

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

- WHEREAS,** This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under 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 act in the best interest of the welfare and benefit of the Tribes and of the enrolled members thereof; and
- WHEREAS,** The Three Affiliated Tribes, exercising its sovereign rights as an Indian Nation, is actively seeking to develop its resources for the economic benefit of all of its members, which will provide both increased revenue to individual members, increased Tribal revenue and increased employment for Tribal members; and
- WHEREAS,** The Fort Berthold Indian Reservation of the Three Affiliated Tribes, comprising approximately 1,000,000 acres, has potentially significant oil and gas resources worth many hundreds of millions of dollars, as it lies within the generally accepted geologic formation known as the Williston Basin, a proven oil basin since the early 1950's; and
- WHEREAS,** For many years, oil and gas has been produced in significant quantities within areas of the Williston Basin adjacent to the boundaries of the Fort Berthold Indian Reservation, and in areas of the Reservation not held in trust for the Tribes or its members by the United States, but has not been produced in significant quantities on lands within the Reservation held in trust for the Tribes and its members by the United States; and
- WHEREAS,** The mineral acres in which the Three Affiliated Tribes and its members have in interest are held in trust by the United States and are supposed to be held in trust in the interest of and for the benefit of the Tribes and its individual members; and
- WHEREAS,** Pursuant to its sovereign rights as an Indian Nation, and pursuant to the Indian Mineral Development Act of 1982, the Three Affiliated Tribes has sought for the past two years an industry partner to participate in the development of the oil and gas resources of the Three Affiliated Tribes and its members, and in the search process, has considered numerous proposals, and
- WHEREAS,** In order to complete its search for a suitable industry partner, the Tribe entered into a Memorandum of Understanding with Fort Berthold Exploration Company (FBEC) of Williston, North Dakota headed by Jim Powers under which Mr. Powers was to seek an appropriate industry partner; and
- WHEREAS,** The results of the search by FBEC, which involved discussions with several dozen oil and gas companies, are that an industry partner has been found, namely Alberta Energy

Company, Ltd. and its wholly owned North American affiliate, Alenco Oil & Gas (N.D.), Inc. (Alenco) who have agreed to pursue the development of the oil and gas reserves of the Three Affiliated Tribes at no risk to the Tribe; and

**WHEREAS,** An Exploration and Development Agreement has been developed pursuant to the Indian Minerals Development Act in substantially the form as attached hereto which sets forth the following principal terms:

- 1) The Tribe will receive a \$2,000,000 bonus when sufficient amounts of acreage have been leased by Alenco, not to exceed 75% of the allotted acres available;
- 2) The Tribe will receive 18.25% of the net profit from production of all oil and gas from lands leased by Alenco held by the Tribe or by individual members contained within the exterior boundaries of the Fort Berthold Reservation;
- 3) Tribal members who have an individual interest in mineral acres within the Fort Berthold Reservation will receive a lease signing bonus of either \$20 or \$35 per acre, depending on the location of the mineral acres, inclusive of annual rental, and will receive a 1/8 production royalty if oil and gas is developed on their mineral acres pursuant to a mineral lease approved by the Secretary of Interior acting through the Bureau of Indian Affairs, which may be renewed at Alenco's option for up to two further five year intervals;
- 4) A minimum of nine wells will be drilled on allotted or tribal lands within a five year period; or in lieu thereof, a penalty of \$350,000 per each well of the total minimum commitment of nine wells not drilled;
- 5) The Tribal Employment Rights Ordinance will be honored so as to allow a maximum of employment opportunities for Tribal members; and
- 6) A limited waiver of sovereign immunity will be granted to Alenco to allow it to enforce the obligations of the Tribe under the Agreement.

**WHEREAS,** Alberta Energy Company, through Alenco Oil & Gas (N.D.), Inc. has committed an exploration and development budget of many millions of dollars develop the oil and gas reserves held by the Three Affiliated Tribes; and

**WHEREAS,** The Tribe has investigated and reviewed this matter thoroughly and has determined that it is in the best interests of all members who own an individual undivided interest in mineral lands to be able to be included within the terms of the Exploration and Development Agreement it wishes to execute with Alenco Oil & Gas (N.D.), Inc. for the development of all of the mineral acres in on the Reservation in which the Tribes and its members have an interest; and

**WHEREAS,** The Tribe has had the benefit of legal and technical review of the Exploration and Development Agreement and based on that review finds that it sets forth appropriate terms for development of the oil and gas resources of the Tribe;

**NOW, THEREFORE, BE IT RESOLVED,** That the Tribal Business Council of the Three Affiliated Tribes hereby finds that it is in the best interests of its members and in the best interests of the Tribes that the oil and gas resources of the Tribes and its members be developed in accordance with the Exploration and Development Agreement developed ; and

**NOW, THEREFORE, BE IT RESOLVED,** That subject to the approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, and subject to further review by legal counsel for the Tribe, the form, terms and provisions of the Exploration and Development Agreement between Alenco Oil & Gas (N.D.), Inc. and the Tribe substantially in the form as attached hereto, are approved; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED,** That subject to the approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, the Chairman and the Secretary of the Three Affiliated Tribes Tribal Business Council are hereby authorized and empowered to execute and deliver said Exploration and Development Agreement in the name and on behalf of the Tribe, which approval shall be conclusively evidenced by their execution thereof, and that the signature of both of the above-named officers shall be sufficient to bind the Tribe; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED,** That upon approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, the Chairman and the Secretary of the Three Affiliated Tribes Tribal Business Council are authorized and empowered to take all such further action including, without limitation, to arrange for and enter into supplemental agreements, instruments, certificates, or documents relating to the transactions contemplated by the Exploration and Development Agreement and to execute and deliver all such supplemental agreements, instruments, certificates or documents in the name and on behalf of the Tribe, which shall in their sole judgment be necessary, proper or advisable in order to perform the Tribe's obligations under or in connection with the Exploration and Development Agreement and the transactions contemplated therein, and to carry out fully the intent and effectuate the purposes of the foregoing resolution and that the signature of both of the above-named officers shall be sufficient to bind the Tribe; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED,** That subject to the approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, and after consultation with legal counsel who

explained the ramifications of waiving sovereign immunity, the Tribal Business Council, on behalf of the Tribe, hereby expressly waives the Tribe's sovereign immunity from suit, and consents to jurisdiction, as provided for in the Exploration and Development Agreement; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, That subject to the approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, the Tribe hereby directs that the Exploration and Development Agreement be submitted to the Bureau of Indian Affairs in compliance with 25 U.S.C. Section 81, and the Indian Mineral Development Act of 1982, 25 U.S.C. Sections 2101 et seq. to the extent applicable, along with a copy of this resolution; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, That upon approval by the Tribal Business Council of the final agreement to be presented to the Council within 14 days of the date this resolution is passed, the Tribal Business Council hereby requests that the Bureau of Indian Affairs approve this Exploration and Development Agreement with Alenco Oil & Gas (N.D.), Inc. at its earliest opportunity.


### CERTIFICATION

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 7 were present at a Regular Meeting thereof duly called, noticed, convened, and held on the 13<sup>th</sup> day of February, 1997; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 4 members 2 members opposed, 1 members abstained, 0 not voting, and that said Resolution has not been rescinded or amended in any way.

Dated this 13<sup>th</sup> day of February, 1997.

Daylon Spotted Bear  
Secretary, Tribal Business Council

ATTEST:

  
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Chairman, Tribal Business Council