



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

**A Resolution entitled, “*Approval of Primary Lease Terms with WPX Energy Williston, LLC Regarding Lease No. 7420A41102 .*”**

**WHEREAS,** This Mandan Hidatsa and Arikara Nation (the "MHA 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 under said Act, and

**WHEREAS,** Pursuant to Article III, Section 1 of its Constitution and By-Laws, the Tribal Business Council is the governing body of the MHA Nation; and

**WHEREAS,** Pursuant to Article VI, Section 5(1) of said Constitution, the Tribal Business Council has the power to adopt resolutions regulating the procedures of the Tribal Council, its Agencies and Officials; and

**WHEREAS,** The Tribal Business Council has authority to engage in activities on behalf of and for the welfare and benefit of the Tribes and of the enrolled members thereof; and

**WHEREAS,** Article IX Sections 1 and 3 of the Constitution provides that the Tribal Business Council has the authority to manage and lease or otherwise deal with tribal lands and resources; and

**WHEREAS,** Pursuant to the Indian Reorganization Act of 1934, Fred Wheeler, an enrolled member of the Three Affiliated Tribes, conveyed on January 4, 1954, to the Three Affiliated Tribes, an undivided one-half interest in Allotment No. 1130A (320 acres); and

**WHEREAS,** The January 4, 1954 conveyance contained the following mineral reservation: “Grantor reserves all the oil, gas and other minerals for a period of twenty years, or as long thereafter as an oil, gas or other mineral lease is in effect”; and

**WHEREAS,** Reinholt Burst, the then acting Area Director for the Bureau of Indian Affairs (“BIA”) Aberdeen Area approved the conveyance deed on February 5, 1954; and

**WHEREAS,** The 20 year mineral reservation contained in the January 4, 1954 Wheeler conveyance expired in 1974; and

**WHEREAS,** On June 13, 2008, Zenergy Properties 6 Ft. Berthold Allottee, LLC (“Zenergy”) and the heirs of Allotment No. M1130A executed Lease No. 7420A41102, for 320 acres in Township 150 North, Range 93 West, Section 15 in Mountrail County, North Dakota; the Lease included a cash bonus of \$350 per acre and set



the royalty rate at eighteen percent (18%); on July 14, 2008, BIA Superintendent Howard Bemer approved Lease No. 7420A41102; and

**WHEREAS,** Lease No. 7420A41102 was executed by individual landowners of Allotment No. M1130A, based on BIA's Land Title Records Office ("LTRO") Title Status Report ("TSR") for Allotment No. M1130A, which did not reflect the expiration of the 20 year mineral reservation contained in the 1954 Wheeler conveyance; and

**WHEREAS,** On March 23, 2009, Zenergy assigned 100% of Lease No. 7420A41102 to Dakota-3 E&P Company, LLC, incorporated in State of Delaware; on April 10, 2009, BIA Superintendent Howard Bemer approved the assignment; and

**WHEREAS,** On December 31, 2011, Dakota-3 E&P Company, LLC filed a certificate of amendment with the Secretary of the State of Delaware changing its name to "WPX Energy Williston, LLC" ("WPX"); and

**WHEREAS,** In September 2011, WPX drilled the Arikara 15-22HC Well in September 2011, and said well has been in production since then; and

**WHEREAS,** The Arikara 15-22HC Well is committed to Communitization Agreement No. NDM-102711 (the "CA"); and the 320 acre tract in Allotment No. M1130A is 25% of the 1280 CA; and

**WHEREAS,** In 2014, as part of its efforts to expand drilling on the 320 acre tract in Allotment No. M1130A, WPX conducted a review of its title records, and in the course of doing so, WPX discovered the title error in M1130A, which did not reflect the expiration of the 20 year mineral reservation contained in the 1954 Wheeler conveyance; and

**WHEREAS,** The BIA has since commenced administrative proceedings to correct the title error and to reflect that the minerals that were subject to the expired 20 year mineral reservation have been owned in trust for the Three Affiliated Tribes since the expiration of the 20 year mineral reservation; and

**WHEREAS,** BIA confirmed that oil and gas royalties attributable to the Arikara 15-22HC well have been paid to the heirs of Fred Wheeler as reflected in the applicable TSR, and that through November 10, 2016, a total of \$1,700,453.54 in royalty revenue, as well as a cash bonus of \$112,000 was paid to the landowners, for a total of 1,812,483.54; half of that amount, \$906,241.77 was paid to the heirs of Fred Wheeler; and

**WHEREAS,** BIA confirmed that the Office of Natural Resources Revenue ("ONRR") has recently suspended royalty payments to the heirs of Fred Wheeler, and that BIA has met with these individuals to explain the title errors; and



**WHEREAS,** The title defect in Allotment No. M1130A caused by the failure to discover and/or record the expiration of the 20-year mineral reservation contained in Fred Wheeler's 1954 conveyance has called into question the validity of Lease No. 7420A41102, but BIA has not yet informed the MHA Nation, WPX or the affected individual landowners how it intends to address the validity of the Lease No. 7420A41102, and its implications; and

**WHEREAS,** At a duly held meeting of the NRC on April 6, 2017, WPX presented a list of primary financial and other terms to be incorporated into an oil and gas lease with the MHA Nation in order to resolve the title defect in Lease No. 7420A41102; and

**WHEREAS,** The NRC forwarded the list of proposed lease terms to the Tribal Business Council for consideration.

**NOW THEREFORE BE IT RESOLVED,** That the Tribal Business Council hereby approves the following primary terms relating to the MHA Nation's ownership interest in Lease No. 7420A41102, consisting of a one half undivided interest in Allotment No. M1130A (.500000000 Tribal interest) located in Township 150 North, Range 93 West, Section 15 in Mountrail County, North Dakota:

1. The Lease shall be subject to a royalty rate of twenty-two percent (22%) effective from the date of approval of this Resolution.
2. WPX shall pay a Lease Bonus of \$10,000 per net mineral acre, plus an additional onetime bonus of \$12,000.
3. The Lease will include a release and waiver of claims arising out of the title error associated with M1130A.
4. The MHA Nation will ratify and join the CA for the Arikara Unit.
5. The MHA Nation will agree to support WPX in expediting BIA's correction of title and approval of the leasing documents.
6. The MHA Nation will agree to keep the terms of the agreement confidential, subject to federal disclosure requirements in title and other records.
7. The said terms shall be incorporated into a lease agreement, which may, if not contrary to law, include a ratification, joinder and amendment to Lease No. 7420A41102, subject to approval by the BIA.



**BE IT FURTHER RESOLVED**, That the Tribal Business Council hereby authorizes the Energy Division to continue discussions with WPX, the BIA, and the owners of the other one-half interest in Allotment No. M1130A, to determine whether Lease No. 7420A41102 can be amended, ratified and/or subject to a joinder to correct the title defects associated with this matter or whether a new lease will be required.

**BE IT FURTHER RESOLVED**, That the lease agreement shall include other mutually acceptable terms, including but not limited to: assignment of lease and/or leasehold interests, access to lease premises, dual accounting requirements, auditing, bonding and insurance, drilling commitments and requirements, diligent development obligations, drainage, prevention of waste, force majeure, shut-in, indemnification, payment of losses, plugging and abandonment requirements, environmental obligations, protection of cultural and sensitive sites, hazardous materials, oversight, communitization, water usage, dispute resolution, governing law, liens, taxes, assessments, utility charges, bankruptcy, dissolution or receivership, tribal law and regulatory compliance, TERO compliance, amendments, notices, etc.

**BE IT FINALLY RESOLVED**, that the Chairman is hereby authorized to take such further actions as are necessary to carry out the terms and intent of this Resolution.

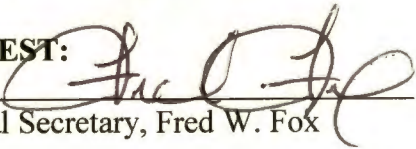
#### CERTIFICATION

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, 6 were present at a \_\_Special Meeting thereof duly called, noticed, convened and held on the \_\_\_ day of 30<sup>th</sup>, 2017, that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 6 members, 0 members opposed, 0 members abstained, 1 members not voting, and that said Resolution has not been rescinded or amended in any way.

Chairman [ X ] Voting. [ ] Not Voting.

Dated this 1<sup>st</sup> day of June, 2017.

ATTEST:

  
Tribal Secretary, Fred W. Fox

  
Tribal Chairman, Mark N. Fox