



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

A Resolution entitled, "Approval of Letter of Intent for First Amendment(s) to Existing Tribal Oil and Gas Lease Agreements with Red Willow Production Company and Stetson Oil and Gas Limited"

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 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, 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, The Constitution of the Three Affiliated Tribes 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, The Tribal Business Council has met and reviewed the Letter of Intent to Amend the existing tribal oil & gas leases with Red Willow Production Company ("Red Willow"), a company owned and operated by the Southern Ute Tribe of Colorado and the Stetson Oil and Gas Limited, 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 negotiated with the Red Willow and the Southern Ute Tribal Council on extending the terms of existing Tribal Oil and Gas Leases held by Red Willow and its production partner Stetson Oil and Gas; and

WHEREAS, The Tribal Business Council desires to enter into an amend its existing straight Tribal Oil and Gas Lease Agreements with Red Willow, providing for an extension of the original primary term for an additional 3 years at a bonus rate of \$100 per acre (to be adjusted the actual First Amendment to reflect the \$1,500,000.00 good faith payment); the original royalty rate shall remain at 22.5% royalty rate to be accelerated to 25% upon 200% payout; a \$3.00 yearly lease; a good faith payment of approximately \$1,500,000 to be paid immediately upon signing of the Letter of Intent ; and a one-time payment of \$500,000.00 for a 12 month extension on date of completion of first commitment well on a total area of approximately 17,548.71 acres as well as favorable drilling commitments; and

WHEREAS, the negotiated terms for the Letter of Intent and First Amendment to the Red Willow Tribal Oil and Gas Lease Agreements shall also apply as a First Amendment to the existing Stetson Oil Tribal Oil and Gas Lease Agreements for an extension of the primary term for an additional three (3) years at a bonus rate of approximately \$100 per acre (to be adjusted in the actual First Amendment to reflect the \$1,500,000.00) for approximately 8,185 acres as Red Willow is a majority partner in those leases.

NOW THEREFORE BE IT RESOLVED, The Three Affiliated Tribes hereby approves the following terms of an negotiated Letter of Intent for a First Amendment to the existing straight Tribal Oil and Gas Lease Agreements with Red Willow and Stetson Oil to include the following stipulations pending formal acceptance and approval by the Three Affiliated Tribes and the Southern Ute Tribal Councils:

1. The royalty percentage shall remain the same as the existing leases at:
 - a. Red Willow: an initial rate of 22 ½ % and shall escalate to 25% upon a 200% payout on well-by-well basis on all wells drilled within the agreed acreage.
 - b. Stetson Oil: an royalty rate of 22.5% for all acreage under the Stetson leases.
2. An additional bonus paid per acre shall be \$100.00 per acre (to be adjusted accordingly) to reflect the \$1,500,000.00 good faith payment).
3. A one-time good faith payment of approximately \$1,500,000.00 to be paid immediately upon the approval and signing of the Letter of Intent to Amend the Existing Red Willow and Stetson Tribal Oil and Gas Lease Agreements;
4. The additional term of three years to be added to the original primary lease term of four years for a total of seven years and shall be applied to both existing Red Willow and Stetson tribal oil and gas lease agreements with an annual delayed rental of \$3.00 per acre for lands.



5. The Tribe shall grant a twelve (12) month extension to Red Willow from the original February 2010 completion date in exchange for a one-time payment of \$500,000.00.
6. The amount of land the First Amendment to the Red Willow and Stetson Tribal Oil and Gas Lease Agreements shall affect is acknowledged to be approximately 17,548.71 acres for Red Willow and 8,185 acres for Stetson;
7. That Red Willow GP, as a subsidiary owned by an Indian tribe, shall be exempt from the substantive and administrative provisions of the Three Affiliated Tribes' TERO; provided, however, that Red Willow GP has agreed that it will pay otherwise applicable TERO fees associated with well drilling at such time that Red Willow GP decides to proceed with the drilling of new wells;
8. The mineral lease shall be substantially in the same form as the BIA Oil and Gas Mining Lease with all changes as agreed to by the parties;

NOW THEREFORE BE IT FURTHER RESOLVED, that the Tribal Business Council designates the Tribal Energy Department and the Legal Department to negotiate and finalize a Letter of Intent and First Amendment(s) to the existing straight Tribal Oil and Gas Lease(s) with Red Willow and Stetson consistent with this resolution; and

BE IT FURTHER RESOLVED, that the Chairman of the Tribal Business Council is hereby authorized to execute a finalized Letter of Intent and First Amendment(s) to the existing straight Tribal Oil and Gas Lease Agreement(s) with Red Willow and Stetson 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, if required.



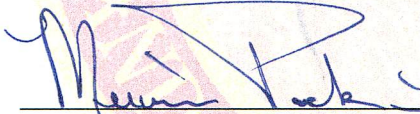
CERTIFICATION

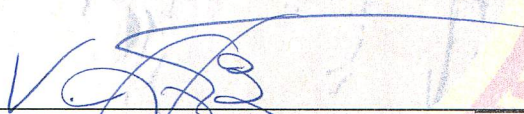
I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 5 were present at a Special Meeting thereof duly called, noticed, convened, and held on the 20th day of October 2009; 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 20th day of October 2009.

ATTEST:


for Chairman, Marcus D. Levings
Tribal Business Council


Executive Secretary, V. Judy Brugh
Tribal Business Council