

GREAT SOUTHWESTERN EXPLORATION, INC.
3136 E. 58TH PLACE
TULSA OKLAHOMA 74105

#4
MAR 06 2013
BIA Wewoka AGENCY

March 2, 2013

Mr. Eddie Streator
Designated Federal Officer
BIA Wewoka Agency
P.O. Box 1540
Seminole, OK 74818

•RE: Proposed Government regulations by the BIA
for the Osage Agency.

Dear Mr. Streator:

Our family has been an oil producer in Osage County for over 60 years. We have operated our leases in a workman like manner, always got along with the BIA field personal and enjoyed producing our properties for the profits. We along with other small operators will be drastically affected by the proposed change in the regulation of our operations on Indian lands.

- 1) The Proposed government regulations, seek immediate terminations of leasehold for violations in ways that have never been considered before. No one wants to operate in fear of loosing one's assets and being fined for something that may not have been under their control. I see a myriad of minor situations that may result in the threat of severe sanctions. This atmosphere of potential hostility toward well operators will diminish industry interest in well operations in the Osage.
- 2) Bonding Requirements. The proposed regulations are ambiguous and seem to suggest that each well operated should have a cash bond of \$10,000. It is also unclear as to whether this refers to old producing wells or strictly newly drilled wells. If this goes in effect for marginal wells then it will be disastrous and many operators will shut their wells in rather than post a surety or L.C for their low volume producers. Diminished well operations such as this will result in loss of income to the tribal members as well as loss of employment in Osage County

3) Termination of Leasehold. It is of extreme concern that a leasehold might be terminated due to mechanical breakdowns. If your well needs a squeeze job then it could cost upwards of \$100,000 and no guarantee that it will work. This happened to me 4 years ago and I ended up spending \$175,000 dollars and 43 days to fix it. I was fortunate to get back my 6 barrels a day bac. A small operator does what he can to take care of his wells. The threat of lease termination is not appropriate when you struggle to keep the leases working.

4) Monthly Oil Sales: Operators in Osage County or the State of Oklahoma have never been required to inform the mineral owner of oil sales. There are ample laws and checking mechanisms to protect the mineral owner or the tribe from outright dishonesty. Successful business needs less business regulatory expenses rather than more.

5) Future of the Osage. We hope the Osage minerals council will consider the side of the producers. Wells have been drilled and operating in the Osage for over 100 years. The tribe, its people and everyone making a living off the oil business want an environment where the economy remains strong and vibrant and future business investment is not discouraged by a menacing regulatory attitude.

6) New Drilling Techniques. New technology is appearing in the Osage. We have a number of companies drilling horizontal wells, using new fracturing techniques and other technologies. Doubtless these new methods may require differing attention than what the old settled production requires. There is no reason to change the regulatory scheme for the older settled production. The plugging liability and environmental concerns associated with major hydraulic fracking and horizontal drilling techniques require different protections than do the traditional vertically drilled wells.

If there is anyway that you can see fit to get your point across to the minerals council that voting for those regulations in their present form are difficult if not impossible for the Osage Producers who have to live by them, it would be deeply appreciated.

Thank you for any help that you can provide.

Sincerely,



Bruce A. Fadem
President

Great Southwestern Exploration, Inc.