



Resolution No. 15-031-LKH

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

A Resolution Entitled: Approval of the Settlement Agreement between the United States of America, the Three Affiliated Tribes and the Slawson Exploration Company

WHEREAS, This Three Affiliated Tribes 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 Tribes 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, Article VI, Section 5 (d) of the Constitution of the Three Affiliated Tribes empowers the Tribal Business Council to negotiate with the Federal government on behalf of the Tribes; and

WHEREAS, Slawson Exploration Company (“Slawson”) is a privately held oil and gas exploration company headquartered in Wichita, Kansas; and

WHEREAS, During 2011, Slawson was the lessee of Tribal Lease Nos. 5400017660, 5400017670, 5400017720, 5400021400, 5400023680, 5400023690, 5400090010 located on the Fort Berthold Indian Reservation in North Dakota and allotted Lease No. 5230000440 located on the Fort Peck Indian Reservation in Montana; and

WHEREAS, As a lessee of Indian leases, Slawson is required to pay royalties on any gas removed from these leases to the Office of Natural Resources Revenue (“ONRR”); and

WHEREAS, After receiving the royalty payments, ONRR verifies that the payments are correct and then passes these monies on for distribution to the Indian leaseholders; and

WHEREAS, There are two requirements for calculating and paying royalties owed for Indian leases: (1) the dual accounting requirement, and (2) the major portion price requirement; and



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WHEREAS, The United States contends that Slawson: (1) acted with reckless disregard and/or deliberate indifference in failing to properly report and pay royalties due using alternative dual accounting on Lease Nos. 5400017660, 5400017670, 5400017720, 5400021400, 5400023680, 5400023690, 5400090010, and 5230000440 from January 1, 2011 through December 31, 2011; and (2) acted with reckless disregard and/or deliberate indifference in failing to properly report and pay royalties due using the major portion price on Lease Nos. 5400017660 and 5400090010 from January 1, 2011 through December 31, 2011; and

WHEREAS, Slawson denies the contentions of the United States; and

WHEREAS, To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of a Settlement Agreement, attached hereto, has been negotiated to settle the claims therein; and

WHEREAS, Slawson shall pay to the United States sixty-six thousand dollars (\$66,000.00) ("Settlement Amount"), plus interest at the rates established by each individual lease agreement, or, if the lease does not contain an interest provision, at the rate established by 30 C.F.R. § 1218.54 (collectively referred to as "Interest"), from June 10, 2014, to the date Slawson makes payment to the United States; and

WHEREAS, Slawson will make the payment of the Settlement Amount, plus Interest, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the District of Colorado no later than ten (10) days after the the date of signature of the last signatory to the Settlement Agreement; and

WHEREAS, the Settlement Agreement must be executed by the Assistant United States Attorney in the United States Attorney's Office for the District of Colorado, ONNR, the Assistant Secretary -Indian Affairs in the Bureau of Indian Affairs, and the Tribes; and

WHEREAS, it is in the Tribes' best interest to settle the claim; and

WHEREAS, The Tribal Business Council finds that it is necessary to approve the attached Settlement Agreement.

NOW THEREFORE BE IT RESOLVED, that the Tribal Business Council of the Three Affiliated Tribes hereby approves the Settlement Agreement attached hereto; and

BE IT FINALLY RESOLVED, that the Chairman of the Tribes is authorized and directed to execute the Settlement Agreement on behalf of the Tribe.




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 Regular Meeting thereof duly called, noticed, convened and held on the 13th day of March, 2015, that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 4 members, 0 members opposed, 2 members abstained, 1 members not voting, and that said Resolution has not been rescinded or amended in any way.

Chairman [] Voting. [] Not Voting.

Dated this 13th day of March, 2015.

ATTEST:


Executive Secretary: L. Ken Hall
Tribal Business Council
Three Affiliated Tribes


Chairman: Mark Fox
Tribal Business Council
Three Affiliated Tribes