Tribal Oil and Gas Lease Agreement with Spotted Hawk, providing for a three-year primary term, with the option of a three year renewal, and a twenty and one half percent (20 ½%) royalty, \$300.00 per net acre bonus, and \$3.00 yearly lease as well as favorable drilling commitments.

NOW THEREFORE BE IT RESOLVED, The Three Affiliated Tribes hereby approves of entering into a straight Tribal Oil and Gas Lease Agreement with Spotted Hawk to include the following stipulations:

1. A primary term of three years with a 20 ½% royalty, a \$300.00 bonus per net acre, and a three dollar (\$3.00) yearly rental;
2. The Tribal Oil and Gas Director will work with Spotted Hawk identify and select the 10,000 acres to be leased and to divide these acres into approximately sixteen (16) 640 acre block leases with the legal descriptions identified on a map.
3. Taxes (including but not limited to severance, production, extraction, state or tribal, which burdens Spotted Hawk's interests on the Ft. Berthold Reservation) shall not exceed twelve and one half percent (12.5%);
4. Spotted Hawk Development, LLC shall drill 2 wells within one year of the execution of the lease(s), provided Spotted Hawk receives the necessary drilling permits, and a minimum of 3 additional wells prior to the end of term. With the fulfillment of their drilling commitment, Spotted Hawk will have the option of renewing their three year lease(s).
5. All leases entered into by Spotted Hawk with the Tribe shall include a provision that any assignment of part or all of Spotted Hawk's leased mineral interests shall occur only with the Tribe's written approval. Further, any consideration received by Spotted Hawk for said assignment(s) the Tribe shall be entitled to eighty percent (80%) of all consideration received.
6. Within 15 days of the signing of the lease(s), Spotted Hawk will pay the Three Affiliated Tribes the bonus of approximately \$3,000,000.00 (or \$300.00 per acre for the total acres of the lease(s) as determined by the Oil and Gas Director).

NOW THEREFORE BE IT FURTHER RESOLVED, that the Tribal Business Council designates the Natural Resources Oil and Gas Department and the Legal Department to negotiate and finalize a straight Tribal Oil and Gas Lease(s) with Spotted Hawk consistent with this resolution.



BE IT FINALLY RESOLVED, that the Chairman of the Tribal Business Council is hereby authorized to execute a finalized straight Tribal Oil and Gas Lease Agreement(s) on behalf of the Three Affiliated Tribes and that either the Vice-Chairman, Secretary or Treasurer may sign as a co-signatory on said Agreement.

CERTIFICATION

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 7 were present at a Regular Meeting thereof duly called, noticed, convened, and held on the 15th day of May 2008; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 5 members, 0 members opposed, 2 members abstained, 0 members not voting, and that said Resolution has not been rescinded or amended in any way.

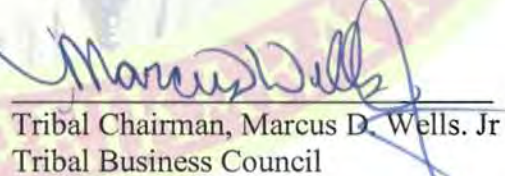
Chairman [] voting. [] not voting.

Dated this 15th day of May 2008.

ATTEST:



Executive Secretary, V. Judy Brugh.
Tribal Business Council



Tribal Chairman, Marcus D. Wells, Jr.
Tribal Business Council