



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

***A Resolution entitled, "Approval of Tallsalt Asset Management / Mette Associates LLC
Annual Contract for Services"***

WHEREAS, The Mandan Hidatsa and Arikara Nation ("Nation" or "Tribes") having accepted the Indian Reorganization Act of June 18, 1934 ("IRA"), and the authority under said Act and having adopted a Constitution and By-Laws pursuant to said Act; and

WHEREAS, The Constitution of the Nation 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, Section 1 of the Constitution of the Nation provides that the Tribal Business Council is the governing body of the Tribes; and

WHEREAS, Article VI, Section 5(1) of the Constitution of the Nation provides that the Tribal Business Council has the power to adopt resolutions regulating the procedure of the Tribal Business Council and other Tribal agencies and Tribal officials on the Reservation; and

WHEREAS, Article VI, 5(c) of the Constitution of the Nation specifically authorizes and empowers the Tribal Business Council to administer funds within the exclusive control of the Tribes and to make expenditures from available Tribal funds for public purposes for the Tribes; and

WHEREAS, Tallsalt Asset Management aka Mette Associates LLC has a prior contract with the Tribes to provide oil & gas royalty audit services, review and locate royalty payment discrepancies, review and adjust ongoing operator royalty reports on a monthly basis and other financial services related to oil & gas projections; and

WHEREAS, The Tribal Energy Department recommends renewing the Annual Contract with Tallsalt Asset Management aka Mette Associates LLC to continue to provide the aforementioned services to assist the Tribe in reconciling any and all discrepancies related to its tribal oil & gas royalties.

NOW THEREFORE BE IT RESOLVED, the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby approves the renewal of the Annual Contract to provide oil & gas royalty reconciliation services as provided in the attached contract; and



TALLSALT ADVISORS

October 13, 2011

Mr. Fred Fox
Administrator, MHA Energy Division
Three Affiliated Tribes
404 Frontage Road
New Town, North Dakota 58763

Re: Proposal for Annual Contract Royalty Monitoring Services

Mr. Fox,

The purpose of this letter is to confirm our proposal for an Annual Contract for Services (the "Agreement") between Three Affiliated Tribes (the "Tribe" or "MHA") and Tallsalt Advisors ("Tallsalt"). This Agreement sets forth the services Tallsalt will be providing the Tribe through its operating entity Mette Associates, LLC ("Mette"), a California limited liability company and 100% native-owned firm, as well as the terms of payment and other matters pertaining to Mette's performance of services under this Agreement.

SCOPE OF ENGAGEMENT

Mette has provided Energy Consulting Services under a prior agreement dated September 2010 and a subsequent extension. The primary product under that prior agreement and extension was an analysis and report regarding the production and royalty information for oil and gas wells located on tribal trust land in which the Tribe holds a mineral interest ("Tribal Well Interests"). The report covered the time period from June 1, 2008 through June 30, 2011.

The Tribe desires to have Mette monitor and reconcile on a monthly basis certain data regarding royalties due and paid to MHA for its Tribal Well Interests for the period from June 1, 2011 through December 31, 2012. In addition, Mette will provide MHA with monthly reports and follow up on reporting discrepancies and unusual trends with lease operators and federal agencies. Specifically, Mette will:

- 1) Provide monthly reports to the MHA Energy Division in substantially the same form as provided by Mette for the period from June 2008 to June 2011. Monthly reports shall:
 - a. Track production volumes, sales volumes, total dollar sales, averages price per unit sold, royalties due, and allowances for the Tribal Well Interests by well API number (and lease/IMDA number, if data and reporting formats allow) for all petroleum product categories as reported by federal agencies. Wells must be located within the exterior boundaries of the Fort Berthold Reservation.
 - b. Compare corresponding production volume and sales volumes by well API number (and lease/IMDA number, if data and reporting formats allow).

- c. Compile aggregate data by lease operator.
 - d. Compare monthly royalties due according to ONRR reports to monthly distributions provided by OST.
- 2) Report discrepancies and unusual trends to the MHA Energy Division on a monthly basis.
 - 3) Discuss discrepancies and unusual trends in the data with the appropriate lease operator and federal agency (BIA, BLM, ONRR and/or OST) on a monthly basis to identify reasons for unusual trends and to resolve reporting deficiencies.
 - 4) Identify specific areas where (i) federal information systems, (ii) data gathering processes and (iii) operator reporting requirements can be modified to provide information that will facilitate accurate and rapid confirmation of royalty information by MHA.
 - 5) Migrate MHA royalty data to a relational database and provide securing online access to representatives of MHA within 12 months of the Effective Date of this Agreement.
 - 6) Conduct and communicate other analyses related to the MHA oil and gas minerals leases, as requested by the MHA Energy Division, on an as needed basis.
 - 7) Provide litigation support services related to oil and gas leases, as requested by MHA.

Mette shall provide the specified services by instruction from and in coordination with the MHA Energy Office. Mette shall provide these services in a professional manner and in compliance with applicable standards of care.

COMPENSATION

Mette's compensation under this Agreement consists of (a) monthly professional fees (b) monthly database maintenance fees, (c) hourly professional fees and (d) reimbursement of project related expenses. Mette's fees and expenses shall be invoiced in accordance with the following:

- A. Monthly Professional Fees for Scope Items 1 through 4 are \$300 per well API number included in the monthly reports. The monthly amount will increase by 4% over the monthly amount for the prior calendar year beginning each January (except for January 2012). The monthly amount is due in advance of the month for which the service provided. The amount due is calculated by multiplying the monthly fee amount by the number of API numbers reported on the Production Report (provided by the federal agencies) two months prior. For example, if the Production Report for January included 50 API numbers, the fee due in advance of March would be 50 multiplied by \$300 or \$15,000. The fee only applies to wells that commenced production or were reopened after June 30, 2008. This fee only applies to wells located inside the exterior boundaries of the Fort Berthold Reservation. The first monthly fee is due at the commencement of this Agreement and shall cover services for the month of November 2011.

- B. Professional Fees for Scope Item 5 are \$45,000 payable in three equal retainer installments for the migration to the online database. A retainer of \$15,000 is due at the commencement of this Agreement. When the retainer balance reaches \$5,000, a second and third retainer of \$15,000 will be due. Amounts due will be invoiced and credited against the retainer on a monthly basis.
- C. Scope Item 5 monthly Database Maintenance Fees are \$25 per month per API number. The monthly amount will increase by 4% over the monthly amount for the prior calendar year beginning each January (except for January 2012). The monthly amount is due in advance of the month for which the service provided. The amount due is calculated by multiplying the monthly fee amount by the number of API numbers reported on the Production Report (provided by the federal agencies) two months prior. For example, if the Production Report for January included 50 API numbers, the fee due in advance of March would be 50 multiplied by \$25 or \$1,250. The database Maintenance Fees will not be payable until the database resides on a secure internal computer network server or a secure server located in an external data center.
- D. Professional Fees for Scope Item 6 for other analyses are \$150 per hour for senior staff and \$80 per hour for junior staff. The hourly amount will increase by 4% over monthly amount for the prior calendar year beginning each January (except for January 2012). Amounts due will be invoiced monthly.
- E. Professional Fees for Scope Item 7 for litigation support (testimony), depositions and related activities are \$250 per hour for senior staff and \$125 per hour for junior staff. The hourly amount will increase by 4% over monthly amount for the prior calendar year beginning each January (except for January 2012). Amounts due will be invoiced monthly.
- F. A travel allowance of \$2,000 per month will be paid along with the Monthly Professional Fees for Scope Items 1 through 4. This travel allowance covers all travel costs for one monthly trip by Steve Gundersen or other senior staff to New Town or Denver to address reporting discrepancies with lease operators and/or federal agencies. The travel allowance will increase by 4% over monthly amount for the prior calendar year beginning each January (except for January 2012). Other project related expenses will be billed as a separate item without markup. Associated expenses may include travel (airfare, auto rental, mileage), lodging (including allocated rent), subsistence, research resources, applicable sales taxes and other direct project expenses incurred. Invoices shall provide an itemization of project related expenses.

TIMELY INFORMATION & MEETINGS

Mette will request certain information considered useful in providing the specified services related to the scope. The Tribe shall provide the requested information on a timely basis, if available, and provide access to key personnel to discuss the Tribe's oil and gas leasing program with the understanding that the availability of such information on a timely basis may

significantly alter the comments and recommendations provided, as well as Mette's ability to complete the scope under this Agreement.

The Tribe shall provide necessary authorizations to federal agencies to discuss matters regarding its oil and gas mineral interests and leases and to directly receive reports from federal agencies. The Tribe shall authorize federal agencies to assist Mette to set up a computer system with the NIOGEMS system and to provide the database for the Tribe's oil and gas mineral interests and leases.

Necessary information required to complete this scope of work includes continued access to information provided to Mette under the September 2010 agreement, including:

- a) Monthly federal Production Reports.
- b) Monthly ONRR Royalty Reports.
- c) Monthly OST Distribution Reports.
- d) The federal "Activity Report" as available or other information describing the status and identifying information for the subject wells.

The Tribe shall provide Mette with sufficient office space for one workstation in close proximity to the MHA Energy Office in order to conduct work under this Agreement.

INDEPENDENCE, EXPERTISE AND KEY PERSONNEL

Mette shall be an independent contractor and shall be separately responsible for payment of all taxes. Mette represents that its assigned personnel have sufficient expertise and experience to provide the services requested under this Agreement.

Key personnel assigned to this engagement include Steve Gundersen (*Navajo*), Melanie Ben (*Navajo*), Ramon Scott (*Navajo*) and other supporting research, analyst and clerical staff from Mette. Additional staff will be assigned to this engagement as the number of wells increases.

TERM AND TERMINATION

The Term of this Agreement extends from the date the Agreement is signed and the Tribal Business Council passes a supporting resolution ("Effective Date") through December 31, 2012 ("Termination Date").

The Agreement may be terminated by the Tribe or Mette with written notice. In the case of early termination, the Termination Date will be 11:59 p.m. Central Time of the last day of the calendar month six (6) months following notification of termination by the Tribe or Mette. Upon termination of this Agreement, the Tribe shall pay Mette the per month, per unit and per hour professional fees and reimbursable expenses due through the Termination Date. Mette shall provide the Tribe with a final invoice reflecting the remaining accrued and unbilled professional fees and expenses. Within thirty (30) days following the Termination Date, Mette shall provide the Tribe with a final version of its monthly reports.

CONFIDENTIALITY

All non-public information received or produced by Mette regarding the Tribe's business plans and finances will be held in the strictest confidence and will not be disclosed to any third party, without written permission, except as required by law. Mette may place announcements and advertisements in financial and other newspaper, journals and mailings, at its own expense, describing the Tribe as a client and generally describing the services provided under this engagement once the proposed transaction has been completed.

INDEPENDENCE AND CONFLICTS OF INTEREST

Mette Associates does not believe any potential conflicts of interests existing that would affect our ability to provide the Tribe with independent opinions and recommendations. As a matter of policy, Mette does not work for non-Tribal parties in their dealings with Native American Tribes. To our knowledge Mette has not and is not currently working with any parties that may be operating wells on the Tribe's land.

GOVERNING LAW AND JURISDICTION

The laws of the Mandan Hidatsa Arikara Nation (Three Affiliated Tribes) shall govern the construction, performance and enforcement of this Agreement.

SOVEREIGN IMMUNITY

Nothing in this Agreement, its provisions or any term therein shall be held, construed or interpreted as a waiver of the sovereign immunity of the Mandan Hidatsa Arikara Nation (Three Affiliated Tribes), its elected officials, employees, agents or assigns.

ENTIRE AGREEMENT

This Agreement supersedes any and all other agreements either oral or in writing between the parties with respect to the subject matter of this Agreement and contains all the covenants and agreements between Three Affiliated Tribes and Mette with respect to this engagement.

AMENDMENTS

This Agreement may be amended only in writing which shall be approved and executed by the parties hereto.

IN WITNESS WHEREOF, the parties herein have executed this Agreement as of the date below written.

Mr. Fred Fox
Three Affiliated Tribes
October 13, 2011
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ACCEPTANCE

If the terms of this Agreement are acceptable, please sign in the space provided below and return the Agreement to Mette Associates to:

Steve Gundersen
President
Mette Associates, LLC
P.O. Box 28280
Scottsdale, Arizona 85255

Thank you for the opportunity to submit this proposal. We look forward to being of service to Three Affiliated Tribes.

METTE ASSOCIATES, LLC

By: _____
Steve Gundersen
President

October 13, 2011
Date: _____

THREE AFFILIATED TRIBES

By: Tex G. Hall
Signature

By: Tex G. Hall
Printed Name

Date: 10-20-11



BE IT FURTHER RESOLVED, the Tribal Chairman is hereby authorized to execute the attached Annual Contract for Tallsalt Asset Management aka Mette Associates LLC to continue providing the Tribes services pursuant to the terms of the attached contract.


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, 5 were present at a **Regular** Meeting thereof duly called, noticed, convened and held on the 20th day of **October**, 2011, that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 4 members, 1 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**, 2011.

ATTEST:



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



Tribal Chairman, Tex G. Hall
Tribal Business Council
Three Affiliated Tribes

