



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

A Resolution entitled: *“Amendment to Tribal Oil and Gas Leases between Three Affiliated Tribes and Spotted Hawk Development LLC”*

- WHEREAS,** This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under said Act and having adopted a Constitution and By-Laws pursuant to said Act; and
- WHEREAS,** The Constitution of the Three Affiliated Tribe generally authorizes and empowers the Tribal Business Council to engage in activities on behalf of and in the interest of the welfare and benefit of the Tribes and of the enrolled members thereof; and
- WHEREAS,** Article III of the Constitution of the Three Affiliated Tribes provides that the Tribal Business Council is the governing body of the Tribes; 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,** 25 CFR Part 211 provides the authority and procedures for leasing tribal lands for mineral development; and
- WHEREAS,** 25 CFR sub-part 211.20(a) provides that no oil and gas lease shall be approved unless it has first been offered for advertised bid sale unless the Secretary grants the Indian mineral owner written permission to negotiate for lease; and
- WHEREAS,** 25 CFR sub-part 211.20(d) further provides that an Indian owner may also submit negotiated leases to the Secretary for review and approval; and



- WHEREAS,** 25 CFR § 211.29 further provides that the regulations in this part may be superseded by the provision of any tribal constitution, by-law, or charter issued pursuant to the Indian Reorganization Act or by ordinance, resolution or other action authorized under such Constitution, provided that such tribal law may not supersede the requirements of federal statute applicable to Indian mineral leases; and
- WHEREAS,** the Fort Berthold Reservation comprises approximately 1,000,000 acres and has within it potentially significant oil and gas resources as the Reservation lies within the generally accepted geologic formation known as the Williston Basin, a geologic formation that has been developed since the early 1950's; and
- WHEREAS,** the Three Affiliated Tribes has entered into leases with Spotted Hawk Development LLC to develop 31, 983 acres of tribal mineral acres on the Fort Berthold Indian Reservation pursuant to Tribal Council Resolution 08-12-BLB (July 16, 2008); and
- WHEREAS,** Spotted Hawk has negotiated with the Tribal Oil & Gas and Legal Departments on amending the "Obligation to Drill" section of said leases to clarify its drilling commitments of one well in the first year and four additional wells by end of term, specifically the provision will be amended to read:

On or before one (1) year (three hundred and sixty-five days) after the effective date (date of approval by the Bureau of Indian Affairs) of the Lease, Lessee has an obligation (drilling commitment) to commence drilling one (1) well upon the single drilling unit (development unit) comprised of leased acreage held by Lessee pursuant to this Lease and all other oil and gas leases held by Lessee upon acreage owned by Lessor or by individual Indian trust allotment landowners within the Fort Berthold Reservation, provided that a well drilled upon allotted land leased by the Lessee shall satisfy its drilling commitment only if fifty percent (50%) or more of the production of such well is derived from leased acreage owned by Lessor. If Lessee has *properly* applied for but not received the necessary drilling permits and other approvals within the time specified, Lessee shall commence drilling within ninety (90) days after all such permits and approvals are issued and all other governmentally imposed prerequisites to drilling have been satisfied, whichever is later. Further, prior to the expiration of the primary (exploration) term of this Lease, Lessee shall be obligated to commence drilling four (4) additional wells upon the single drilling unit comprised of leased acreage held by Lessee in this Lease and all other leases held by Lessee upon acreage owned by Lessor or by individual Indian trust allotment landowners within the Fort Berthold Reservation, provided that a well drilled upon allotted land leased by the Lessee shall satisfy its drilling obligation only if fifty percent (50%) or more of the production of such well is derived from leased acreage owned by Lessor. If Lessee has *properly* applied for but not received the necessary



drilling permits and approvals for any of the four (4) additional wells within the primary term of the Leases, the primary term of all of the Leases upon acreage owned by Lessor shall be automatically extended for an additional period of two years. Lessor may designate all acreage held by Lessee into commercially reasonable drilling sub-units of no more than ten thousand (10,000) acres each, but such designation shall not enlarge or otherwise modify Lessee's drilling obligation under this paragraph.

WHEREAS, The Tribal Oil & Gas and Legal Departments have reviewed the proposed amendments and find them advantageous to the development of the tribal tracts leased to Spotted Hawk; and

WHEREAS, As was agreed to by the parties regarding the good faith payment made to the Tribe by Spotted Hawk, the Tribe would agree to repayment of the good faith payment including a limited waiver of sovereign immunity and recourse should the BIA fail to approve the leases; and

NOW THEREFORE BE IT RESOLVED, That the Tribal Business Council of the Three Affiliated Tribes hereby authorizes the Tribal Chairman to sign the Second Supplemental Agreement; and

BE IT FURTHER RESOLVED, That the Tribal Business Council of the Three Affiliated Tribes hereby affirms and ratifies its approval of the limited waiver of sovereign immunity and limited recourse provision regarding the good faith payment already paid to the Tribe by Spotted Hawk Development LLC.; and

BE IF FINALLY RESOLVED, The Tribal Council approves submitting to the BIA an amendment to the executed leases with Spotted Hawk regarding the "Obligation to Drill" provision.

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 15th day of August, 2008, 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 15th day of August, 2008.

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

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