



**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. FBOG101012 for the Old 7 Inch Tank Battery."

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, On December 24, 2015, the Bureau of Indian Affairs ("BIA") granted ROW No. FBOG101012 for construction of the Facilities Pad, Access Road, Utilities, Fiber Optics, Above Ground Appurtenances and Flowlines for the Old 7 Inch Tank Battery on the following Tribal tracts on the Fort Berthold Indian Reservation ("FBIR"):

- Allotment No. T353A-D, NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 150 North, Range 90 West of the 5th Principal Meridian, McLean County, North Dakota (10.17 acres of disturbance for the Facilities Pad, 0.65 acres of access road disturbance & 2.28 acres of flowline/utility disturbance);
- Allotment No. T353A-C, NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 150 North, Range 90 West of the 5th Principal Meridian, McLean County, North Dakota (2.28 acres of flowline/utility disturbance);
- Allotment No. T3043, E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 31, Township 150 North, Range 90 West of the 5th Principal Meridian, McLean County, North Dakota (2.03 acres of flowline/utility disturbance);
- Allotment No. T360A-B, NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 32, Township 150 North, Range 90 West of the 5th Principal Meridian, McLean County, North Dakota (0.36 acres of flowline/utility disturbance); and



WHEREAS, By letter dated January 24, 2018, Kayla Danks, the Superintendent of the BIA Fort Berthold Agency, provided SHD Oil & Gas, LLC (“SHD”) official “Notice to Terminate Right-of-Way FBOG101012”; and

WHEREAS, According to the January 24, 2018 Notice of Termination, BIA conducted a field inspection of the Tribal tracts listed above and discovered that SHD has not commenced any construction on the approved ROW for the Old 7 Inch Tank Battery, and the BIA shared its photos of the site taken by the BIA on January 24, 2018 with the MHA Nation Energy Division; and

WHEREAS, The MHA Nation Energy Division conducted its own investigation of the ROW No. 101012 site and observed that construction had not commenced construction on the ROW No. 101012 location within the two-year period required by the terms of the ROW grant and by federal regulations; 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. FBOG101012, 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. FBOG101012, 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. FBOG101012 (*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 Old 7 Inch Tank Battery location in accordance with the terms and conditions of ROW No. FBOG101012.

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

- Inform the BIA that the MHA Nation has provided SHD an alternative course to resolve the two-year non-use of ROW No. FBOG101012;
- Request BIA to rescind the Notice of Termination of ROW No. FBOG101012; and
- Provide SHD six (6) months, from the date payment is received by the MHA Nation, to commence construction on the ROW No. FBOG101012 location, consistent with the use 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 by BIA that SHD has cured said violation, retroactive to December 24, 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 Old 7 Inch Tank Battery in accordance with the terms and conditions of ROW No. FBOG101012, 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. FBOG101012 until that grant expires on December 24, 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.



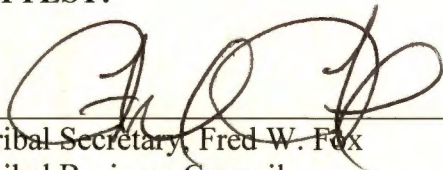
CERTIFICATION

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 15 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.

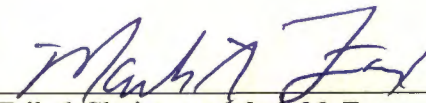
Chairman [X] Voting. [] Not Voting.

Dated this 15th day of March, 2018.

ATTEST:



Tribal Secretary, Fred W. Fox
Tribal Business Council



Tribal Chairman, Mark N. Fox
Tribal Business Council