



**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 31,983 acres of tribal land it has identified for development in Townships:

- a. T147N R88W excluding sections 1-3, 10-15, 22-27, & 34-36;
- b. T146N R88W – only sections 4-9 and 16-18.
- c. T148N R89W – only sections 2 and 10
- d. T148N R90W – all available tribal acreage
- e. T147N R90W – all available tribal acreage
- f. T148N R91W – all available tribal acreage
- g. T149N R91W – all available tribal acreage
- h. T150N R91W – all available tribal acreage
- i. Any other individual tribal tracts as identified and agreed to by the Tribal Oil and Gas Department.



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 four-year primary term, and a twenty and two half percent (22 ½%) royalty, \$300.00 per net acre bonus, \$50 per net acre “good faith” payment 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 four years with a 22 ½% royalty. The Tribe shall allocate funds in an amount not to exceed 2% of said royalty payments to MHA Holdings Incorporated, a wholly owned tribal entity;
2. The Tribe shall receive a \$300.00 bonus per net acre, and a three dollar (\$3.00) yearly rental;
3. An additional “good faith” payment of \$50.00 per acre (approximately \$1,599,150.00) shall be paid to the Tribe within ten (10) business days of both parties entering the lease(s).
4. The Tribal Oil and Gas Director will work with Spotted Hawk identify and select approximately 31,983 acres to be leased and to divide these acres into 640 acre block leases where feasible with the legal descriptions identified on a map.
5. 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 eleven and one half percent (11.5%);
6. Spotted Hawk Development, LLC shall drill 1 well within one year of the execution of the lease(s), provided Spotted Hawk receives the necessary drilling permits, and a minimum of 4 additional wells prior to the end of term. The Tribe and Spotted Hawk shall construe all leases contained within this agreement as a single development unit. All leases entered into by the approval of this resolution shall be developed and managed as a single unit for the purposes of said drilling commitment.
7. 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

Spotted Hawk Development LLC
P.O. Box 282
Parshall, ND 58770

July 16, 2008

Marcus D. Wells Jr., Chairman
Three Affiliated Tribes
400 Frontage Road
New Town, North Dakota 58763

Subject: Letter of Intent Regarding Lease of Tribal Mineral Interests

Dear Chairman Wells,

This letter will act to memorialize our agreement regarding the leasing of certain Oil and Gas Interests of the Three Affiliated Tribes as discussed in between the parties in various meetings.

Spotted Hawk Development LLC, has agreed to lease from the Three Affiliated Tribes certain oil and gas mineral rights and interests located upon Tribal Trust Lands on the following terms and conditions:

1. The amount of the royalty payments shall be twenty-two and one half percent (22.5%) to the Three Affiliated Tribes. The Tribe shall allocate funds in the amount not to exceed 2% of said royalty payments to MHA Holdings Incorporated, a solely owned tribal corporation.
2. The bonus paid per acre shall be three hundred dollars and no cents (\$300.00). A yearly rental shall be \$3 per acre for each of the five years of the lease.
3. Spotted Hawk shall agree to pay an additional "good faith payment" of fifty dollars and no cents (\$50.00) per acre (approximately \$1,599,150.00) and Spotted Hawk shall make such payment to the Tribe directly within 10 business days of both parties signing the leases.
4. The initial term of the leases shall be four (4) years.
5. The total area to be leased shall be divided into several leases and shall be organized and developed as a single unit.
6. Spotted Hawk agrees to drill at least one (1) well within one (1) year of execution of the leases and four additional wells within the initial lease terms.

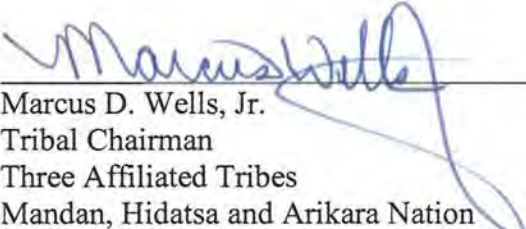
7. The total amount of land leased is acknowledged to be approximately **31,983 acres**. The acres shall include all available trust acres in:
- a. T147N R88W excluding sections 1-3, 10-15, 22-27, & 34-36;
 - b. T146N R88W – only sections 4-9 and 16-18.
 - c. T148N R89W – only sections 2 and 10
 - d. T148N R90W – all available tribal acreage
 - e. T147N R90W – all available tribal acreage
 - f. T148N R91W – all available tribal acreage
 - g. T149N R91W – all available tribal acreage
 - h. T150N R91W – all available tribal acreage
 - i. Any other individual tribal tracts as identified and agreed to by the Tribal Oil and Gas Department.
8. The mineral lease shall be substantially in the form as the BIA Oil and Gas Mining Lease with all additional provisions as provided by the Tribe.

This letter of agreement shall be valid for a period of thirty days from approval. During this time the Tribe shall not lease any further tribal lands for oil and gas development. It is the intent of the parties to finalize oil and gas mining lease agreements as may be necessary to carry out the full intent of the parties, within thirty days and have final executed oil and gas mining leases delivered to the BIA for approval during this time period.

Very Truly Yours,

Delvin Foote
Spotted Hawk Development LLC

Acceptance:



Marcus D. Wells, Jr.
Tribal Chairman
Three Affiliated Tribes
Mandan, Hidatsa and Arikara Nation



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.

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, 5 were present at a Special Meeting thereof duly called, noticed, convened, and held on the 16th day of July 2008; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 5 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 July 2008.

ATTEST:



Chairman, Marcus Wells Jr.
Tribal Business Council



Acting Executive Secretary, Barry L. Benson
Tribal Business Council