



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

A Resolution entitled, “Approval of Assessment of Civil Fine on SHD Oil and Gas, LLC for Non-Use of Right-of-Way No. FBOG100920 for the Mattie Grace Pad.”

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, By Resolution No. 15-095-LKH dated March 13, 2015, the Tribal Business Council authorized and consented to a Right-of-Way application submitted by SHD Oil & Gas, LLC (“SHD”) for the Mattie Grace Pad, Alpha (Phase 2), Sigma (Phase 2), Demeter, Cheetah, Bacchus, Athena (Phase 2), Eta, Athena (Phase 1), Epsilon, Delta, Gamma, Beta, Alpha (Phase 1), and Sigma (Phase 1) for Well Location and Access over the following Tribal Tracts on the Fort Berthold Indian Reservation (“FBIR”):

Allotment No. T3055 - SE¼ SE¼ of Section 12, Township 150 North, Range 92 West of the 5th Principal Meridian, McLean County, North Dakota (2.396 acres of access road disturbance and 8.4 acres of Offsite Production Pad Disturbance);

Allotment No. 194 - Lot 4 of Section 7, Township 150 North, Range 91 West of the 5th Principal Meridian, McLean County, North Dakota (1.790 acres of access road disturbance);

Allotment No. 8 – Lot 1 of Section 18, Township 150 North, Range 91 West of the 5th Principal Meridian, McLean County, North Dakota (5.721 acres of access road and 0.651 acres of well pad disturbance);



Allotment No. 271 – NE¼ NW¼ of Section 18, Township 150 North, Range 91 West of the 5th Principal Meridian, McLean County, North Dakota (0.089 acres of access road and 11.397 acres of well pad disturbance).

WHEREAS, On June 30, 2015, Kayla Danks, the Superintendent of the Bureau of Indian Affairs (“BIA”) Fort Berthold Agency, executed a Grant of Easement approving ROW No. FBOG100920 to SHD for a Well Location and Access on the Tribal Tracts cited above (referred to herein as the Mattie Grace Pad); and

WHEREAS, On January 10, 2018, MHA Energy Division Compliance staff inspected the Mattie Grace Pad site, identified above, and observed that construction had not been initiated, demonstrating that SHD had not utilized or commenced construction on the Mattie Grace Pad for more than two years since ROW No. FBOG100920 was approved and granted by the BIA on June 30, 2015; and

WHEREAS, On December 18, 2017, SHD Representatives met with the MHA Nation Energy Division staff to discuss several matters including the Mattie Grace ROW, and during that meeting SHD representative Randy Neset acknowledged that SHD had only recently attempted to initiate construction on the Mattie Grace Pad; and

WHEREAS, On March 1, 2018 the MHA Nation Energy Division conducted another investigation of the ROW No. FBOG100920 site and observed January 10, 2018; and

WHEREAS, On January 24, 2018, at a duly held meeting of the Natural Resources Committee (“NRC”), the MHA Nation Energy Division presented to the NRC its findings regarding this matter as well as the BIA’s Notice of termination of ROW No. FBOG100920, and SHD’s representatives and counsel were also in attendance at the NRC meeting and were given an opportunity to be heard; and

WHEREAS, Based on all of the facts and circumstances provided to the NRC, the NRC imposed a \$100,000.00 fine for SHD’s two-year consecutive period of non-use of ROW No. FBOG100920, directed that SHD must pay the fine within three (3) weeks, and further instructed the MHA Nation Energy Division to carryout the NRC’s directive; and

WHEREAS, Pursuant to the authority delegated to the MHA Nation Energy Division by Resolution No. 17-194-FWF and in accordance with the directive set forth by the Natural Resources Committee, the MHA Nation Energy Division assessed a citation to SHD Oil and Gas, LLC for a \$100,000.00 civil fine for failure to utilize or commence construction in accordance with the terms and conditions of ROW No. FBOG100920 (*see* Attachment A); and



WHEREAS, Alternative resolution of violations is consistent with intent and spirit of BIA Right-of-Way Regulations codified at 25 C.F.R. 169 Subpart F, which recognizes deference to Tribal decision-making and negotiated remedies.

NOW THEREFORE BE IT RESOLVED, that the Tribal Business Council hereby approves the attached citation issued by the MHA Nation Energy Division to SHD Oil and Gas, LLC for a \$100,000.00 civil fine for failure to utilize or commence construction on the Mattie Grace Pad in accordance with the terms and conditions of ROW No. FBOG100920.

BE IT FURTHER RESOLVED, Upon receipt of payment from SHD, the Tribal Business Council directs the MHA Nation Energy Division to undertake the following:

- Inform the BIA that the MHA Nation has provided SHD an alternative course to resolve the two-year non-use of ROW No. FBOG100920;
- Request the BIA to refrain from issuing a Notice of Termination of ROW No. FBOG100920, and
- Provide SHD six (6) months, from the date payment is received by the MHA Nation, to commence construction on the ROW No. FBOG100920 location, consistent with the approved uses and purposes of said ROW.

BE IT FURTHER RESOLVED, The Tribal Business Council approves this Resolution as a negotiated means to resolve SHD's non-use ROW violation, and for these purposes, acquiesces to a determination that SHD has cured said violation, retroactive to June 30, 2017, upon SHD's fulfillment of the payment and construction requirements set forth herein, and

BE IT FURTHER RESOLVED, The Tribal Business Council approves this Resolution strictly as a negotiated means to address and resolve SHD's failure to utilize or commence construction within a two-year period on the Mattie Grace Pad in accordance with the terms and conditions of ROW No. FBOG100920, and confirms that this Resolution does not affect or implicate any other lease or ROW compliance matter.

BE IT FURTHER RESOLVED, In accordance with 25 CFR §169.404(d), SHD will continue to be responsible for the obligations in ROW No. FBOG100920 until that grant expires on June 30, 2035, or is terminated or cancelled, as well as any reclamation or other obligations that survive the end of the grant.

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



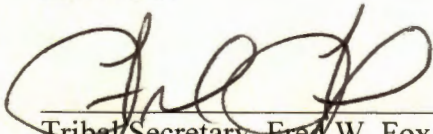
CERTIFICATION

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 Regular Meeting thereof duly called, noticed, convened and held on the 15th day of March, 2018, 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.

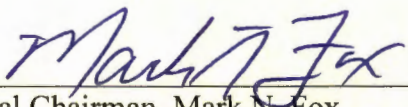
Chairman [X] Voting. [] Not Voting.

Dated this 15th day of March, 2018.

ATTEST:



Tribal Secretary, Fred W. Fox
Tribal Business Council



Tribal Chairman, Mark N. Fox
Tribal Business Council