

**THIS IS  
PART 2 of 3**

**COMMISSIONER**

**MEETING MINUTES**

**YEAR: 2013  
VOL. 99A**

**THIS RECORD INCLUDES  
MEETING DATES:**

**May-June**

Governor Fallin called the meeting to order at 11:12 a.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Fallin:	Present
Lamb:	Absent
Jones:	Present
Barresi:	Present
Reese:	Present

## 1. Approval of Minutes for Regular Meeting held April 11, 2013

This agenda item was presented by Harry W. Birdwell, Secretary. A Motion was made by Commissioner Reese and seconded by Commissioner Jones to approve the minutes of the April 11, 2013 meeting.

Fallin:	Aye
Lamb:	Absent
Jones:	Aye <i>Motion Carried</i>
Barresi:	Aye
Reese:	Aye

## 2. Secretary's Comments

### a. Distributions to Beneficiaries for April 2013

Secretary Birdwell reported April 2013 distributions to beneficiaries were \$6 million compared to \$6.4 million in April 2012. Common Schools received about \$450,000 less than the same month a year ago. The CLO will make a supplemental distribution in June as part of the 5-year rolling average plan which will bring distribution totals to the FY2011 distribution level as previously recommended.

### b. 2013 Legislation Update

Secretary Birdwell reported the two major pieces of legislation the CLO requested have worked their way through the legislature, and have now been signed by Governor Fallin.

- HB 1022 (Rep. Randy McDaniel of the House; and Senator Clark Jolley of the Senate). The legislation would grant the CLO authority to invest in real property up to 3% of its portfolio. It will permit portfolio diversification to enhance yield.

- HB 1883 (Rep. Armes of the House; and Ford of the Senate). The legislation permits the Secretary to move money from the CLO revolving funds to the distribution account enabling faster and increased distributions to be made to the beneficiaries.

The legislation also has provisions to modernize some elements of business such as establishing a waiting period that allows the CLO to hold potential mineral lessee's deposit check until a lease is awarded then return the non-successful lessee's checks. There are several cleanup provisions that delete archaic and (now) irrelevant provisions.

c. IT Update

Secretary Birdwell reported that Phase 2 of the IT upgrade has been completed and Phase 3 has begun.

The Geographic Information System (GIS) project of mapping all land, easements, oil wells, etc. on CLO land is in the beginning phase. It will become a very valuable tool for the staff and public.

The offsite data storage and disaster recovery plan should be complete in 30-45 days.

The first live electronic mineral lease auction with streaming video will be implemented at the September 2013 auction. This is ground breaking technology and is expected to increase interest in the auction.

d. Permanent Fund Growth

Secretary Birdwell prepared a report on the performance of the CLO Permanent Trust Funds (see attached PowerPoint presentation).

e. Wildlife Department Property Management

The Commissioners were advised that, based on a contractual arrangement, the CLO is now managing the mineral acreage of The Oklahoma Department of Wildlife Conservation. ODWC acreage is set up in the CLO computing system listing what is owned and being leased. The first payments to ODWC have been received and dispersed through the CLO system.

**3. Presentation of the Statement of Organizational Independence by the CLO Internal Auditor (informational only)**

Diana Nichols, Internal Auditor reported the professional audit standards require an annual statement of independence be provided to the Commissioners (see attached).

**4. Presentation of FY2014 Internal Audit Plan for Reviewing the Financial and Administrative Functions of the CLO**

Recommendation: Approve the FY2014 internal audit and risk assessment plan.

- a. Presented by Diana Nichols, Internal Auditor*
- b. Discussion*
- c. Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

This agenda item was presented by Diana Nichols, Internal Auditor. A Motion was made by Commissioner Jones and seconded by Commissioner Reese to approve the FY2014 internal audit and risk assessment plan.

Fallin:	Aye
Lamb	Absent
Jones:	Aye
Barresi:	Aye
Reese:	Aye <i>Motion Carried</i>

**5. Consideration and Possible Action Regarding Approval of Land Sale**

Lease No.	Legal Description	Purchaser(s)	Purchase Price
106011 - Kiowa County	A tract of land lying in the NE/4 of Section 16-T6N-16WIM, Kiowa County, described as follows: Beginning at a point on the East line of the NE/4 of said Section 16, said point being 963.5 feet S 00°05'09" E from the Northeast corner of said NE/4; thence S 89°54'51" W and perpendicular to the East line of said NE/4, a distance of 725.0 feet; thence S 00°05'09" E and parallel with the East line of said NE/4 a distance of 295.0 feet; thence N 89°54'51" E a distance of 725.0 feet; thence N 00°05'09" W along the east line of said NE/4 a distance of 295.0 feet to the point of beginning, containing 4.91 acres, more or less	Jimmy Compton and JoAnn Compton	\$15,500.00

In January, 2012, Purchasers requested the Commissioners consider selling the real property under lease to them.

On October 11, 2012, the Commissioners authorized staff to appraise the tract for sale.

On February 14, 2013, the Commissioners authorized the sale of the tract with a minimum bid set at the appraised value of \$15,500.00.

On April 9, 2013, sale of the property was held in the manner prescribed by law. The successful bidders were Jimmy Compton and JoAnn Compton, husband and wife, for the minimum bid of \$15,500.00.

Lease No.	Legal Description	Purchaser(s)	Purchase Price
101120 – Kingfisher County	A tract of land lying in the SE/4 of Section 36, Township 16 North, Range 6 West of the Indian Meridian, more particularly described as follows: Commencing at the southeast corner of said SE/4, thence West a distance of 440.0 feet to the point of beginning; thence continuing North a distance of 500 feet; thence West a distance of 305 feet; thence South a distance of 500 feet; thence East a distance of 305 feet to the point of beginning, containing 3.50 acres, more or less	Kenneth Kordis	\$15,500.00

In April, 2012, Ruth M. Blasius, Power of Attorney for Allen Kordis, Lessee, requested the Commissioners consider selling a parcel from the agriculture lease. Mr. Kordis was the agricultural lessee.

On October 11, 2012, the Commissioners authorized staff to appraise the tract for sale.

On February 14, 2013, the Commissioners authorized the sale of the tract with a minimum bid set at the appraised value of \$15,500.00.

On April 16, 2013, sale of the property was held in the manner prescribed by law. The successful bidder was Kenneth Kordis for the minimum bid of \$15,500.00.

*Recommendation: The Director of Real Estate Management recommends approval of the sales and patents be issued to the successful bidders.*

- a. *Presented by James Spurgeon, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda items were presented by James Spurgeon, Real Estate Management Director. A MOTION was made by Commissioner Reese and seconded by Commissioner Jones to approve the land sales and patents be issued to the successful bidders.

Fallin:	Aye	
Lamb	Absent	
Barresi	Aye	
Jones:	Aye	<i>Motion Carried</i>
Reese	Aye	

**6. Presentation of March 31, 2013 Quarterly Investment Performance Report by RV Kuhns & Associates (informational only)**

The agenda item was presented by Guy Cooper, R. V. Kuhns & Associates. At the end of March 2013 the CLO funds total \$2.1 billion. The CLO total assets have earned 7.95% over the last five year period.

- a. *Presented by R. V. Kuhns & Associates*
- b. *Discussion*

**7. Consent Agenda – Request Approval of March 2013 Agency Monthly Division Summary of Activities**

*The Agenda items presented on the Consent Agenda are considered as one item for voting purposes. The Consent Agenda includes items that are statutorily or constitutionally required to be performed by the Commissioners of the Land Office or are administrative in nature, which are done as a routine action by the Commissioners of the Land Office. If any member of the Commission or any member of the public requests a particular item or items to be considered individually, the matter or matters shall be considered individually.*

- a. *Presented by Harry W. Birdwell, Secretary*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

*Accounting Division*

**March 2013**

- a. Claims Paid (routine)
- b. Expenditure Comparison

*Minerals Management Division*

**March 2013**

- a. Approval of 3/6/13 Oil and Gas Lease Sale Tabulation
- b. Assignments of Oil and Gas Leases
- c. Seismic Exploration Permits
- d. Division Orders

*Real Estate Management Division*

March 2013

- a. Surface Lease Assignments
- b. New Short Term Commercial Leases
- c. Renewal Short Term Commercial Lease
- d. Short Term Surface Lease Assignment
- e. 20 Year Easements
- f. Renewed 20 Year Easements
- g. Limited Term Right of Entry Permit
- h. Amended Easement
- i. Soil Conservation Projects

The agenda item was presented by Harry Birdwell, Secretary. A MOTION was made by Commissioner Barresi and seconded by Commissioner Jones to approve the Consent Agenda.

Fallin:	Aye	
Lamb	Absent	
Barresi	Aye	
Jones:	Aye	Motion Carried
Reese	Aye	

**8. Financial Information Regarding Investments and Monthly Distributions (informational only)**

*Investments*

- a. Market Value Comparison March 2013

*Accounting*

- b. April Distribution for FY-13 by District and Month

## 9. Executive Session

Executive Session may be convened to discuss, evaluate, and take possible action pursuant to 25 O.S. § 307(B)(4) allowing confidential communications between the Commission and its attorney concerning pending investigations, claims, or actions on recommendation that disclosure will seriously impair the ability of the Commission to process them in the public interest regarding the following matters:

*CRR v. CLO, CJ-2007-11005, RSJ v. CLO, CJ-2011-457, Durham v. CLO, CJ-2011-7178, In Re: Point Vista Development, LLC & CLO v. Chesapeake, CJ-2008-18*

- a. Recommendation of Lisa Blodgett, General Counsel*
- b. Vote to Convene Executive Session*
- c. Executive Session*
- d. Vote to Return to Regular Session*

The agenda item was presented by Lisa Blodgett, General Counsel, who recommended an executive session be convened. A MOTION was made by Commissioner Barresi and seconded by Commissioner Reese to adjourn to an executive session at 11:52 a.m.

Fallin:	Aye
Lamb	Absent
Barresi	Aye
Jones:	Aye
Reese	Aye <i>Motion Carried</i>

A MOTION was made by Commissioner Barresi and seconded by Commissioner Jones to return to regular session at 1:23 p.m.

Fallin:	Aye
Lamb	Absent
Barresi	Aye
Jones:	Aye <i>Motion Carried</i>
Reese	Aye

**10. Proposed Action on Executive Session Items**

The Commission may further consider and take action in open session related to executive session agenda items.

The agenda item was presented by Lisa Blodgett, General Counsel, who recommended the Secretary and General Counsel move forward in the Chesapeake case as discussed in Executive Session. A MOTION was made by Commissioner Reese and seconded by Commissioner Jones.

Fallin:	Aye
Lamb	Absent
Barresi	Abstain
Jones:	Aye <i>Motion Carried</i>
Reese	Aye

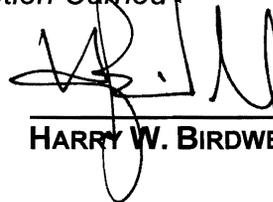
**11. New Business**

The Commission may discuss, consider and take possible action regarding new business that could not have been reasonably anticipated or was unknown prior to the regular meeting.

No new business was presented.

A MOTION was made by Commission Jones and seconded by Commissioner Reese to adjourn the meeting.

Fallin:	Aye
Lamb	Absent
Barresi	Aye
Jones:	Aye
Reese	Aye <i>Motion Carried</i>



**HARRY W. BIRDWELL, SECRETARY**

The meeting was adjourned at 1:25 p.m.

I HEREBY CERTIFY that the foregoing is a true, full and correct report of said meeting.

WITNESS my hand and official signature this 13<sup>th</sup> day of June, 2013

Mary Fuller  
CHAIRMAN



Harry W. Birdwell  
Harry W. Birdwell

**Notice of Posting**

Date / Time: Friday, May 10, 2013, before 5:00 p.m.

Locations: Commissioners of the Land Office  
120 N. Robinson, Suite 1000W  
Oklahoma City, OK 73102  
Governor's Large Conference Room  
State Capitol, 2<sup>nd</sup> Floor  
Oklahoma City, OK 73105

By: Debra Sprehe, Executive Assistant

The following claims were approved by the Secretary and are routine in nature:

**Claims Paid March 2013**

Oklahoma Press	Advertising Expense	\$ 4,821.66
BancFirst	Bank Service Charges	1,511.42
My Consulting	Construction In Progress - Software	29,022.50
Hewlett Packard	Data Processing Equipment	749.00
Office of Management & Enterprise Services	Flexible Benefits	112.40
First Choice Service	General Operating Expense	286.43
Hewlett Packard	General Operating Expense	358.00
Neopost Inc	General Operating Expense	117.00
Oklahoma Department of Corrections	General Operating Expense	172.66
Xpedx	General Operating Expense	704.60
Staples	General Operating Expense	174.70
Amazon.com	General Operating Expense	114.97
Quill Corporation	General Operating Expense	167.97
Bloomberg	Informational Services	5,925.00
WestLaw Online	Informational Services	591.00
Rocky Mountain Mineral Law	Informational Services	96.00
3 T Drilling	Maintenance & Repair Expense	17,180.00
Hardberger & Smylie Inc	Maintenance & Repair Expense	4,800.00
Mack's Dozer Services	Maintenance & Repair Expense	7,750.00
OKC Association of Professional Landmen	Membership Dues	250.00
International Council of Shopping Centers	Membership Dues	50.00
Oklahoma Association of Public Procurement	Membership Dues	80.00
Office of Management & Enterprise Services	Miscellaneous Administrative Expenses	324.88
McGraw Hill Platts	Miscellaneous Administrative Expenses	3,361.00
Oklahoma Department of Corrections	Office Furniture and Equipment	10,621.22
Office of Management & Enterprise Services	Printing Services	180.00
Barbara Ley	Professional Services	4,574.50
Galt Foundation	Professional Services	4,603.67
Goolsby Proctor Heefner Gibbs PC	Professional Services	8,420.00
The Meadows	Professional Services	45.00
Office of Management & Enterprise Services	Professional Services	209.91
Retail Attractions	Professional Services	3,500.00
Tisdal & Ohara	Professional Services	26,992.85
Big Sky Tours	Professional Services	80.00
American Society of Farm Manager	Registration Fees	669.00
Strategic Investment Solutions	Registration Fees	225.00

World Wide Auctioneering	Registration Fees	1,495.00
Oklahoma Association of Public Procurement	Registration Fees	395.00
International Council of Shopping Centers	Registration Fees	1,060.00
Canon Solutions America	Rent Expense	29.48
First National Management	Rent Expense	18,655.21
Imagenet Consulting	Rent Expense	1,918.98
Office of Management & Enterprise Services	Rent Expense	0.08
Summit Mailing	Rent Expense	357.74
AT&T Mobility	Telecommunications Expense	148.29
AT&T	Telecommunications Expense	700.07
Cox	Telecommunications Expense	525.58
Office of Management & Enterprise Services	Telecommunications Expense	694.00
Panhandle Telephone	Telecommunications Expense	94.15
Pioneer Telephone	Telecommunications Expense	288.98
Verizon Wireless	Telecommunications Expense	86.02
Biltmore Hotel	Travel-Agency Direct Payments	216.00
Office of Management & Enterprise Services	Travel-Agency Direct Payments	4,069.91
Best Western	Travel-Agency Direct Payments	614.88
American Airlines	Travel-Agency Direct Payments	1,526.80
Frontier Airlines	Travel-Agency Direct Payments	146.90
United Airlines	Travel-Agency Direct Payments	101.90
Ambrose, Joel	Travel-Reimbursement	1,410.26
Brownsworth, Greg	Travel-Reimbursement	307.93
Eike, Tom	Travel-Reimbursement	250.30
Foster, Chris	Travel-Reimbursement	109.61
Hermanski, David Alan	Travel-Reimbursement	<u>440.01</u>
		<u>\$ 174,485.42</u>

COMMISSIONERS OF THE LAND OFFICE  
EXPENDITURE COMPARISON  
March 31, 2012 compared to March 31, 2013

<u>DESCRIPTION</u>	FY12		FY13		Expenditures Changed From FY12/FY13
	YTD		YTD		
	<u>Expenditures</u>		<u>Expenditures</u>		
Salaries	\$	2,103,854	\$	2,239,042	\$ 135,188
Longevity		51,682		53,591	1,909
Insurance		436,673		416,627	(20,046)
Premiums, Workers Comp		23,832		21,355	(2,477)
State Retirement & FICA		517,284		548,627	31,343
Professional		431,458		503,559	72,101
Personnel Board & Soonerflex		1,611		1,444	(167)
<b>Total Personal Service</b>		<b>3,566,394</b>		<b>3,784,245</b>	<b>217,851</b>
Travel Reimbursement		44,215		32,596	(11,619)
Direct Airline		15,099		29,142	14,043
Direct Registration		9,303		32,427	23,124
Postage, UPS & Courier Svc.		5,185		15,109	9,924
Communications		24,306		16,836	(7,470)
Printing & Advertising		30,629		35,576	4,947
Information Services & Core Charges		48,342		60,540	12,198
Exhibitions, Shows, Special Events		0		750	750
Miscellaneous Administrative Fee		0		715	715
Licenses, Permits, & Abstracts		1,850		1,785	(65)
Memberships & Tuition Reimb.		2,616		2,040	(576)
Insurance Premiums		2,710		3,960	1,250
Rental Of Space & Equipment		198,174		189,598	(8,576)
Repairs & Maintenance		2,929		236,669	233,740
Fuel/Special Supplies		5,376		15,376	10,000
Office & Printing Supplies		51,740		37,996	(13,744)
Shop Expense		284		0	(284)
Office Furniture & Equipment		68,627		20,890	(47,737)
Library Resources		5,848		1,147	(4,701)
Lease Purchases		0		0	0
Soil Conservation Projects		59,535		60,855	1,320
Construction in Progress- Software		10,315		135,595	125,280
Construction and Renovation		0		18,170	18,170
Safety /Security Supplies		0		0	0
Indemnity Payments		5,150		0	(5,150)
<b>Total Supplies, Equip. &amp; Oth.</b>		<b>592,233</b>		<b>947,772</b>	<b>355,539</b>
<b>TOTAL</b>	<b>\$</b>	<b>4,158,627</b>	<b>\$</b>	<b>4,732,017</b>	<b>\$ 573,390</b>

MINERALS MANAGEMENT DIVISION  
**MONTHLY SUMMARY**

FROM: 3/1/2013

TO: 3/31/2013

**RE: SUMMARY OF THE 3/6/2013 OIL AND GAS LEASE SALE**

<b><u>*TOTAL BONUS:</u></b>	\$740,725.58	* Includes only high bids
<b><u>TOTAL NET ACRES:</u></b>	1,910.64	
<b><u>AVG PRICE PER ACRE:</u></b>	\$387.68	
<b><u>TOTAL TRACTS:</u></b>	33	
<b><u>TOTAL HIGH BIDS:</u></b>	23	
<b><u>TOTAL LOW BIDS:</u></b>	13	
<b><u>TOTAL BIDS RECEIVED:</u></b>	36	
<b><u>TOTAL TRACTS NO BIDS:</u></b>	10	
<b><u>HIGH BID PER ACRE:</u></b>	\$4,692.00	

Tabulation of bids received by Commissioners of the Land Office of Oil and Gas Mining Leases  
 Sale held in the Commission conference room, at Oklahoma City, Oklahoma

**3/6/2013**

Oil and Gas Lease Sale

**MINERALS MANAGEMENT DIVISION  
 APPROVAL OF OIL AND GAS LEASE SALE TABULATION**

<b><u>TR #</u></b>	<b><u>COUNTY</u></b>	<b><u>LEGAL DESCRIPTION</u></b>	<b><u>NET ACRES</u></b>	<b><u>BIDDER</u></b>	<b><u>BONUS</u></b>	<b><u>PRICE PER ACRE</u></b>
1	ATOKA	SW/4 NE/4 (1/2 M.R.), Sec. 04-03S-09EIM	20.00	HUSKY VENTURES INC	\$3,260.00	\$163.00
2	ATOKA	The North 20.75 acres and the SW 10 acres of Lot 3; the NE 10.37 acres and the south 20 acres of Lot 4; N/2 SW/4 NW/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.56	HUSKY VENTURES INC	\$6,611.28	\$163.00
3	ATOKA	NE/4 SE/4; E/2 NW/4 SE/4; W/2 SW/4 SE/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.00	HUSKY VENTURES INC	\$6,520.00	\$163.00
4	ATOKA	E/2 SW/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.00	HUSKY VENTURES INC	\$6,520.00	\$163.00
5	CADDO	SW/4 (1/2 M.R.), Sec. 22-11N-12WIM	80.00	SCHONWALD LAND INC	\$40,240.00	\$503.00
6	CANADIAN	NW/4 (All M.R.), Sec. 36-13N-06WIM	160.00	STABLE ENERGY RESOURCES LLC	\$48,320.00	\$302.00
7	KIOWA	NE/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
8	KIOWA	NW/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
9	KIOWA	SE/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00

<u>TR #</u>	<u>COUNTY</u>	<u>LEGAL DESCRIPTION</u>	<u>NET ACRES</u>	<u>BIDDER</u>	<u>BONUS</u>	<u>PRICE PER ACRE</u>
10	KIOWA	SW/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
11	LATIMER	Lots 1 and 2; S/2 NE/4, less and except the Upper Atoka formation (1/2 M.R.), Sec. 01-05N-20EIM	80.08	UNIT PETROLEUM COMPANY	\$20,020.00	\$250.00
12	LATIMER	SE/4, less and except the Upper Atoka formation (1/2 M.R.), Sec. 01-05N-20EIM	80.00	UNIT PETROLEUM COMPANY	\$20,000.00	\$250.00
13	LINCOLN	NE/4 (All M.R.), Sec. 36-15N-05EIM	160.00	NO BIDS	\$0.00	\$0.00
14	LINCOLN	E/2 NW/4 (All M.R.), Sec. 36-15N-05EIM	80.00	BRIDON ENERGY LLC	\$8,160.00	\$102.00
15	LINCOLN	W/2 NW/4, less and except the Prue Sand formation (All M.R.), Sec. 36-15N-05EIM	80.00	NO BIDS	\$0.00	\$0.00
16	LINCOLN	SW/4, less and except the Prue Sand formation (All M.R.), Sec. 36-15N-05EIM	160.00	NO BIDS	\$0.00	\$0.00
17	MCCLAIN	SW/4 NE/4 NE/4; S/2 NW/4 NE/4; SE/4 NE/4; N/2 SW/4 NE/4; SE/4 SW/4 NE/4 (All M.R.), Sec. 33-07N-02WIM	100.00	CAPSTONE LAND COMPANY	\$27,777.00	\$277.77
17	MCCLAIN	SW/4 NE/4 NE/4; S/2 NW/4 NE/4; SE/4 NE/4; N/2 SW/4 NE/4; SE/4 SW/4 NE/4 (All M.R.), Sec. 33-07N-02WIM	100.00	MASTERS OIL & GAS COMPANY	\$22,179.04	\$221.79
18	MCCLAIN	E/2 NE/4 NW/4; NE/4 SE/4 NW/4 (All M.R.), Sec. 33-07N-02WIM	30.00	CAPSTONE LAND COMPANY	\$8,331.10	\$277.70
18	MCCLAIN	E/2 NE/4 NW/4; NE/4 SE/4 NW/4 (All M.R.), Sec. 33-07N-02WIM	30.00	MASTERS OIL & GAS COMPANY	\$6,653.76	\$221.79
19	MCCLAIN	NE/4 NE/4 SE/4 (All M.R.), Sec. 33-07N-02WIM	10.00	CAPSTONE LAND COMPANY	\$2,777.70	\$277.77
19	MCCLAIN	NE/4 NE/4 SE/4 (All M.R.), Sec. 33-07N-02WIM	10.00	MASTERS OIL & GAS COMPANY	\$2,217.96	\$221.80
20	MCCLAIN	NW/4 NE/4 SW/4; NW/4 SW/4 (All M.R.), Sec. 34-07N-02WIM	50.00	CAPSTONE LAND COMPANY	\$13,888.50	\$277.77
20	MCCLAIN	NW/4 NE/4 SW/4; NW/4 SW/4 (All M.R.), Sec. 34-07N-02WIM	50.00	MASTERS OIL & GAS COMPANY	\$11,089.56	\$221.79
21	POTTAWATOMIE	NE/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
22	POTTAWATOMIE	NW/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
23	POTTAWATOMIE	SE/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
24	POTTAWATOMIE	SW/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
25	POTTAWATOMIE	NE/4 (All M.R.), Sec. 36-09N-03EIM	160.00	NO BIDS	\$0.00	\$0.00
26	POTTAWATOMIE	NW/4 (All M.R.), Sec. 36-09N-03EIM	160.00	NO BIDS	\$0.00	\$0.00
27	POTTAWATOMIE	SE/4 (All M.R.), Sec. 36-09N-03EIM	160.00	THIS LAND LLC	\$52,960.00	\$331.00
28	POTTAWATOMIE	N/2 SW/4; SE/4 SW/4 (All M.R.), Sec. 36-09N-03EIM	120.00	THIS LAND LLC	\$17,640.00	\$147.00

<u>TR #</u>	<u>COUNTY</u>	<u>LEGAL DESCRIPTION</u>	<u>NET ACRES</u>	<u>BIDDER</u>	<u>BONUS</u>	<u>PRICE PER ACRE</u>
29	POTTAWATOMIE	SW/4 SW/4, less and except the Bartlesville formation (All M.R.), Sec. 36-09N-03EIM	40.00	NO BIDS	\$0.00	\$0.00
30	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	GUARD EXPLORATION LIMITED PARTNERSHIP	\$187,680.00	\$4,692.00
30	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	CHESAPEAKE EXPLORATION LLC	\$168,680.00	\$4,217.00
30	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	FOREST OIL CORPORATION	\$144,600.00	\$3,615.00
30	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	TODCO PROPERTIES INC	\$110,400.00	\$2,760.00
30	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	APACHE CORPORATION	\$78,000.00	\$1,950.00
31	ROGER MILLS	NE/4 SE/4 (All M.R.), Sec. 13-13N-25WIM	40.00	APACHE CORPORATION	\$74,000.00	\$1,850.00
32	TEXAS	SE/4 (1/2 M.R.), Sec. 11-01N-19ECM	80.00	SUPERIOR TITLE SERVICES INC	\$64,240.00	\$803.00
32	TEXAS	SE/4 (1/2 M.R.), Sec. 11-01N-19ECM	80.00	BEARCAT LAND INC	\$16,240.00	\$203.00
32	TEXAS	SE/4 (1/2 M.R.), Sec. 11-01N-19ECM	80.00	CHAPARRAL ENERGY LLC	\$12,129.60	\$151.62
33	TEXAS	SE/4 SW/4 (1/2 M.R.), Sec. 11-01N-19ECM	20.00	DARANCO LLC	\$25,540.00	\$1,277.00
33	TEXAS	SE/4 SW/4 (1/2 M.R.), Sec. 11-01N-19ECM	20.00	SUPERIOR TITLE SERVICES INC	\$16,060.00	\$803.00
33	TEXAS	SE/4 SW/4 (1/2 M.R.), Sec. 11-01N-19ECM	20.00	BEARCAT LAND INC	\$4,060.00	\$203.00
33	TEXAS	SE/4 SW/4 (1/2 M.R.), Sec. 11-01N-19ECM	20.00	CHAPARRAL ENERGY LLC	\$3,032.40	\$151.62

### RE: ASSIGNMENTS OF OIL AND GAS MINING LEASES APPROVED:

<u>Lease #</u>	<u>County</u>	<u>Legal Description</u>	<u>Assignor</u>	<u>Assignee</u>
CS-10081	ELLIS	SW/4 NE/4; NW/4; NW/4 SE/4; N/2 SW/4 (1/2 M.R.) of Sec. 17-22N-23WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
CS-12770	ELLIS	NW/4 of Sec. 36-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
CS-12771	ELLIS	SE/4 of Sec. 36-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
CS-12772	ELLIS	SW/4 of Sec. 36-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
CS-13178	ELLIS	S/2 N/2 (1/2 M.R.) of Sec. 20-20N-23WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-13981	HASKELL	S/2 SW/4 NE/4; S/2 NW/4; NW/4 SE/4; NE/4 SW/4; NW/4 SE/4 SW/4; SW/4 SW/4, LESS FRACTIONAL TRACTS TOTALLING 17.59 ACRES (1/2 M.R.) of Sec. 13-09N-19EIM	CHAPARRAL ENERGY LLC	FOUNDATION ENERGY FUND IV-A, L.P
CS-13981	HASKELL	S/2 SW/4 NE/4; S/2 NW/4; NW/4 SE/4; NE/4 SW/4; NW/4 SE/4 SW/4; SW/4 SW/4, LESS FRACTIONAL TRACTS TOTALLING 17.59 ACRES (1/2 M.R.) of Sec. 13-09N-19EIM	CHAPARRAL ENERGY LLC	FOUNDATION ENERGY FUND IV-B HOLDING LLC
CS-13981	HASKELL	S/2 SW/4 NE/4; S/2 NW/4; NW/4 SE/4; NE/4 SW/4; NW/4 SE/4 SW/4; SW/4 SW/4, LESS FRACTIONAL TRACTS TOTALLING 17.59 ACRES (1/2 M.R.) of Sec. 13-09N-19EIM	TRIUMPH RESOURCES LLC, (F/K/A TRIUMPH RESOURCES INC)	CHAPARRAL ENERGY LLC
CS-14114	PAYNE	NW/4 NW/4; N/2 SW/4 NW/4; SW/4 SW/4 NW/4 of Sec. 36-19N-04EIM	ALEX B STILL	A B STILL WEL-SERVICE INC
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT ENERGY PARTNERS F-III LP
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS I LP
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS II LP
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT ENERGY PARTNERS E-III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT MANAGEMENT PARTNERS II LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19069	ROGER MILLS	NW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT MANAGEMENT PARTNERS III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT ENERGY PARTNERS E-III LP
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT ENERGY PARTNERS F-III LP
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS I LP
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS II LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS III LP
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT ENERGY PARTNERS E-III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT ENERGY PARTNERS F-III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19070	ROGER MILLS	SW/4, LESS AND EXCEPT THE CHEROKEE SAND FORMATION, PRODUCING FROM A DEPTH OF 11,407' TO A DEPTH OF 11,525', AS FOUND IN THE STATE #1-16 WELL, LOCATED IN THE E/2 W/2 of Sec. 16-15N-23WIM	MERIT MANAGEMENT PARTNERS II LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT ENERGY PARTNERS E-III LP
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS I LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS II LP
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	CORDILLERA ENERGY PARTNERS II LLC	MERIT MANAGEMENT PARTNERS III LP
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	MERIT ENERGY PARTNERS E-III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	MERIT ENERGY PARTNERS F-III LP	CORDILLERA ENERGY PARTNERS III LLC
CS-19488	ROGER MILLS	SW/4 NE/4; SE/4 NW/4; NW/4 SE/4; NE/4 SW/4, LESS AND EXCEPT THE RED FORK FORMATION, PRODUCING FROM A DEPTH OF 12,451 FEET TO A DEPTH OF 12,674 FEET, AS FOUND IN THE CAFFEY #19-1 WELL, LOCATED IN THE CENTER OF S/2 SW/4 (1/2 M.R.) of Sec. 19-14N-22WIM	MERIT MANAGEMENT PARTNERS II LP	CORDILLERA ENERGY PARTNERS III LLC

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-26954	ROGER MILLS	N/2 NE/4 of Sec. 22-17N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-26954	ROGER MILLS	N/2 NE/4 of Sec. 22-17N-25WIM	HIGHLAND OIL & GAS LLC	CORDILLERA ENERGY PARTNERS III LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	CALYX ENERGY LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	LIBERTY ENERGY LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	TRUEVINE OPERATING LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	MASKED RIDER ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	TIPTOP ENERGY PRODUCTION US LLC	CALYX ENERGY LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	TIPTOP ENERGY PRODUCTION US LLC	LIBERTY ENERGY LLC
CS-27620	PAYNE	NW/4 of Sec. 36-19N-03EIM	TRUEVINE OPERATING LLC	MASKED RIDER ENERGY LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	CALYX ENERGY LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	LIBERTY ENERGY LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	DEVON ENERGY PRODUCTION COMPANY LP	TRUEVINE OPERATING LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	MASKED RIDER ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	TIPTOP ENERGY PRODUCTION US LLC	CALYX ENERGY LLC
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	TIPTOP ENERGY PRODUCTION US LLC	LIBERTY ENERGY LLC

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-27621	PAYNE	SW/4 of Sec. 36-19N-03EIM	TRUEVINE OPERATING LLC	MASKED RIDER ENERGY LLC
CS-28727	LINCOLN	NE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	CLAYTON WILLIAMS ENERGY INC
CS-28727	LINCOLN	NE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	INTREPID E&P LLC
CS-28727	LINCOLN	NE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	JAMES C TRIMBLE LLC
CS-28727	LINCOLN	NE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	SOUTHSTAR EXPLORATION LLC
CS-28727	LINCOLN	NE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	STEPHENS PRODUCTION COMPANY
CS-28728	LINCOLN	NW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	CLAYTON WILLIAMS ENERGY INC
CS-28728	LINCOLN	NW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	INTREPID E&P LLC
CS-28728	LINCOLN	NW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	JAMES C TRIMBLE LLC
CS-28728	LINCOLN	NW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	SOUTHSTAR EXPLORATION LLC
CS-28729	LINCOLN	SE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	CLAYTON WILLIAMS ENERGY INC
CS-28729	LINCOLN	SE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	INTREPID E&P LLC
CS-28729	LINCOLN	SE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	JAMES C TRIMBLE LLC
CS-28729	LINCOLN	SE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	SOUTHSTAR EXPLORATION LLC
CS-28729	LINCOLN	SE/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	STEPHENS PRODUCTION COMPANY
CS-28730	LINCOLN	SW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	CLAYTON WILLIAMS ENERGY INC
CS-28730	LINCOLN	SW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	INTREPID E&P LLC
CS-28730	LINCOLN	SW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	JAMES C TRIMBLE LLC
CS-28730	LINCOLN	SW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	SOUTHSTAR EXPLORATION LLC
CS-28730	LINCOLN	SW/4 of Sec. 36-13N-05EIM	SPRING CREEK ROYALTY LLC	STEPHENS PRODUCTION COMPANY
CS-28865	LINCOLN	NE/4 of Sec. 36-13N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-28866	LINCOLN	NW/4 of Sec. 36-13N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28867	LINCOLN	SE/4 of Sec. 36-13N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28868	LINCOLN	SW/4 of Sec. 36-13N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28869	LINCOLN	NE/4 of Sec. 16-12N-04EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28870	LINCOLN	NW/4 of Sec. 16-12N-04EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28871	LINCOLN	SE/4 of Sec. 16-12N-04EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28872	LINCOLN	SW/4 of Sec. 16-12N-04EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28877	LOGAN	NE/4 of Sec. 16-16N-01WIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28878	LOGAN	NW/4 of Sec. 16-16N-01WIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28879	LOGAN	SE/4 of Sec. 16-16N-01WIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28880	LOGAN	SW/4 of Sec. 16-16N-01WIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28911	POTTAWATOMIE	N/2 NE/4; N/2 S/2 NE/4; SW/4 SW/4 NE/4 of Sec. 16-06N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28912	POTTAWATOMIE	NW/4 of Sec. 16-06N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28913	POTTAWATOMIE	W/2 NW/4 SE/4, less and except the Wilcox formation; S/2 SE/4 of Sec. 16-06N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28914	POTTAWATOMIE	NE/4 of Sec. 36-06N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28915	POTTAWATOMIE	NW/4 of Sec. 36-06N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
CS-28916	POTTAWATOMIE	NW/4 of Sec. 36-07N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28917	POTTAWATOMIE	SE/4 of Sec. 36-07N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28918	POTTAWATOMIE	SW/4 of Sec. 36-07N-02EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28919	POTTAWATOMIE	Lot 1, less and except the Red Fork formation of Sec. 16-10N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28920	POTTAWATOMIE	SW/4 SW/4, less and except the Red Fork formation of Sec. 16-10N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28921	POTTAWATOMIE	NW/4 of Sec. 10-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28922	POTTAWATOMIE	NE/4 of Sec. 11-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28923	POTTAWATOMIE	NE/4 of Sec. 12-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28924	POTTAWATOMIE	W/2 SE/4, less and except the Savanna formation of Sec. 14-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28925	POTTAWATOMIE	SE/4 of Sec. 15-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28927	POTTAWATOMIE	NE/4. Any use of the surface lands covered herein shall require the permission of the lessor. of Sec. 36-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28928	POTTAWATOMIE	NW/4. Any use of the surface lands covered herein shall require the permission of the lessor. of Sec. 36-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28929	POTTAWATOMIE	SE/4. Any use of the surface lands covered herein shall require the permission of the lessor. of Sec. 36-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
CS-28930	POTTAWATOMIE	SW/4. Any use of the surface lands covered herein shall require the permission of the lessor. of Sec. 36-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
EI-980	ELLIS	NW/4 of Sec. 13-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP

<b><u>Lease #</u></b>	<b><u>County</u></b>	<b><u>Legal Description</u></b>	<b><u>Assignor</u></b>	<b><u>Assignee</u></b>
EI-981	ELLIS	SE/4 of Sec. 13-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
EI-982	ELLIS	SW/4 of Sec. 13-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
EI-2531	BEAVER	LOTS 1 & 2; E/2 NW/4 (1/2 M.R.) of Sec. 18-05N-23ECM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
EI-28926	POTTAWATOMIE	N/2 NE/4 of Sec. 30-11N-03EIM	NORDIC ENERGY LLC	DEVON ENERGY PRODUCTION COMPANY LP
NS-608	BEAVER	NE/4 of Sec. 10-02N-24ECM	BOB BARTON, (D/B/A V CROSS OIL CO)	SNYDER PARTNERS
PB-277	ELLIS	NE/4 of Sec. 33-23N-23WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-278	ELLIS	NW/4 of Sec. 33-23N-23WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-594	BEAVER	SE/4 NE/4 of Sec. 33-02N-27ECM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-625	ELLIS	NE/4 of Sec. 33-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-626	ELLIS	NW/4 of Sec. 33-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-627	ELLIS	SE/4 of Sec. 33-24N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-628	HARPER	NW/4 of Sec. 33-25N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
PB-629	HARPER	SW/4 of Sec. 33-25N-25WIM	EOG RESOURCES INC	THE SALIENT ZARVONA ENERGY FUND LP
UP-498	MCCLAIN	S/2 NE/4 NW/4; NW/4 NW/4 of Sec. 21-08N-03WIM	INTER-STATES OIL & GAS INC	PENNMARK ENERGY LLC

RE: SEISMIC EXPLORATION PERMITS

The following permits have been granted for seismic exploration on the following School Trust land:

<u>PERMIT NO.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>AMOUNT</u>
755	SE/4 Sec. 33; Parts of W/2 & SE/4 Sec. 36-21N-4E Pawnee County	Devon Energy Production Co., LP	\$4,337.50
756	7,853.156 acres in Townships 19 & 20N and Ranges 2E through 4E Payne County	Devon Energy Production Co., LP	\$78,731.56
757	2,492.17 acres in Townships 20 & 21N and Ranges 1W through 3E Noble County	Devon Energy Production Co., LP	\$25,121.70
758	NE/4 Sec. 13; NE/4 Sec. 16- 27N-2W & Sec. 36-28N-2W Kay County	Dawson Geophysical Company	\$9,800.00
759	SE/4 Sec. 36-28N-3W Grant County	Dawson Geophysical Company	\$1,800.00
760	Sec. 16; NW/4, SE/4 & S/2 NE/4 Sec. 33-21N-4E; W/2, SE/4 & W/2 NE/4 Sec. 16 & S/2 SE/4 Sec. 33-22N-4E Pawnee County	ION Geophysical	\$17,000.00
761	N/2 & SW/4 Sec. 13, Sec. 16, S/2 Sec. 33 & Sec. 36-21N-3E Noble County	ION Geophysical	\$20,855.40

<u>PERMIT NO.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>AMOUNT</u>
762	N/2 S/2 Sec. 8, SE/4 Sec. 16; NW/4 Sec. 33- 10N-11W; NE/4 Sec. 16-9N-11W & SE/4 Sec. 13- 10N-12W Caddo County	CGGVeritas	\$8,200.00

**Minerals Management Division has prepared 26 Division Orders for the month of March 2013.**

**REAL ESTATE MANAGEMENT DIVISION  
MONTHLY SUMMARY**

March 1 - 31, 2013

**RE: SURFACE LEASE ASSIGNMENTS**

Lease No.	Description	Rent	Lessee
101831 – Ellis County	E/2 Sec. 36-19N-22WIM	\$6,600.00	Dennis L. Vaughan

This lease was previously in the name of Frank Gillispie. Rental is paid current.

Lease No.	Description	Rent	Lessee
100870 – Noble County	Lts 1,2,7,8, & S/2SW/4 Sec. 36-20N-1 WIM (less 2 ac sold)	\$3,000.00	Sandra Stanton

This lease was previously in the name of Carol Coe. Rental is paid current.

**RE: NEW SHORT TERM COMMERCIAL LEASE**

Lease No.	Legal Description	Rent	Lessee
307639– Beaver County	'20 x 2640' access road across the SW/4 Sec. 31-2N-20ECM	\$1,200.00	B&G Production Inc.

Term of lease is 1/1/2013 thru 12/31/2015.

**RE: RENEWAL OF SHORT TERM COMMERCIAL LEASE**

Lease No.	Legal Description	Annual Rent	Lessee
190065- Pottawatomie County	CLO #16-6T, E/2SE/4SW/4SW/4 Sec. 16-4S-10WIM	\$3,000.00	The Dehart Company

Term of above lease is 1/1/2013 thru 12/31/2015.

**RE: SHORT TERM SURFACE LEASE ASSIGNMENT**

Lease No.	Description	Rent	Lessee
106509 – Pottawatomie County	Lot 41 of S/2 & SE/4NE/4 Sec. 16-10N-2EIM	\$1,200.00	Rafael Martinez

This lease was previously in the name of Anthony Dean Wester. Rental is paid current.

**RE: 20 YEAR EASEMENTS**

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205024, 205025 Noble County Esmt No. 9206	N/2 13- 21N-2EIM	\$30,000.00	Jaguar Pipeline Company, LLC

Easement has been issued to Jaguar Pipeline Company, LLC for a 10" natural gas pipeline and valve site. Said easement not to exceed 289.0 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205024, 205025 Noble County Esmt No. 9207	N/2 Sec.13- 21N-2EIM	\$29,800.00	Jaguar Pipeline Company, LLC

Easement has been issued to Jaguar Pipeline Company, LLC for a 10" produced salt water line .Said easement to not exceed 288.69 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
100273, 100274, 100276 Pottawatomie County Esmt No. 9213	N/2 & SE/4 Sec.16-9N-3EIM	\$53,300.00	OneOK Sterling III Pipeline, LLC

Easement has been issued to OneOK Sterling III Pipeline, LLC for a 16" natural gas liquids pipeline. Said easement not to exceed 355.28 rods and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
100407, 100409 Pottawatomie County Esmt No. 9214	N/2 & NE/4SE/4 Sec. 36-6N-4EIM	\$37,500.00	OneOK Sterling III Pipeline, LLC

Easement has been issued to OneOK Sterling III Pipeline, LLC for a 16" natural gas liquids pipeline. Said easement not to exceed 250.32 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
106016 Pottawatomie County Esmt No. 9215	SW/4 Sec. 35-9N-3EIM	\$24,000.00	OneOK Sterling III Pipeline, LLC

Easement has been issued to OneOK Sterling III Pipeline, LLC for a 16" natural gas liquids pipeline. Said easement not to exceed 160.55 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
100032 Oklahoma County Esmt No. 9216	SE/4 Sec. 36-14N-1EIM	\$30,900.00	OneOK Sterling III Pipeline, LLC

Easement has been issued to OneOK Sterling III Pipeline, LLC for a 16" natural gas liquids pipeline. Said easement not to exceed 176.74 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
105503 Oklahoma County Esmt No. 9217	NW/4 Sec. 36-14N-1EIM	\$27,700.00	OneOK Sterling III Pipeline, LLC

Easement has been issued to OneOK Sterling III Pipeline, LLC for a 16" natural gas liquids pipeline. Said easement not to exceed 158.02 in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
104669 Harper County Esmt No. 9234	SE/4 Sec. 16-27N-25WIM	\$6,000.00	DCP Midstream, LP

Easement has been issued to DCP Midstream, LP for a 4" natural gas pipeline. Said easement not to exceed 60.15 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205183 Grant County Esmt No. 9236	NW/4 Sec. 13-26N-8WIM	\$13,330.00	Atlas Pipeline Mid-Continent WestOK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 12" natural gas pipeline. Said easement not to exceed 133.2 rods in length and 20 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205183 Grant County Esmt No. 9237	NW/4 Sec. 13-26N-8WIM	\$13,700.00	Atlas Pipeline Mid-Continent WestOK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 12" natural gas pipeline. Said easement not to exceed 137.0 rods in length and 20 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205129, 205130 Kay County Esmt No. 9241	N/2 Sec. 13-25N-2WIM	\$32,200.00	Range Production Company

Easement has been issued to Range Production Company for a 12" natural gas pipeline. Said easement not to exceed 322.12 rods and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205129, 205130 Kay County Esmt No. 9242	N/2 Sec. 13-25N-2WIM	\$32,200.00	Range Production Company

Easement has been issued to Range Production Company for a 12" salt water poly pipeline. Said easement not to exceed 322.12 rods and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205129, 205130 Kay County Esmt No. 9243	N/2 Sec. 13-25N-2WM	\$29,000.00	Range Production Company, LLC

Easement has been issued to Range Production Company for an overhead electric line. Said easement not to exceed 322.12 rods and 30 feet width. The appraised amount has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
101464 Alfalfa County Esmt No. 9246	NW/4 Sec. 36-29N-11WIM	\$6,600.00	Atlas Pipeline Mid-Continent WestOK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 6" natural gas pipeline. Said easement not to exceed 66.2 rods in length and 20 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101519, Alfalfa County Esmt No. 9248	SW/4 Sec. 16-29N-12WIM	\$10,800.00	Plains Pipeline, LP

Easement has been issued to Plains Pipeline, LP for a 12.750" crude oil pipeline. Said easement not to exceed 72.30 rods in length and 30 feet in width. The appraised amount has been paid in full.

Lease No.	Legal Description	Appraised	Company
101379 Alfalfa County Esmt No. 9249	SW/4 Sec. 16-24N-10WIM	\$2,300.00	Sandridge Exploration and Production, LLC

Easement has been issued to Sandridge Exploration and Production, LLC for a 5.5" salt water pipeline. Said easement not to exceed 22.56 rods in length and 30 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101453, 101455 Alfalfa County Esmt No. 9250	E/2 Sec. 36- 24N-11WIM	\$32,400.00	Sandridge Exploration and Production, LLC

Easement has been issued to Sandridge Exploration and Production, LLC for a 5.5" salt water pipeline. Said easement not to exceed 323.52 rods in length and 30 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
817050 Kay County Esmt No. 9251	NE/4 Sec. 33-25N-1WIM	\$11,300.00	Range Production Company

Easement has been issued to Range Production Company for a 6" gas pipeline and a 6" salt water pipeline. Said easement not to exceed 113.21 rods in length and 30 feet in width. This appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
817050 Kay County Esmt No. 9252	NE/4 Sec. 33-25N-1WIM	\$1,700.00	Range Production Company

Easement has been issued to Range Production Company for an electric line. Said easement not to exceed 18.73 rods in length and 50 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101028 Garfield County Esmt No. 9256	NW/4 Sec. 36-20N-3WIM	\$15,900.00	PVR Gas Processing, LLC

Easement has been issued to PVR Gas Processing, LLC for a 6" hydrocarbons pipeline. Said easement not to exceed 159.09 rods and 30 feet in width . The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101379 Alfalfa County Esmt No. 9258	SW/4 Sec. 16-24N-10WIM	\$2,000.00	Atlas Pipeline Mid-Continent West OK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 6" natural gas pipeline. Said easement not to exceed 20.4 rods in length and 20 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101460 Alfalfa County Esmt No. 9262	SW/4 Sec. 16-27N-11WIM	\$16,100.00	Mid-America Midstream Gas Services, LLC

Easement has been issued to Mid-America Midstream Gas Services, LLC for a 16" natural gas pipeline. Said easement not to exceed 161.27 rods and 30 feet in width. The appraised price has been paid in full.

**RE: RENEWED 20 YEAR EASEMENTS**

Lease No.	Legal Description	Appraised	Company
Lease No. 101424, 104202, 101430 Comanche County Esmt No. 7682	#1- SE/4 Sec. 16-T3N-R11WIM #2 - NE/4 Sec. 21-T3N- R11WIM #3 - SE/4 Sec. 36-T4N- R11WIM	\$29,000.00	CenterPoint Energy Gas Transmission Company, LLC
Lease No.	Legal Description	Appraised	Company
Lease No. 100453 Lincoln County Esmt No. 7677	SE/4 SEC 36-13N-4EIM	\$5,500.00	Central Oklahoma Telephone Co., LLC

These are 20 year easements that have expired and have been renewed. Payment has been made in full.

**RE: LIMITED TERM RIGHT OF ENTRY PERMIT**

Lease No.	Legal Description	Company	Amount
100511 – Payne County	W/2 SEC 36-19N-4EIM	Plains Pipeline, LP	None

Plains Pipeline, LP has been issued a limited term permit for extra temporary work area 50' x 200'. The permit began 2/22/2013 and expires 3/23/2013.

**RE: AMENDED EASEMENT**

Lease No.	Legal Description	Company
206262 – Payne County Esmt. No. 9154	NE/4NE/4 SEC 2-19N-3EIM	Plains Pipeline, LP

This easement was amended to add a valve site that was not on the original easement.

**RE: SOIL CONSERVATION PROJECTS**

<b>Lease No.</b>	<b>Lessee</b>	<b>Location</b>	<b>Practice</b>	<b>Cost to CLO</b>
100921 – Kay County	Brett Bergman	SE/4 Sec. 36-28N-1WIM	Clean out existing pond.	\$1,780.00
100972 – Kay County	Gary Walker	NE/4 Sec. 16-26N-2WIM	Clean out existing pond. Patch pond dam.	\$2,740.00
205287 – Alfalfa County	David Failes	NW/4 Sec. 13-27N-11WIM	Furnish dozer to bury old barn and other junk. Will also use dozer to clear and stack trees from property line in Northwest portion of the lease.	\$4,590.00
100745 – Pawnee County	Steve Spess	S/2NE/4 & SE/4 Sec. 36-21N-6EIM	Clean out existing pond.	\$4,800.00
100868 – Noble County	Dvorak Farms, LLC	Lts. 3,4,5,6 & S/2SE/4 & NE/4 Sec. 36-20N-1WIM	Bury buildings and debris at old home site to at least three feet in depth.	\$875.00
Multiple Leases – Canadian, Caddo, Oklahoma, Cleveland, Grady, McClain, Pottawatomie, Garvin	Multiple Lessee's	Multiple Locations	Applying Wrangler Bermuda grass seed where needed on State Land leases.	\$750.00

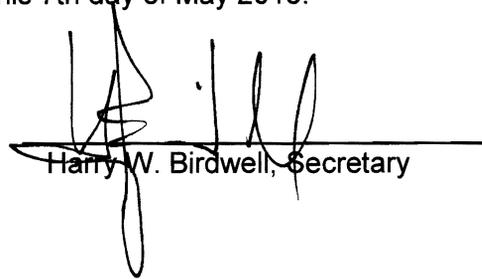
The above soil conservation projects have been approved.

STATE OF OKLAHOMA     )  
                                  )    ss  
COUNTY OF OKLAHOMA   )

I hereby certify that the foregoing Monthly Summary is a true, full and correct report of the actions of the Secretary to the Commissioners of the Land Office taken pursuant to Resolution of the Commissioners of the Land Office adopted the 17th day of December, 1968 and subsequent Resolution adopted the 1st day of March 1988, amended April 12, 1988.

WITNESS my hand and official signature this 7th day of May 2013.



  
\_\_\_\_\_  
Harry W. Birdwell, Secretary



HARRY W. BIRDWELL, SECRETARY

COMMISSIONERS  
MARY FALLIN, GOVERNOR    JANET BARRETT, STATE SUPERINTENDENT  
TODD LAMB, LT. GOVERNOR    JIM REESE, SECRETARY OF AGRICULTURE  
GARY JONES, STATE AUDITOR

**COMMISSIONERS**  
OF THE  
**LAND OFFICE**  
State of Oklahoma

**CERTIFICATION OF INTERNAL AUDIT ORGANIZATIONAL INDEPENDENCE**

The Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards) requires an annual confirmation of the organizational independence of the internal audit activity to the Commission.

The Institute of Internal Auditors describes organizational independence as follows: the internal audit activity reports functionally to the Commission and administratively to management. Reporting functionally to the Commission includes:

- Commission approval of the Internal Audit Charter.
- Commission approval of the internal audit risk assessment and related audit plan.
- The Commission receiving communications from the internal auditor about the results of internal audit activities and other matters the internal auditor determines are necessary.

At a minimum the internal auditor should report to an individual with sufficient authority to promote independence, to ensure broad audit coverage, adequate consideration of engagement communications, and appropriate action on engagement recommendations.

The Government Accountability Office requires all the following criteria to be met for the internal audit activity to be considered independent:

- The audit function is accountable to the head or deputy head of the government entity or to those charged with governance;
- The audit function reports audit results both to the head or deputy head of the government entity or to those charged with governance;
- The audit function is located organizationally outside the staff or line-management function of the unit under audit;
- The audit function has access to those charged with governance; and
- The audit function is sufficiently removed from political pressures to conduct audits and report findings, opinions, and conclusions objectively without fear of political reprisal.

I confirm that the Commissioners of the Land Office internal audit activity meets the Institute of Internal Auditors and Government Accountability Office requirements for organizational independence.

In addition, additional independence considerations will be performed at the functional and engagement level for each engagement performed. If any independence issues either in fact or appearance are discovered they will be disclosed immediately to management and the Commission.

Diana Nichol  
Internal Auditor

April 30, 2013  
Date



HARRY W. BIRDWELL, SECRETARY

COMMISSIONERS  
MARY FALLIN, GOVERNOR      JANET BARRESI, STATE SUPERINTENDENT  
TODD LAMB, LT. GOVERNOR      JIM REESE, SECRETARY OF AGRICULTURE  
GARY JONES, STATE AUDITOR

**COMMISSIONERS**  
OF THE  
**LAND OFFICE**  
State of Oklahoma

## FY 2014 INTERNAL AUDIT PLAN

The Commissioners of the Land Office *Internal Audit Charter* describes the mission of the internal audit activity “to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Commissioners of the Land Office (Land Office). Internal audit assists the Land Office accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Title 74 §228 requires that internal audits be conducted in accordance with internal auditing standards “developed by the Institute of Internal Auditors or any successor organization thereto”. The Institute of Internal Auditors has developed the *International Professional Practices Framework (IPPF)* which will be followed by the Land Office internal audit. The Land Office *Internal Audit Charter* requires that in addition to IPPF the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States be followed.

Internal audit has the responsibility to develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and to submit that plan along with any subsequent periodic changes to the Secretary and the Commission for review and approval. Internal audit coverage is aligned with the Land Office’s strategic, operational, compliance, and financial risks to add value and improve operations. In addition internal audit has the responsibility to implement the annual audit plan, as approved, including as appropriate, special tasks or projects requested by management and the Commission.

The risk assessment methodology used gives consideration to several risk factors enabling internal audit to rank the risk associated with each audit area. The result of this risk assessment process was used when identifying the planned audit engagements for fiscal year 2014.

The audit universe encompasses all activities performed by the Land Office necessary to accomplish the Land Office requirement for “managing the school lands and public lands of the state as a sacred trust for the exclusive benefit of the beneficiaries and for the return of full value from the use and disposition of the trust property as prescribed by the Legislature to attain the trust goals by protection of assets coupled with maximum return and to provide standards to foster evenhanded and proper administration of the trust”.

It is the goal of internal audit to address each audit area identified in the audit universe at least once in a five year period. Each year the risk associated with each audit area will be assessed addressing areas considered as high risk annually. The annual plan is approved by the Commission and includes time to address special tasks or projects requested by management and the Commission. Audit reports will be issued at the conclusion of each audit engagement.

**Resource Availability FY 2014**

Projected total hours available for 1 audit position. (Excludes Oklahoma State Employee Holidays)	2,008
Hours available for audit engagements <sup>1</sup>	1,704
Percentage of hours available for audit to projected total hours available	84.86%

**Planned Engagements FY 2014**

**Planned Audit Engagements**

Real Estate Lease Evaluations	300
Commercial Leasing	300
Other Minerals Programs	300
IT	-
Apportionment	300
Capital Assets	500
Professional Services Contracts	250
<b>Total Hours Budgeted for Audit Engagements</b>	<b><u>1,950</u></b>

**Other Engagements**

Time for consulting engagements and special requests.	200
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<b>Total Hours Budgeted for Other Engagements</b>	<b><u>200</u></b>
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<b>Hours Budgeted for Administrative Tasks and Annual Planning and Evaluation Procedures</b>	<b><u>504</u></b>
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<b>Total Hours Budgeted for Planning, Evaluation, and Other Engagements</b>	<b><u>704</u></b>
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<b>Total Hours Planned for FY 2014</b>	<b><u>2,654</u></b>
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<b>Hours Planned (Over)/Under Hours Available</b>	<b>(950)<sup>2</sup></b>
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<sup>1</sup> Time spent for training, use of leave, and attendance at staff, commission, and investment committee meetings was deducted from total hours available to arrive at the hours available for audit number.

<sup>2</sup> More budget hours are planned than hours available. Time spent completing audit engagements was not documented prior to the FY 2013 internal audit cycle. As work is performed a base of knowledge will be developed which will allow a more precise estimation of time needed to accomplish the approved audit plan.

**COMMISSIONERS OF  
THE LAND OFFICE**



Managing Assets to  
Support Education

**Permanent Trust Funds Growth**

**May 2013**

- It took ninety five years for CLO's permanent trust funds to reach the \$1 Billion threshold
- It took only eleven additional years for the permanent funds to pass the \$2 Billion mark
- Barring market collapse, CLO will finish FY 2013 with more than \$2.1 Billion in permanent trust funds
- Since the current Commissioners assumed office, the CLO trust funds have grown by nearly \$400 Million

# Commissioners of the Land Office FY2002-FY2013 Portfolio Appreciation Data

Fiscal Year Ended	Market Value	Total Increase in Value	CLO Income Placed in Trust	Portfolio Change
6/30/2002	1,000,603,202	-	-	-
6/30/2003	1,067,310,234	66,707,032	29,100,299	37,606,733
6/30/2004	1,174,015,017	106,704,783	42,855,933	63,848,850
6/30/2005	1,271,510,650	97,495,633	48,766,757	48,728,876
6/30/2006	1,364,294,000	92,783,350	69,297,680	23,485,670
6/30/2007	1,565,573,000	201,279,000	63,246,319	138,032,681
6/30/2008	1,547,509,842	(18,063,158)	104,967,364	(123,030,522)
6/30/2009	1,395,110,799	(152,399,043)	74,603,088	(227,002,131)
6/30/2010	1,606,568,468	211,457,669	40,661,831	170,795,838
6/30/2011	1,840,226,676	233,658,208	51,978,018	181,680,190
6/30/2012	1,865,366,766	25,140,090	57,220,504	(32,080,414)
6/30/2013	2,100,000,000	234,633,234	56,159,947	178,473,287
		<b>1,099,396,798</b>	<b>638,857,740</b>	<b>460,539,058</b>

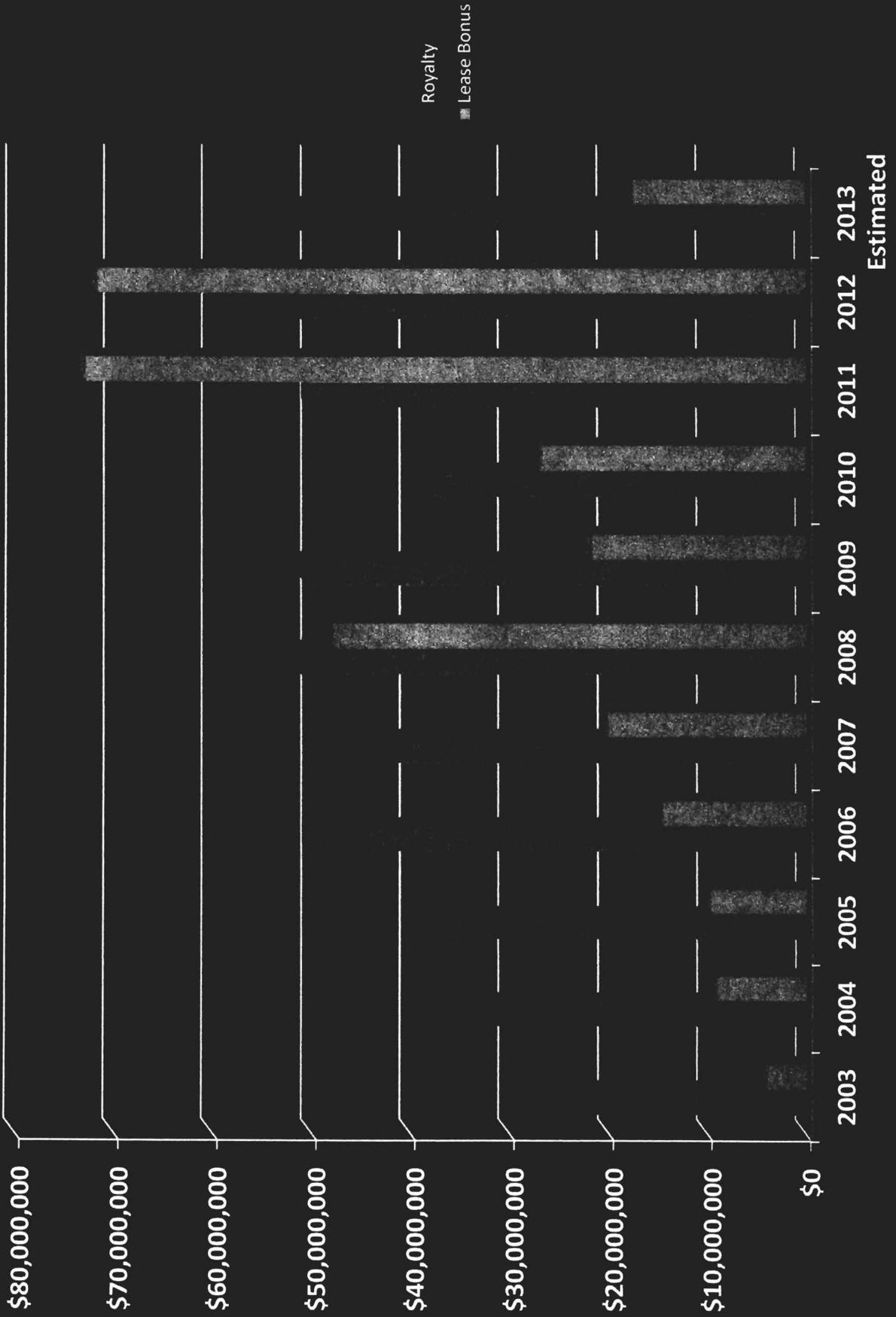
# Commissioners of the Land Office

## FY2003 - FY2013

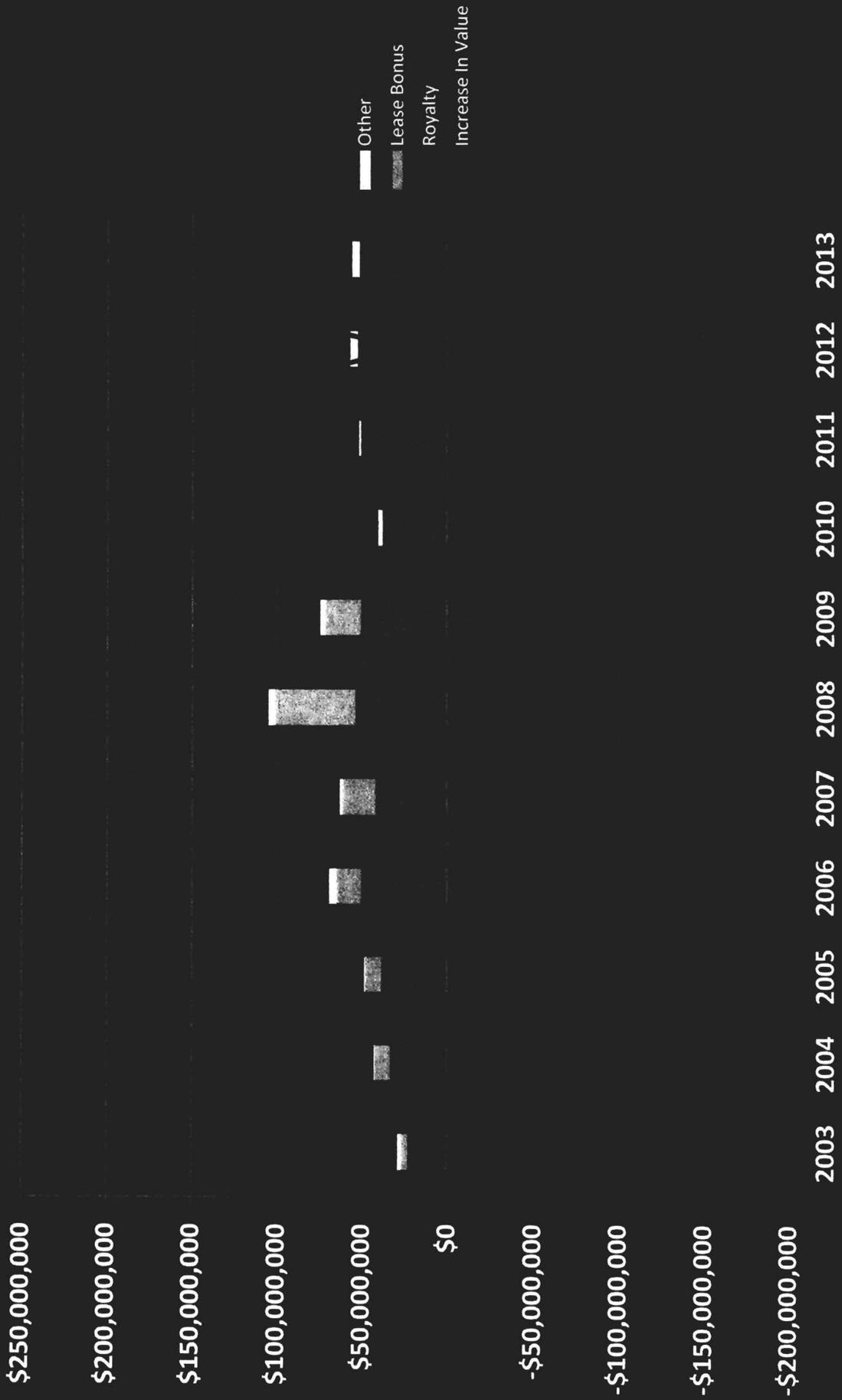
Market

Year	Value	Royalty	Lease Bonus	Other
2013	51,491,659	17,447,547	4,668,288	73,607,494
2012	52,442,435	71,474,921	4,778,069	128,695,425
2011	50,407,063	72,964,768	1,570,955	124,942,786
2010	37,818,509	26,769,345	2,843,322	67,431,176
2009	50,498,160	21,690,971	2,413,957	74,603,088
2008	53,537,672	47,907,374	3,522,318	104,967,364
2007	41,651,995	20,080,010	1,514,314	63,246,319
2006	50,277,425	14,657,764	4,362,491	69,297,680
2005	38,202,402	9,749,518	814,837	48,766,757
2004	33,109,230	9,048,962	697,741	42,855,933
2003	22,840,653	4,105,433	2,154,213	29,100,299

# CLO Comparison



# CLO Appreciation FY2003 - FY2013



## **COMMISSIONERS OF THE LAND OFFICE**

### **REGULAR MEETING MINUTES**

**THURSDAY JUNE 13, 2013, AT 2:00 P.M.  
GOVERNOR'S LARGE CONFERENCE ROOM  
STATE CAPITOL BUILDING – SECOND FLOOR  
OKLAHOMA CITY, OKLAHOMA**

Notice was posted online with the Secretary of State on November 16, 2012. Public notice was also posted on the Commissioners of the Land Office website and at the Commissioners of the Land Office and Governor's Large Conference Room of the State Capitol Building on Tuesday, June 11, 2013, before 5 p.m.

#### **PRESENT:**

Honorable Mary Fallin, Governor and Chair  
Honorable Todd Lamb, Lt. Governor and Vice Chair  
Honorable Gary Jones, Absent  
Honorable Janet Barresi, State Superintendent of Public Instruction and Member  
Honorable Jim Reese, President State Board of Agriculture and Member

#### **CLO STAFF PRESENT:**

Harry W. Birdwell, Secretary  
Keith Kuhlman, Assistant Secretary  
Debra Sprehe, Executive Assistant  
Dave Shipman, Director Minerals Management Division  
Lisa Blodgett, General Counsel  
Karen Johnson, Chief Financial Officer  
Steve Diffe, Director of Royalty Compliance  
Diana Nichols, Internal Auditor  
James Spurgeon, Director of Real Estate Management Division  
Terri Watkins, Director of Communications  
Emma Thomas, Financial Services Staff  
Micah Lawson, Financial Services Staff

#### **VISITORS:**

Rebecca Frazier, Governor's Office  
Steve Tinsley, State Auditor and Inspector  
Phil Grenier, Lt. Governor's Office  
Shawn Ashley, eCapitol  
Barbara Hoberock, Tulsa World  
Michael McNutt, Oklahoman

Governor Fallin called the meeting to order at 2:14 p.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Fallin:	Present
Lamb:	Present
Jones:	Absent
Barresi:	Present
Reese:	Present

### 1. Approval of Minutes for Regular Meeting held May 14, 2013

This agenda item was presented by Harry W. Birdwell, Secretary. A Motion was made by Commissioner Reese and seconded by Commissioner Barresi to approve the minutes of the May 14, 2013 meeting.

Fallin:	Aye
Lamb:	Aye
Jones:	Absent
Barresi:	Aye <i>Motion Carried</i>
Reese:	Aye

### 2. Secretary's Comments

#### a. Distributions to Beneficiaries for May 2013

Secretary Birdwell reported May 2013 distributions to beneficiaries (\$6.474 million) were almost the same as the May 2012 (\$6.429 million). In June 2013 two distributions will be made to Common School beneficiaries. The regular distribution will be made on or before June 25th. A supplemental distribution will be made June 28-30 to apply the 5 year rolling average distribution for Common Schools. That will raise the Common Schools distributions for FY2013 to the FY2011 level. The supplemental distribution will be in the range of \$10 Million.

The agency's total beneficiary distributions for FY2013 will be the second or third highest yearly total in state history.

#### b. May Mineral Lease Bonus Auction Results

Secretary Birdwell reported the mineral lease bonus auction in May 2013 yielded \$1,375,000. After 3 consecutive auctions of less than \$1 million they have risen back to a seven digit total.

There were 42 tracts offered for lease and 31 were successfully leased. The largest number of tracts leased was in Lincoln and Beckham counties.

### **3. Cancellation of the Regularly Scheduled July Meeting**

The CLO staff will be involved in the WSLCA summer conference in July. Accordingly it is recommended that the July regular commission meeting be cancelled.

*Recommendation: The Secretary recommends cancellation of the July meeting.*

- a. *Presented by Harry W. Birdwell, Secretary*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Harry Birdwell, Secretary. A Motion was made by Lt. Governor Lamb and seconded by Commissioner Reese to approve the cancellation of the regular July 11, 2013 meeting.

Fallin:	Aye	
Lamb	Aye	
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	<i>Motion Carried</i>

### **4. Report on International Council of Shopping Centers (ICSC) Convention (informational only)**

- a. *Presented by James Spurgeon, Director of Real Estate Management*

Two CLO staff, Dan Hake, Commercial Property Manager and Tranna Fischer, Assistant Commercial Property Manager attended the ICSC convention which is the global retail real estate convention of the industry. It provides a forum of industry leaders and decision makers in one location which creates an opportunity to make numerous connections with the 32,000 registered participants. The staff met with 29 company executives and developers looking for expansion locations. There have been 4 requests for follow up information and there are active negotiations being conducted with a company on a specific site along with discussions on other potential sites for them. The CLO goal was to promote opportunities that would generate CLO revenue, increase state taxes and to create jobs.

**5. Consideration and Possible Action to Approve Modification or Amendments to the CLO Investment Policy**

Recommendation: The Chief Financial Officer recommends approval of the investment policy.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The majority of the modifications or amendments are clarifications and investment manager's requests that have been raised this past year (copies of the proposed changes to the Investment Policy were provided to the Commissioners). The major change is in response to HB 1022 recently approved by the Oklahoma State Legislature allowing up to a 3% allocation in real property investments.

The agenda item was presented by Karen Johnson, Chief Financial Officer. The Investment Committee recommended approval after their review and discussion of the changes at their last meeting. A Motion was made by Commissioner Reese and seconded by Lt. Governor to approve the modification or amendments to the CLO Investment Policy.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	

**6. Request for Approval to Renew the RV Kuhns & Associates, Investment Consultant Contract for the Fiscal Year Beginning July 1, 2013**

Recommendation: The Chief Financial Officer recommends approval of the renewal of the investment consultant contract.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Karen Johnson, Chief Financial Officer. The Investment Committee recommended approval at their last meeting. A Motion was made by Commissioner Reese and seconded by Lt. Governor to approve the consultant contract with RV Kuhns & Associates for FY2014.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	

**7. Request for Approval to Renew the Following Investment Manager Contracts for the Fiscal Year Beginning July 1, 2013**

Aronson+Johnson+Ortiz  
Robeco Investment Management  
Silvercrest Asset Management Group  
DePrince Race and Zollo  
J.P. Morgan Asset Management  
Allianz Global Investors  
Fountain Capital Management  
Atlantic Asset Management  
Dodge & Cox Investment Managers  
Cohen & Steers Capital Management, Inc.  
Lord Abbett, LLC  
Hansberger Global Investors  
Urdang Investment Management  
Guggenheim Partners Asset Management  
Shenkman Capital Management  
PIMCO All Asset All Authority Fund  
BlackRock Russell 1000 Index Fund

Recommendation: The Chief Financial Officer recommends approval of the renewal of the investment manager's contracts.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Karen Johnson, Chief Financial Officer. The Investment Committee recommended approval at their last meeting. A Motion was made by Commissioner Reese and seconded by Lt. Governor Lamb to approve the investment manager contracts for FY2014.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	

**8. Request for Approval to Renew the Bank of Oklahoma, Custodian Bank Contract for the Fiscal Year Beginning July 1, 2013**

Recommendation: The Chief Financial Officer recommends approval of the renewal of the bank contract.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Karen Johnson, Chief Financial Officer. The Investment Committee recommended approval at their last meeting. A Motion was made by Commissioner Barresi and seconded by Commissioner Reese to approve the renewal of the custodian bank contract with the Bank of Oklahoma for FY2014.

Fallin:	Aye	
Lamb	Aye	
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	Motion Carried

**9. Request for Approval of the Following Contracts in the Amount of \$25,000 or Above for the Fiscal Year beginning July 1, 2013**

- Office of Management and Enterprise Services (OMES): Printing, Vehicle Expense, IT services, Payroll Services - \$200,000
- Galt Temporary Services - \$75,000
- KPMG: External Audit Function - \$53,500
- Retail Attractions: Commercial Real Estate Marketing Firm - \$46,200
- First National Center: Office Building Rental and Renovations - \$250,000
- Crawford and Associates; Consulting Services - \$50,000
- Stinnett & Associates - \$32,000

Recommendation: The Chief Financial Officer recommends approval of the renewal of the contracts.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Karen Johnson, Chief Financial Officer. A Motion was made by Commissioner Barresi and seconded by Commissioner Reese to approve the listed contracts for \$25,000 or above for FY2014.

Fallin:	Aye	
Lamb	Aye	
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	Motion Carried

## 10. Request for Approval of IT Contracts in Excess of \$25,000

The Information Technology Division requests authorization to purchase the following.

- Purchase GIS (Geographical Information System) software from Environmental Systems Research Institute, Inc. (ESRI) in the amount of \$26,600.
- Purchase hardware and software from Dell Computers for a disaster recovery site located in Edmond, Oklahoma in the amount of \$59,072.65.

*Recommendation: The Secretary recommends approval of the request to make the purchases of software and hardware.*

- a. Presented by Harry Birdwell, Secretary*
- b. Discussion*
- c. Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Harry Birdwell, Secretary. A Motion was made by Commissioner Barresi and seconded by Lt. Governor Lamb to approve the listed IT contracts in excess of \$25,000.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	

**11. Request for Approval Related to Professional Services Contracts with the Listed Firms in Specified Amounts**

- Barbara Ley, CPA - \$50,000 renewal for FY 2014 for expert services in royalty underpayment calculations and trial testimony
- Burns and Stowers - \$150,000 added to existing contract to represent and advise the CLO in matters related to mineral interests, including royalty underpayment litigation
- Goolsby, Proctor - \$150,000 renewal for FY 2014 for representation of CLO in the *Cimarron River Ranch* matter
- Tisdale & O'Hara - \$250,000 added to existing contract in representation of the CLO related to royalty payment enforcement in the Chesapeake matter in which experts are engaged for trial, including title work, royalty calculations involving a team of CPAs and geologist, mediation preparation costs, and other attorney trial preparation; for FY 2014, \$100,000 renewal for continued representation is recommended

Recommendation: The General Counsel recommends approval of the stated contract amounts.

- a. Presented by Lisa Blodgett, General Counsel*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

The agenda item was presented by Lisa Blodgett, General Counsel. A Motion was made by Commissioner Reese and seconded by Commissioner Barresi to approve the professional services contracts with the listed firms in the specified amounts.

Fallin:	Aye	
Lamb	Aye	
Jones:	Absent	
Barresi:	Aye	Motion Carried
Reese:	Aye	

**12. Request for Approval to Use Contingent Fee Contracts for Representation in CLO's Royalty Underpayment Disputes**

Recommendation: The General Counsel recommends approval of the use of contingent legal contracts.

- a. *Presented by Lisa Blodgett, General Counsel*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

Lisa Blodgett, General Counsel requested no action be taken on this item at this time.

**13. Consent Agenda – Request Approval of April 2013 Agency Monthly Division Summary of Activities**

*The Agenda items presented on the Consent Agenda are considered as one item for voting purposes. The Consent Agenda includes items that are statutorily or constitutionally required to be performed by the Commissioners of the Land Office or are administrative in nature, which are done as a routine action by the Commissioners of the Land Office. If any member of the Commission or any member of the public requests a particular item or items to be considered individually, the matter or matters shall be considered individually.*

- a. *Presented by Harry W. Birdwell, Secretary*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

*Accounting Division*

- a. April 2013
  - a. Claims Paid (routine)
  - b. Expenditure Comparison

*Minerals Management Division*

1. April 2013
  - a. Award of 3/6/2013 Oil and Gas Lease Sale
  - b. Tracts Offered for Oil and Gas Mining on 5/15/2013
  - c. Assignments of Oil and Gas Leases
  - d. Seismic Exploration Permits
  - e. Division Orders

*Real Estate Management Division*

1. April 2013
  - a. Surface Lease Assignments
  - b. 20 Year Easements
  - c. Amended Easement
  - d. Term Irrigation Permits
  - e. Soil Conservation Projects

The agenda item was presented by Harry Birdwell, Secretary. A Motion was made by Commissioner Barresi and seconded by Lt. Governor Lamb to approve the monthly division summary of activities.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Absent	
Barresi:	Aye	
Reese:	Aye	

**14. Financial Information Regarding Investments and Monthly Distributions  
(informational only)**

*Investments*

- a. Market Value Comparison April 2013

*Accounting*

- b. May Distribution for FY-13 by District and Month

## 15. Executive Session

Executive Session may be convened to discuss, evaluate, and take possible action pursuant to 25 O.S. § 307(B)(4) allowing confidential communications between the Commission and its attorney concerning pending investigations, claims, or actions on recommendation that disclosure will seriously impair the ability of the Commission to process them in the public interest regarding the following matters:

- *CRR v. CLO*, CJ-2007-11005, *RSJ v. CLO*, CJ-2011-457, *Durham v. CLO*, CJ-2011-7178, *In Re: Point Vista Development, LLC & CLO v. Chesapeake*, CJ-2008-18
- Executive Session may be convened to 307(B)(3) & (D) for the purpose of discussing the purchase or appraisal of real property regarding a tract of land that is a part of the E/2 Section 16-T11N-R4WIM, Oklahoma County.
  - a. *Recommendation of Lisa Blodgett, General Counsel*
  - b. *Vote to Convene Executive Session*
  - c. *Executive Session*
  - d. *Vote to Return to Regular Session*

The agenda item was presented by Lisa Blodgett, General Counsel, who recommended an executive session be convened. A MOTION was made by Commissioner Reese and seconded by Commissioner Barresi to adjourn to an executive session at 2:39 p.m.

Fallin:	Aye	
Lamb	Aye	
Barresi	Aye	<i>Motion Carried</i>
Jones:	Absent	
Reese	Aye	

A MOTION was made by Commissioner Reese and seconded by Lt. Governor Lamb to return to regular session at 3:26 p.m.

Fallin:	Aye	
Lamb	Aye	<i>Motion Carried</i>
Barresi	Aye	
Jones:	Absent	
Reese	Aye	

## 16. Proposed Action on Executive Session Items

The Commission may further consider and take action in open session related to executive session agenda items.

The agenda item was presented by Lisa Blodgett, General Counsel, who recommended the Secretary and General Counsel be given:

- Authorization to obtain an appraisal of the property under discussion in Executive Session and to move forward with a property exchange for the airport property defined in the agenda.
- Authorization to hire outside counsel to represent the CLO to protect the State's interest in the Point Vista matter, in an initial amount not to exceed \$250,000.

A MOTION was made by Commissioner Reese and seconded by Commissioner Barresi to proceed with an appraisal of the property under discussion and to move forward with a property exchange for the airport property defined in the agenda.

Fallin:	Aye	
Lamb	Aye	
Barresi	Aye	Motion Carried
Jones:	Absent	
Reese	Aye	

A MOTION was made by Commissioner Reese and seconded by Commissioner Barresi to proceed with hiring outside counsel to represent the CLO to protect the State's interest in the Point Vista matter, in an initial amount not to exceed \$250,000 as discussed in Executive Session.

Fallin:	Aye	
Lamb	Aye	
Barresi	Aye	Motion Carried
Jones:	Absent	
Reese	Aye	

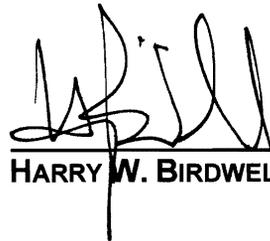
**17. New Business**

The Commission may discuss, consider and take possible action regarding new business that could not have been reasonably anticipated or was unknown prior to the regular meeting.

No new business was presented.

A MOTION was made by Commission Barresi and seconded by Lt. Governor Lamb to adjourn the meeting.

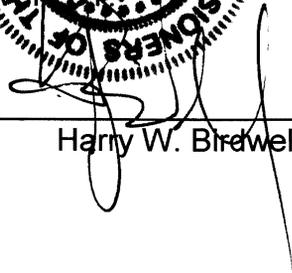
Fallin:	Aye	
Lamb	Aye	<i>Motion Carried</i>
Barresi	Aye	
Jones:	Absent	
Reese	Aye	

  
\_\_\_\_\_  
HARRY W. BIRDWELL, SECRETARY

The meeting was adjourned at 3:28 p.m.

I HEREBY CERTIFY that the foregoing is a true, full and correct report of said meeting.

WITNESS my hand and official signature this \_\_\_\_\_ day of \_\_\_\_\_, 2013

  
  
\_\_\_\_\_  
Harry W. Birdwell

  
\_\_\_\_\_  
CHAIRMAN

## **Notice of Posting**

**Date / Time:** Tuesday, June 11, 2013, before 5:00 p.m.

**Locations:** Commissioners of the Land Office  
120 N. Robinson, Suite 1000W  
Oklahoma City, OK 73102  
Governor's Large Conference Room  
State Capitol, 2<sup>nd</sup> Floor  
Oklahoma City, OK 73105

**By:** Debra Sprehe, Executive Assistant

The following claims were approved by the Secretary and are routine in nature:

**Claims Paid April 2013**

Oklahoma Press	Advertising Expense	\$552.91
BancFirst	Bank Service Charges	\$729.34
My Consulting Group	Construction In Progress - Software	\$30,220.00
Firetrol Protection	Data Processing Equipment	\$1,120.00
Hesi Security	Data Processing Equipment	\$2,270.00
Office of Management & Enterprise Services	Flexible Benefits- Administration	\$101.10
Office of Management & Enterprise Services	Fuel Expense	\$1,436.54
Amazon.com	General Operating Expense	\$288.99
First Choice	General Operating Expense	\$219.67
Grainger	General Operating Expense	\$149.58
Hesi Security	General Operating Expense	\$390.00
Mid-West Printing Company	General Operating Expense	\$4,850.00
Quick Print	General Operating Expense	\$25.00
Quill	General Operating Expense	\$136.31
Staples	General Operating Expense	\$924.92
Valley Laser	General Operating Expense	\$267.00
Betchan Dozer Service	Land & Right-of-Way Expense	\$6,950.00
Clinton Taylor	Land & Right-of-Way Expense	\$7,399.00
Mapel Dozer Service	Land & Right-of-Way Expense	\$12,460.00
MK Excavation	Land & Right-of-Way Expense	\$4,050.00
Texas County Conservation District	Land & Right-of-Way Expense	\$280.00
Office of Management & Enterprise Services	Maintenance and Repair Services	\$126.00
Sandy Auto Service	Maintenance and Repair Services	\$446.36
Commerical Real Estate Council	Membership Fees	\$150.00
ICSC	Membership Fees	\$100.00
Insurance Department	Membership Fees	\$350.00
NIGP	Membership Fees	\$255.00
OKAPP	Membership Fees	\$40.00
Western States Land Commissioners Assn	Membership Fees	\$1,625.00
Office of Management & Enterprise Services	Miscellaneous Administrative Expense	\$512.88
Oklahoma Department of Corrections	Office Furniture & Equipment	\$2,438.89
Abowitz, Tiberlake, Dahnke & Gisinger PC	Professional Services	\$2,191.30
Barbara Ley	Professional Services	\$2,312.00
Big Sky Tours	Professional Services	\$20.00
Farzaneh Law Firm PC	Professional Services	\$8,092.85
Firetrol Protec	Professional Services	\$786.00
Galt Foundation	Professional Services	\$7,955.80
Goolsby Proctor Heefner Gibbs PC	Professional Services	\$1,639.00
Hale & Buckley Survey Co Inc	Professional Services	\$3,100.00

Hesi Security	Professional Services	\$990.00
Meadows Center	Professional Services	\$96.96
Office of Management & Enterprise Services	Professional Services	\$209.91
Retail Attractions LLC	Professional Services	\$3,500.00
RV Kuhns & Associates Inc	Professional Services	\$40,262.90
Fred Pryor Seminars	Registration Fees	\$199.00
OKAPP	Registration Fees	\$1,290.00
Canon Solutions America Inc	Rent Expense	\$29.99
First National Management	Rent Expense	\$18,655.21
Imagenet Consulting	Rent Expense	\$1,816.15
Office of Management & Enterprise Services	Rent Expense	\$3,004.63
Summit Mailing	Rent Expense	\$357.74
Oklahoma Public Employees Retirement System	Retirement Contribution Expense	\$189.86
AT&T	Telecommunication Services	\$474.98
AT&T Mobility	Telecommunication Services	\$148.29
Cox Communications	Telecommunication Services	\$1,035.69
Office of Management & Enterprise Services	Telecommunication Services	\$1,891.06
Panhandle Telephone	Telecommunication Services	\$94.09
Pioneer Telephone	Telecommunication Services	\$288.63
Verizon Wireless	Telecommunication Services	\$43.01
American Airlines	Travel- Agency Direct Payments	\$443.60
Doubletree Hotel	Travel-Agency Direct Payments	\$407.78
Berger, Cecil	Travel-Reimbursement	\$277.82
Brownsworth, Gregory	Travel-Reimbursement	\$560.48
Eike, Tom	Travel-Reimbursement	\$1,162.41
Evans, Floyd	Travel-Reimbursement	\$99.00
Foster, Chris	Travel-Reimbursement	\$510.76
Hermanski, David Alan	Travel-Reimbursement	\$561.05
Whitworth, Stephen	Travel-Reimbursement	<u>\$72.32</u>
	TOTAL	\$185,634.76

COMMISSIONERS OF THE LAND OFFICE  
EXPENDITURE COMPARISON  
April 30, 2012 compared to April 30, 2013

<u>DESCRIPTION</u>	FY12 YTD <u>Expenditures</u>	FY13 YTD <u>Expenditures</u>	Expenditures Changed <u>From FY12/FY13</u>
Salaries	\$ 2,344,907	\$ 2,494,295	\$ 149,388
Longevity	56,682	58,791	2,109
Insurance	483,516	462,637	(20,879)
Premiums, Workers Comp	23,832	21,355	(2,477)
State Retirement & FICA	576,711	610,019	33,308
Professional	504,717	577,075	72,358
Personnel Board & Soonerflex	1,611	1,545	(66)
<b>Total Personal Service</b>	<b>3,991,976</b>	<b>4,225,717</b>	<b>233,741</b>
Travel Reimbursement	48,009	35,839	(12,170)
Travel- Direct Agency Payments	16,553	35,988	19,435
Direct Registration	10,002	33,916	23,914
Postage, UPS & Courier Svc.	14,914	15,109	195
Communications	18,725	26,875	8,150
Printing & Advertising	36,137	36,129	(8)
Information Services & Core Charges	57,244	62,543	5,299
Exhibitions, Shows, Special Events	0	750	750
Miscellaneous Administrative Fee	0	715	715
Licenses, Permits, & Abstracts	2,280	1,785	(495)
Memberships & Tuition Reimb.	2,706	4,560	1,854
Insurance Premiums	2,710	3,960	1,250
Rental Of Space & Equipment	221,877	210,457	(11,420)
Repairs & Maintenance	2,878	269,039	266,161
Fuel/Special Supplies	7,898	17,892	9,994
Office & Printing Supplies	58,953	45,248	(13,705)
Shop Expense	228	0	(228)
Office Furniture & Equipment	78,675	26,719	(51,956)
Library Resources	5,584	1,147	(4,437)
Lease Purchases	0	0	0
Soil Conservation Projects	98,495	60,855	(37,640)
Construction in Progress- Software	0	165,815	165,815
Construction and Renovation	0	18,170	18,170
Indemnity Payments	5,150	0	(5,150)
<b>Total Supplies, Equip. &amp; Oth.</b>	<b>689,018</b>	<b>1,073,511</b>	<b>384,493</b>
<b>TOTAL</b>	<b>\$ 4,680,994</b>	<b>\$ 5,299,228</b>	<b>\$ 618,234</b>

**MINERALS MANAGEMENT DIVISION  
MONTHLY SUMMARY**

**FROM: 4/1/2013**

**TO: 4/30/2013**

**3/6/2013 OIL AND GAS MINING LEASE SALE**

**MINERALS MANAGEMENT DIVISION**

**AWARDS OF LEASES TO HIGH BIDDERS**

<b>TR#</b>	<b>RESULT</b>	<b>COUNTY</b>	<b>LEGAL</b>	<b>NET ACRES</b>	<b>BIDDER</b>	<b>BONUS</b>	<b>PRICE PER ACRE</b>
1	AWARDED	ATOKA	SW/4 NE/4 (1/2 M.R.), Sec. 04-03S-09EIM	20.00	HUSKY VENTURES INC	\$3,260.00	\$163.00
2	AWARDED	ATOKA	The North 20.75 acres and the SW 10 acres of Lot 3; the NE 10.37 acres and the south 20 acres of Lot 4; N/2 SW/4 NW/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.56	HUSKY VENTURES INC	\$6,611.28	\$163.00
3	AWARDED	ATOKA	NE/4 SE/4; E/2 NW/4 SE/4; W/2 SW/4 SE/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.00	HUSKY VENTURES INC	\$6,520.00	\$163.00
4	AWARDED	ATOKA	E/2 SW/4 (1/2 M.R.), Sec. 04-03S-09EIM	40.00	HUSKY VENTURES INC	\$6,520.00	\$163.00
5	AWARDED	CADDO	SW/4 (1/2 M.R.), Sec. 22-11N-12WIM	80.00	SCHONWALD LAND INC	\$40,240.00	\$503.00
6	AWARDED	CANADIAN	NW/4 (All M.R.), Sec. 36-13N-06WIM	160.00	STABLE ENERGY RESOURCES LLC	\$48,320.00	\$302.00
7	NO BIDS	KIOWA	NE/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
8	NO BIDS	KIOWA	NW/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
9	NO BIDS	KIOWA	SE/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
10	NO BIDS	KIOWA	SW/4 (All M.R.), Sec. 22-06N-16WIM	160.00	NO BIDS	\$0.00	\$0.00
11	AWARDED	LATIMER	Lots 1 and 2; S/2 NE/4, less and except the Upper Atoka formation (1/2 M.R.), Sec. 01-05N-20EIM	80.08	UNIT PETROLEUM COMPANY	\$20,020.00	\$250.00
12	AWARDED	LATIMER	SE/4, less and except the Upper Atoka formation (1/2 M.R.), Sec. 01-05N-20EIM	80.00	UNIT PETROLEUM COMPANY	\$20,000.00	\$250.00
13	NO BIDS	LINCOLN	NE/4 (All M.R.), Sec. 36-15N-05EIM	160.00	NO BIDS	\$0.00	\$0.00
14	AWARDED	LINCOLN	E/2 NW/4 (All M.R.), Sec. 36-15N-05EIM	80.00	BRIDON ENERGY LLC	\$8,160.00	\$102.00
15	NO BIDS	LINCOLN	W/2 NW/4, less and except the Prue Sand formation (All M.R.), Sec. 36-15N-05EIM	80.00	NO BIDS	\$0.00	\$0.00
16	NO BIDS	LINCOLN	SW/4, less and except the Prue Sand formation (All M.R.), Sec. 36-15N-05EIM	160.00	NO BIDS	\$0.00	\$0.00
17	AWARDED	MCCLAIN	SW/4 NE/4 NE/4; S/2 NW/4 NE/4; SE/4 NE/4; N/2 SW/4 NE/4; SE/4 SW/4 NE/4 (All M.R.), Sec. 33-07N-02WIM	100.00	CAPSTONE LAND COMPANY	\$27,777.00	\$277.77
18	AWARDED	MCCLAIN	E/2 NE/4 NW/4; NE/4 SE/4 NW/4 (All M.R.), Sec. 33-07N-02WIM	30.00	CAPSTONE LAND COMPANY	\$8,331.10	\$277.70

19	AWARDED	MCCLAIN	NE/4 NE/4 SE/4 (All M.R.), Sec. 33-07N-02WIM	10.00	CAPSTONE LAND COMPANY	\$2,777.70	\$277.77
20	AWARDED	MCCLAIN	NW/4 NE/4 SW/4; NW/4 SW/4 (All M.R.), Sec. 34-07N-02WIM	50.00	CAPSTONE LAND COMPANY	\$13,888.50	\$277.77
21	AWARDED	POTTAWATOMIE	NE/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
22	AWARDED	POTTAWATOMIE	NW/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
23	AWARDED	POTTAWATOMIE	SE/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
24	AWARDED	POTTAWATOMIE	SW/4 (All M.R.), Sec. 16-09N-03EIM	160.00	SCHONWALD LAND INC	\$26,560.00	\$166.00
25	NO BIDS	POTTAWATOMIE	NE/4 (All M.R.), Sec. 36-09N-03EIM	160.00	NO BIDS	\$0.00	\$0.00
26	NO BIDS	POTTAWATOMIE	NW/4 (All M.R.), Sec. 36-09N-03EIM	160.00	NO BIDS	\$0.00	\$0.00
27	AWARDED	POTTAWATOMIE	SE/4 (All M.R.), Sec. 36-09N-03EIM	160.00	THIS LAND LLC	\$52,960.00	\$331.00
28	AWARDED	POTTAWATOMIE	N/2 SW/4; SE/4 SW/4 (All M.R.), Sec. 36-09N-03EIM	120.00	THIS LAND LLC	\$17,640.00	\$147.00
29	NO BIDS	POTTAWATOMIE	SW/4 SW/4, less and except the Bartlesville formation (All M.R.), Sec. 36-09N-03EIM	40.00	NO BIDS	\$0.00	\$0.00
30	AWARDED	ROGER MILLS	N/2 NW/4, as to the Marmaton formation only (1/2 M.R.), Sec. 15-14N-24WIM	40.00	GUARD EXPLORATION LIMITED PARTNERSHIP	\$187,680.00	\$4,692.00
31	AWARDED	ROGER MILLS	NE/4 SE/4 (All M.R.), Sec. 13-13N-25WIM	40.00	APACHE CORPORATION	\$74,000.00	\$1,850.00
32	AWARDED	TEXAS	SE/4 (1/2 M.R.), Sec. 11-01N-19ECM	80.00	SUPERIOR TITLE SERVICES INC	\$64,240.00	\$803.00
33	AWARDED	TEXAS	SE/4 SW/4 (1/2 M.R.), Sec. 11-01N-19ECM	20.00	DARANCO LLC	\$25,540.00	\$1,277.00

## **MINERALS MANAGEMENT DIVISION**

### TRACTS OFFERED FOR OIL AND GAS MINING

The following tracts will be offered for lease on: **5/15/2013**

<b><u>TR#</u></b>	<b><u>COUNTY</u></b>	<b><u>LEGAL DESCRIPTION</u></b>	<b><u>M.R. %</u></b>	<b><u>SEC-TWP-RGE</u></b>
1	ATOKA	THAT PART OF THE NE/4 LYING SOUTH OF HIGHWAY 7	50.00%	21-02S-09EIM
2	ATOKA	SE/4 NW/4	18.75%	21-02S-09EIM
3	ATOKA	SE/4	50.00%	21-02S-09EIM
4	ATOKA	N/2 SE/4	50.00%	22-02S-09EIM
5	ATOKA	SW/4 SE/4; W/2 SE/4 SE/4	52.77%	22-02S-09EIM
6	ATOKA	SW/4, LESS 2 ACRES IN THE SW CORNER	52.77%	22-02S-09EIM
7	BEAVER	NE/4 NW/4; LOT 1, LESS AND EXCEPT THE CHESTER AND ST LOUIS FORMATIONS	100.00%	07-03N-22ECM
8	BEAVER	S/2 SE/4	50.00%	18-03N-22ECM
9	BECKHAM	NE/4	100.00%	16-10N-23WIM
10	BECKHAM	SE/4	100.00%	16-10N-23WIM
11	BLAINE	NW/4	100.00%	36-15N-13WIM
12	BLAINE	SE/4	100.00%	36-15N-13WIM

13	BLAINE	SW/4	100.00%	36-15N-13WIM
14	CIMARRON	SE/4 SW/4	100.00%	07-05N-08ECM
15	ELLIS	SE/4	50.00%	21-21N-24WIM
16	LATIMER	E/2 SE/4	50.00%	32-06N-21EIM
17	LINCOLN	NE/4	100.00%	16-12N-02EIM
18	LINCOLN	NW/4	100.00%	16-12N-02EIM
19	LINCOLN	SE/4, less and except the Woodford and Hunton formations	100.00%	16-12N-02EIM
20	LINCOLN	SW/4	100.00%	16-12N-02EIM
21	LINCOLN	NW/4	100.00%	16-14N-02EIM
22	LINCOLN	NE/4	100.00%	36-14N-04EIM
23	LINCOLN	NW/4	100.00%	36-14N-04EIM
24	LINCOLN	SE/4	100.00%	36-14N-04EIM
25	LINCOLN	SW/4	100.00%	36-14N-04EIM
26	MCCLAIN	S/2 SW/4 NW/4	100.00%	23-06N-02WIM
27	MCCLAIN	W/2 SW/4	100.00%	23-06N-02WIM
28	MCCLAIN	W/2 SW/4 NE/4	50.00%	26-07N-02WIM
29	MCCLAIN	E/2 NW/4	50.00%	26-07N-02WIM
30	POTTAWATOMIE	Lot 2	100.00%	02-10N-04EIM
31	POTTAWATOMIE	W/2 SE/4	100.00%	02-10N-04EIM
32	POTTAWATOMIE	50 acres out of the E/2 of Section 15 as described in a Sheriff's Deed dated March 7, 1940 and filed in Book 157, Page 207, of County Clerks Records of Pottawatomie County	100.00%	15-10N-04EIM
33	POTTAWATOMIE	Lots 2 and 3, extending Southwesterly to the center of the North Canadian River, less and except the accretion and riparian rights lying outside of Section 35-11N-04E	100.00%	35-11N-04EIM
34	POTTAWATOMIE	SE/4 NW/4	100.00%	36-11N-04EIM
35	ROGER MILLS	NE/4, limited to the wellbore only of the State 1-28 well	50.00%	28-13N-24WIM
36	ROGER MILLS	NE/4 SE/4	100.00%	13-13N-25WIM
37	TEXAS	E/2 NE/4, less and except the Morrow Sand formation	50.00%	29-01N-19ECM
38	TEXAS	W/2 NW/4, less and except the Morrow Sand formation	100.00%	29-01N-19ECM
39	TEXAS	Lot 1 and NE/4 NW/4	100.00%	30-01N-19ECM
40	TEXAS	SE/4	50.00%	30-01N-19ECM
41	TILLMAN	All that part of the SW/4, lying East of Highway 183, less and except the East 38 acres thereof	100.00%	26-03S-18WIM
42	WASHITA	NE/4	100.00%	13-10N-14WIM
43	WOODS	SW/4 SW/4	100.00%	14-28N-20WIM

**RE: ASSIGNMENTS OF OIL AND GAS MINING LEASES APPROVED:**

<u>Lease #</u>	<u>County</u>	<u>Legal Description</u>	<u>Assignor</u>	<u>Assignee</u>
CS-6025	TEXAS	NE/4 of Sec. 33-05N-13ECM	CELERO ENERGY LP	WHITING OIL & GAS CORPORATION
CS-6025	TEXAS	NE/4 of Sec. 33-05N-13ECM	EXXON MOBIL CORPORATION	CELERO ENERGY LP
CS-6027	TEXAS	NE/4; NW/4; SE/4; SW/4 of Sec. 36-06N-13ECM	CELERO ENERGY LP	WHITING OIL & GAS CORPORATION
CS-6027	TEXAS	NE/4; NW/4; SE/4; SW/4 of Sec. 36-06N-13ECM	EXXON MOBIL CORPORATION	CELERO ENERGY LP
CS-10229	ROGER MILLS	NE/4 (1/2 M.R.) of Sec. 30-16N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-10279	ROGER MILLS	SW/4 NW/4; S/2 SW/4 (1/2 M.R.) of Sec. 17-16N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-12560	CLEVELAND	NE/4 of Sec. 16-09N-03WIM	WENDY SUSAN BRACHMAN	LEON H BRACHMAN
CS-12561	CLEVELAND	NW/4 of Sec. 16-09N-03WIM	WENDY SUSAN BRACHMAN	LEON H BRACHMAN
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	ALVIN ZEISS	ARVINE PIPE & SUPPLY INC
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	ARVINE PIPE & SUPPLY INC	JANUARY INVESTMENTS LLC
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	BILL P HALL	ARVINE PIPE & SUPPLY INC
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	CAROLE J DRAKE	ARVINE PIPE & SUPPLY INC
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	JANUARY INVESTMENTS LLC	DOUGLAS G TAYLOR
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	ROD W YLITALO	ARVINE PIPE & SUPPLY INC
CS-12562	CLEVELAND	SE/4 of Sec. 16-09N-03WIM	WILLIAM T RAPP JR	ARVINE PIPE & SUPPLY INC
CS-12949	PAYNE	W/2 NE/4 of Sec. 36-19N-04EIM	A B STILL	DEBORAH STILL FITZSIMMONS
CS-12949	PAYNE	W/2 NE/4 of Sec. 36-19N-04EIM	DEBORAH STILL FITZSIMMONS	A B STILL WEL-SERVICE INC
CS-12950	PAYNE	W/2 SE/4 of Sec. 36-19N-04EIM	A B STILL	DEBORAH STILL FITZSIMMONS
CS-12950	PAYNE	W/2 SE/4 of Sec. 36-19N-04EIM	ALEX B STILL	DEBORAH STILL FITZSIMMONS
CS-12950	PAYNE	W/2 SE/4 of Sec. 36-19N-04EIM	DEBORAH STILL FITZSIMMONS	A B STILL WEL-SERVICE INC

CS-14104	LINCOLN	W/2 SE/4 (1/2 M.R.) of Sec. 03-16N-06EIM	ALEX B STILL	DEBORAH STILL FITZSIMMONS
CS-14104	LINCOLN	W/2 SE/4 (1/2 M.R.) of Sec. 03-16N-06EIM	DEBORAH STILL FITZSIMMONS	A B STILL WEL-SERVICE INC
CS-14148	PITTSBURG	W/2 NW/4 NE/4; NW/4; N/2 N/2 SW/4 (1/2 M.R.) of Sec. 23-08N-17EIM	ABRAXAS OPERATING LLC	ABRAXAS PETROLEUM CORPORATION
CS-14316	MAJOR	NE/4 of Sec. 16-21N-16WIM	DAWSON RESOURCES INC	SANDRIDGE ENERGY INC
CS-14316	MAJOR	NE/4 of Sec. 16-21N-16WIM	SANDRIDGE ENERGY INC	SANDRIDGE E&P
CS-14317	MAJOR	SE/4 of Sec. 16-21N-16WIM	DAWSON RESOURCES INC	SANDRIDGE ENERGY INC
CS-14317	MAJOR	SE/4 of Sec. 16-21N-16WIM	SANDRIDGE ENERGY INC	SANDRIDGE E&P
CS-20579	GRADY	S/2 NW/4 NW/4; N/2 SW/4 NW/4; SE/4 SW/4 NW/4 of Sec. 10-08N-05WIM	ABRAXAS OPERATING LLC	ABRAXAS PETROLEUM CORPORATION
CS-20580	GRADY	SE/4 (1/2 M.R.) of Sec. 10-08N-05WIM	ABRAXAS OPERATING LLC	ABRAXAS PETROLEUM CORPORATION
CS-20581	GRADY	NE/4 SW/4 (1/2 M.R.) of Sec. 10-08N-05WIM	ABRAXAS OPERATING LLC	ABRAXAS PETROLEUM CORPORATION
CS-23934	ROGER MILLS	NE/4 NW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23935	ROGER MILLS	LOT 1 A/K/A NW/4 NW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23936	ROGER MILLS	SE/4 NW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23937	ROGER MILLS	LOT 2 A/K/A SW/4 NW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23938	ROGER MILLS	SE/4 SW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23939	ROGER MILLS	LOT 4 A/K/A SW/4 SW/4 (1/2 M.R.) of Sec. 19-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23940	ROGER MILLS	S/2 NW/4 (1/2 M.R.) of Sec. 12-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23941	ROGER MILLS	SE/4 (1/2 M.R.) of Sec. 12-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-23942	ROGER MILLS	N/2 SW/4 (1/2 M.R.) of Sec. 12-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION

CS-26783	ROGER MILLS	NW/4 of Sec. 16-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-26784	ROGER MILLS	SE/4 of Sec. 16-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-26785	ROGER MILLS	SW/4 of Sec. 16-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27348	ROGER MILLS	SE/4 of Sec. 12-13N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27537	PAYNE	NE/4 NW/4 of Sec. 16-19N-03EIM	SUNSET CONSULTING INC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27537	PAYNE	NE/4 NW/4 of Sec. 16-19N-03EIM	TRUEVINE OPERATING LLC	SUNSET CONSULTING INC
CS-27538	PAYNE	NW/4 NW/4 of Sec. 16-19N-03EIM	SUNSET CONSULTING INC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27538	PAYNE	NW/4 NW/4 of Sec. 16-19N-03EIM	TRUEVINE OPERATING LLC	SUNSET CONSULTING INC
CS-27539	PAYNE	SE/4 NW/4 of Sec. 16-19N-03EIM	SUNSET CONSULTING INC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27539	PAYNE	SE/4 NW/4 of Sec. 16-19N-03EIM	TRUEVINE OPERATING LLC	SUNSET CONSULTING INC
CS-27540	PAYNE	SW/4 NW/4 of Sec. 16-19N-03EIM	SUNSET CONSULTING INC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27540	PAYNE	SW/4 NW/4 of Sec. 16-19N-03EIM	TRUEVINE OPERATING LLC	SUNSET CONSULTING INC
CS-27614	PAYNE	NE/4 of Sec. 16-20N-02EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27615	PAYNE	NW/4 of Sec. 16-20N-02EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27616	PAYNE	SE/4 of Sec. 16-20N-02EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27617	PAYNE	SW/4 of Sec. 16-20N-02EIM	DEVON ENERGY PRODUCTION COMPANY LP	TIPTOP ENERGY PRODUCTION US LLC
CS-27619	PAYNE	SW/4, LESS AND EXCEPT THE THOMAS FORMATION of Sec. 16-19N-03EIM	SUNSET CONSULTING INC	DEVON ENERGY PRODUCTION COMPANY LP
CS-27619	PAYNE	SW/4, LESS AND EXCEPT THE THOMAS FORMATION of Sec. 16-19N-03EIM	TRUEVINE OPERATING LLC	SUNSET CONSULTING INC

CS-27771	ROGER MILLS	NW/4 NE/4; S/2 NE/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 14-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27772	ROGER MILLS	SE/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 14-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27773	ROGER MILLS	SW/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 14-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27774	ROGER MILLS	NE/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27775	ROGER MILLS	NW/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27776	ROGER MILLS	SW/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 16-15N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27828	ROGER MILLS	N/2 SE/4; SW/4 SE/4 of Sec. 27-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27829	ROGER MILLS	SW/4 of Sec. 05-15N-26WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-27830	ROGER MILLS	NE/4 of Sec. 09-15N-26WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28000	ROGER MILLS	S/2 SE/4 of Sec. 20-15N-21WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28001	ROGER MILLS	S/2 SW/4 of Sec. 20-15N-21WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28123	ROGER MILLS	SW/4, LESS AND EXCEPT THE DES MOINES FORMATION of Sec. 15-14N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28692	ROGER MILLS	S/2 NE/4 of Sec. 27-13N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28693	ROGER MILLS	E/2 NW/4 of Sec. 27-13N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28704	BECKHAM	SW/4 NE/4 of Sec. 18-10N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28705	BECKHAM	SE/4 SE/4; W/2 SE/4 of Sec. 18-10N-23WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION

CS-28707	CUSTER	NE/4 of Sec. 16-14N-18WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28708	CUSTER	SE/4 of Sec. 16-14N-18WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28709	CUSTER	SW/4 of Sec. 16-14N-18WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28745	ROGER MILLS	Lot 2 of Sec. 06-13N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28746	ROGER MILLS	Lots 3 and 4 of Sec. 06-13N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28748	ROGER MILLS	NW/4 NE/4 of Sec. 25-13N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28749	ROGER MILLS	NW/4 of Sec. 08-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28750	ROGER MILLS	SW/4 of Sec. 21-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28751	ROGER MILLS	NW/4 NE/4 of Sec. 34-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28857	CUSTER	NE/4 NE/4 of Sec. 09-13N-19WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28858	CUSTER	SW/4 of Sec. 09-13N-19WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28906	PAWNEE	NE/4 of Sec. 36-24N-04EIM	REAGAN SMITH ENERGY SOLUTIONS INC	PETROQUEST ENERGY LLC
CS-28907	PAWNEE	Lot 1, less and except all accretion and riparian rights lying outside of Section 36 of Sec. 36-24N-04EIM	REAGAN SMITH ENERGY SOLUTIONS INC	PETROQUEST ENERGY LLC
CS-28908	PAWNEE	SE/4 of Sec. 36-24N-04EIM	REAGAN SMITH ENERGY SOLUTIONS INC	PETROQUEST ENERGY LLC
CS-28909	PAWNEE	N/2 SW/4 of Sec. 36-24N-04EIM	REAGAN SMITH ENERGY SOLUTIONS INC	PETROQUEST ENERGY LLC
CS-28932	ROGER MILLS	NE/4 of Sec. 35-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28933	ROGER MILLS	SE/4 of Sec. 35-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
CS-28934	ROGER MILLS	NE/4, less and except from the surface to the base of the Virgillian formation of Sec. 27-12N-26WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION

CS-28935	ROGER MILLS	SE/4, less and except from the surface to the base of the Virgillian formation of Sec. 27-12N-26WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-1743	ROGER MILLS	NW/4 NW/4 of Sec. 13-16N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5020	ROGER MILLS	SW/4 NE/4 of Sec. 13-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5562	ROGER MILLS	SW/4 NE/4, LESS AND EXCEPT THE CHEROKEE FORMATION of Sec. 13-14N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5649	ROGER MILLS	NE/4 of Sec. 12-13N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5650	ROGER MILLS	NW/4 of Sec. 12-13N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5777	ROGER MILLS	NW/4 NE/4, LESS AND EXCEPT THE PRUE FORMATION of Sec. 13-15N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5778	ROGER MILLS	LOT 2; SW/4 NE/4 of Sec. 02-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5779	ROGER MILLS	LOT 3; S/2 NW/4 of Sec. 02-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5780	ROGER MILLS	W/2 SE/4 of Sec. 02-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5781	ROGER MILLS	SW/4 of Sec. 02-14N-24WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5940	ROGER MILLS	SW/4 NE/4 of Sec. 10-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5941	ROGER MILLS	NW/4 of Sec. 10-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
EI-5942	ROGER MILLS	SE/4 SE/4; W/2 SE/4 of Sec. 10-15N-25WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
NS-971	CUSTER	NE/4 NW/4 (1/2 M.R.) of Sec. 18-13N-18WIM	ABRAXAS OPERATING LLC	ABRAXAS PETROLEUM CORPORATION
OS-28931	ROGER MILLS	NE/4 SW/4; S/2 SW/4 of Sec. 24-15N-22WIM	CORDILLERA ENERGY PARTNERS III LLC	APACHE CORPORATION
OS-29219	BEAVER	SW/4 NE/4 of Sec. 05-05N-27ECM	CONCHO LAND COMPANY LLC	LATIGO OIL & GAS INC
OS-29220	BEAVER	Lot 4; SW/4 NW/4 of Sec. 05-05N-27ECM	CONCHO LAND COMPANY LLC	LATIGO OIL & GAS INC

OS-29221	BEAVER	E/2 SW/4 of Sec. 05-05N-27ECM	CONCHO LAND COMPANY LLC	LATIGO OIL & GAS INC
UV-28975	LINCOLN	SW/4, less 3 acres in NW corner for cemetery of Sec. 28-12N-04EIM	BEARCAT LAND INC	SM ENERGY COMPANY

RE: SEISMIC EXPLORATION PERMITS

The following permits have been granted for seismic exploration on the following School Trust land:

<u>PERMIT NO.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>AMOUNT</u>
763	NW/4 Sec. 13-27N-2W Kay County	Dawson Geophysical Company	\$4,000.00
764	NW/4 Sec. 16-19N-3E; NW/4 Sec. 33-20N-3E Payne County	Devon Energy Production Co., L.P.	\$6,224.00
765	NE/4 NE/4; S/2 N/2 & S/2 Sec. 21; E/2 SW/4 & SW/4 SW/4 Sec. 24-15N-22W Roger Mills County	Seitel, Inc.	\$6,600.00
766	N/2 & SE/4 Sec. 36-19N-3E Payne County	Devon Energy Production Co., L.P.	\$5,000.00
767	NE/4 Sec. 36-21N-1W Noble County	Nicholson Land Services	\$1,800.00

**Minerals Management Division has prepared 11 Division Orders for the month of April 2013.**

**REAL ESTATE MANAGEMENT DIVISION  
MONTHLY SUMMARY**

April 1 - 30, 2013

**RE: SURFACE LEASE ASSIGNMENTS**

Lease No.	Description	Rent	Lessee
100110 - Kay County	SW/4 Sec. 36-29N-1E1M	\$8,200.00	Silent Bliss, Inc., Monty Kahle, President

This Assignment adds Dennis E. Kahle, President, DenMar Enterprises as an additional Lessee. Rental is paid current.

Lease No.	Description	Rent	Lessee
102785 – Harper County	SW/4 Sec. 34-27N-21W1M	\$1,000.00	Michael A. Miller

This lease was previously in the name of Patsy Ruth Miller. Rental is paid current.

Lease No.	Description	Rent	Lessee
104877 – Cleveland County	NW/4 Sec. 27-7N-1W1M	\$8,100.00	LC Land & Cattle LLC

This lease was previously in the name of Michael Thompson. Rental is paid current.

Lease No.	Description	Rent	Lessee
105382 – Beckham County	W/2W/2 Sec. 24-8N-26W1M	\$3,300.00	Randi McGuire

This lease was previously in the name of Stone Oren. Rental is paid current.

Lease No.	Description	Rent	Lessee
817050 – Kay County	NE/4 Sec. 33-25N-1W1M	\$3,100.00	4S Farms LLC

This lease was previously in the name of Jennifer Krieg. Rental is paid current.

Lease No.	Description	Rent	Lessee
102155 – Texas County	N/2 & SW/4 Sec. 16-2N-18ECM (less 44.28 ac sold)	\$3,000.00	Leon Richards

This lease was previously in the name of Richard Farms. Rental is paid current.

Lease No.	Description	Rent	Lessee
409123 – Texas County	SE Diagonal/2 of E 3/4 of N/2S/2NW/4 & SE/4SW/4NW/4 & S/2SE/4NW/4 & E/2W/2SW/4 & E/2SW/4 & W/2SE/4 Sec. 9-2N- 18ECM	\$1,200.00	Leon Richards

This lease was previously in the name of Richard Farms. Rental is paid current.

**RE: 20 YEAR EASEMENTS**

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
101025 Logan County Esmt No. 9233	S/2 Sec. 36-19N-3WIM	\$45,000.00	Devon Energy Production Co. LP

Easement has been issued to Devon Energy Production Co. LP for a 6.625" crude oil pipeline and one 12.750" salt water pipeline. Said easement not to exceed 225.22 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205350 Kiowa County Esmt No. 9240	SE/4 Sec. 13-7N-18WIM	\$3,200.00	Brown & Borelli, Inc.

Easement has been issued to Brown & Borelli, Inc. for a 3" natural gas and natural gas liquids pipeline. Said easement not to exceed 63.67 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
101025 Logan County Esmt No. 9259	S/2 Sec. 36-19N-3WIM	\$44,400.00	Devon Energy Production Co. LP

Easement has been issued to Devon Energy Production Co. LP for a 6.625" crude oil pipeline, 12.750" natural gas pipeline and 16.00" salt water pipeline. Said easement not to exceed 177.70 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
307052 Ellis County Esmt No. 9265	SW/4 Sec. 27-18N-25WIM	\$24,200.00	Enogex Gas Gathering, LLC

Easement has been issued to Enogex Gas Gathering, LLC for a 16" natural gas pipeline. Said easement not to exceed 166.9 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
101130 Grant County Esmt No. 9269	NE/4 Sec. 16-26N-6WIM	\$16,000.00	Atlas Pipeline Mid-Continent WestOK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 12" natural gas pipeline. Said easement not to exceed 159.5 rods in length and 20 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
205301 Alfalfa County Esmt No. 9273	SE/4 Sec. 13-27N-12WIM	\$7,600.00	Mid-America Midstream Gas Services, LLC

Easement has been issued to Mid-America Midstream Gas Services, LLC for a 4" sweet natural gas pipeline. Said easement not to exceed 36.48 rods in length and 30 feet in width. The appraised price has been paid in full.

<b>Lease No.</b>	<b>Legal Description</b>	<b>Appraised</b>	<b>Company</b>
101382 Alfalfa County Esmt No. 9280	NW/4 Sec. 16-28N-10WIM	\$3,900.00	Atlas Pipeline Mid-Continent WestOK, LLC

Easement has been issued to Atlas Pipeline Mid-Continent WestOK, LLC for a 6" natural gas pipeline. Said easement not to exceed 38.7 rods in length and 20 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
817108 Alfalfa County Esmt No. 9075	NW/4 Sec. 33-26N- 11WIM	\$1,600.00	Mid-America Midstream Gas Services, LLC

Easement has been issued to Mid-America Midstream Gas Services, LLC for a 4" sweet natural gas pipeline and a 25' x 25' valve site at well. Said easement not to exceed 24.85 rods in length and 30 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
205265 Alfalfa County Esmt No. 9279	NW/4 Sec. 13-23N- 10WIM	\$16,000.00	Sandridge Exploration and Production, LLC

Easement has been issued to Sandridge Exploration and Production, LLC for an 8.0" salt water pipeline. Said easement not to exceed 165.19 rods in length and 30 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
100924, 100925 Kay County Esmt No. 9138	S/2 Sec. 16-29N-1WIM	\$33,100.00	Trek Resources, Inc.

Easement has been issued to Trek Resources, Inc. for an 4" salt water pipeline. Said easement not to exceed 331.4' rods in length and 30 feet in width. The appraised price has been paid in full.

Lease No.	Legal Description	Appraised	Company
101460 Alfalfa County Esmt No. 9262	SW/4 Sec. 16-27N- 11WIM	\$16,100.00	Mid-America Midstream Gas Services, LLC

Easement has been issued to Mid-America Midstream Gas Services, LLC for a 16" natural gas pipeline. Said easement not to exceed 161.58 rods in length and 30 feet in width. The appraised price has been paid in full.

**RE: AMENDED EASEMENT**

Lease No.	Legal Description	Company
307072 – Harper County Esmt. No. 9115	E/2 & SW/4 Sec. 15-27N- 26WIM	DCP Southern Hills Pipeline, LLC

This easement was amended to add an additional 1.69 rods that was not included on original easement survey.

**RE: TERM IRRIGATION PERMITS**

Lease No.	Description	Fee	Lessee
101561 – Washita County	NE/4 Sec. 36-8N-14WIM (less .186 ac co ls 106446)	\$2,400.00	Jay Holsted
102112 – Texas County	N/2 Sec. 36-6N-11ECM	\$4,800.00	Elkhart Farms
102139 – Texas County	NW/4 Sec. 16-2N-16ECM (less .229 ac co ls 106396)	\$2,400.00	Hitch Farms P S
102848 - Texas County	NE/4 Sec. 20-6N-15ECM	\$2,460.00	Dan Clawson
102902 – Texas County	NE/4 Sec. 17-4N-17ECM	\$2,400.00	Jim Honeman
104030 – Texas County	NE/4 Sec. 33-5N-13ECM	\$2,400.00	Jerry Lunsford Farms LLC
104207 – Texas County	NW/4 Sec. 9-1N-10ECM	\$2,400.00	Russell Family Partnership
104532 – Texas County	NE/4 Sec. 13-5N-15ECM	\$2,400.00	Shane Metcalf
104901 – Texas County	NE/4 Sec. 2-5N-18ECM	\$2,400.00	Flat Prairie Farms, Inc.

STATE OF OKLAHOMA     )  
  )  
COUNTY OF OKLAHOMA    )    ss

I hereby certify that the foregoing Monthly Summary is a true, full and correct report of the actions of the Secretary to the Commissioners of the Land Office taken pursuant to Resolution of the Commissioners of the Land Office adopted the 17th day of December, 1968 and subsequent Resolution adopted the 1st day of March 1988, amended April 12, 1988.

WITNESS my hand and official signature this 7th day of June 2013.



  
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Harry W. Birdwell, Secretary

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## MEMORANDUM

**To:** Commissioners of the Land Office (CLO) Investment Committee  
**From:** R.V. Kuhns & Associates, Inc. (RVK)  
**Subject:** Recommended Changes to Investment Policy Statement (IPS)  
**Date:** June 13, 2013

The table below outlines the final set of recommended changes to the CLO Investment Committee Investment Plan and Policy. All page references refer to the page number in the final copy of the investment policy that does not include red-lined edits.

Subject	Policy Section	Page	Modification	Rationale
Investment Management – Asset Class Guidelines	V	6	Added language in the first paragraph to include exchange-traded funds (ETFs) and commingled funds as allowable investment vehicles.	ETF and commingled funds are widely used investment vehicles by institutional investors and are deemed essential tools for the effective implementation of the CLO investment strategy.
Investment Management – Asset Class Guidelines	V(A)	7	Added language to allow equity managers to hold single securities that represent greater than 5% of a manager’s portfolio if the security represents greater than 5% of the benchmark against which the manager measures performance.	In recent years, a few companies, such as Apple, have grown in size such that they now represent greater than 5% of certain market indices. Adding this language was necessary to allow managers to establish positions in these securities that match the index, or slightly exceed the index if the manager has conviction in the stock.
Real Property Investments	V(G)	10	Added language allowing up to a 3% allocation in real property investments.	Incorporates new mandate for real property investments recently approved by the Oklahoma State Legislature.
Investment Management – General Guidelines	VI(I)	13	Added a sentence to explain that securities lending contracts are established between the CLO and the custodial bank.	While this is already the nature of these contracts, one investment manager in the CLO portfolio asked for clarification in the Investment Plan and Policy.
Allocation of Assets	Exhibit A	15	Changed minimum allocation to TIPS from 1% to 0%.	This provides the CLO with the flexibility to terminate Dodge & Cox TIPS without having to eliminate TIPS as in investable asset class in a future revision of the Investment Plan and Policy.
Allocation of Assets	Exhibit A	15	Added target and target range for Real Property Investments.	Establishing a range and target is required given the recent statutory approval of investments in real property.
Performance Monitoring Return Expectations	Exhibit B	21	Added language regarding the return expectations for Real Property Investments.	This language is necessary to establish performance objectives for the newly approved investments in Real Property.

**Note:** Other non-material changes, such as formatting and slight wording changes, were made to the Investment Policy. All of these changes can be seen in the “Redline” version of the IPS.

## **Commissioners of the Land Office Investment Plan and Policy**

Last Revised on ~~June~~ June 13, 2013, 2012

This document establishes the Investment Plan and Policy (“Investment Policy”) of State of Oklahoma Commissioners of the Land Office (“CLO”) for the management of the assets held to provide funds for the beneficiaries of the Permanent School Land Trust (“Trust”). This policy is designed to:

- Describe the roles and responsibilities of parties involved with the Trust.
- Provide guidelines for the prudent investment of the CLO assets.
- Provide a framework for ongoing monitoring of investment performance in the Trust.

### **I. POLICY STATEMENT**

The assets of the Trust shall be invested in a manner consistent with fiduciary standards, as set forth in the Oklahoma Constitution, Article 11, Section 6.

The CLO has arrived at the investment guidelines outlined below through prudent consideration of the returns and risks associated with various investment strategies allowed under Oklahoma law in relation to the current and projected needs of the CLO.

### **II. INVESTMENT OBJECTIVE**

The CLO manages a perpetual trust created to benefit present and future beneficiaries; the Commissioners have a fiduciary duty to all the beneficiaries, both current and future. The investments of the Trust assets must be prudently diversified with a goal to protect and grow the corpus of the Trust for the future beneficiaries, while also generating the maximum income for the present beneficiaries.

For reasons of expertise and diversification, the assets of the Fund are to be managed by staff and other professional investment managers with various investment strategies and styles consistently applied.

### III. PERFORMANCE GOALS AND BENCHMARKS

The goal for the generation of income for distribution to the present beneficiaries will be to distribute approximately 4% of the total value of the Funds of the Trust invested on an annual basis.

The long-term goal for the growth of the corpus of the Trust will be to generate growth at the CPI inflation rate plus the spending rate over a full market cycle.

The **Relative Performance Goal** is to seek competitive investment performance versus appropriate or relative capital market measures, such as securities indices. Performance is expected to be in excess of appropriate index by 25 basis points (“bps”). Achievement of the Relative Performance Goal shall be measured primarily by comparing investment results over a moving annualized three and five year time period to a weighted strategic benchmark created by weighting appropriate indexes (e.g., Barclays Capital Aggregate, S&P 500, and so forth) according to the asset class weighting in the portfolio’s target allocation. Current allocation benchmarks and average capital base weighted benchmarks may also be utilized to determine appropriate performance. This will allow for disparities from target allocations caused by large inflows and outflows of funds in the portfolio and/or tactical allocation that would cause the target benchmark to be inappropriate for the time period being examined.

The general policy shall be to diversify investments across allowable asset classes so as to provide a balance that will generate current income and enhance total return while avoiding undue risk concentration in any single asset class or investment category.

### IV. RESPONSIBILITIES

The following parties associated with the CLO Trust shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows:

- A. **Commissioners**: The Commissioners have full fiduciary responsibility regarding Trust investments. The Commissioners shall establish an investment committee (“Investment Committee”) that shall be composed of not more than three (3) members of the Commissioners of the Land Office or their designee. The Commissioners shall promulgate and adopt, on an annual basis, an Investment Policy. The Investment Policy shall state the criteria for selecting investment managers, the allocation of assets among investment managers, and establish standards of investment and fund management.
- B. **Investment Committee**: The committee shall make recommendations to the Commissioners on matters related to: (1) the choice of managers of the

assets of the funds, (2) on the establishment of investment and fund management guidelines, and (3) in planning future Investment Policy. The committee shall have no authority to act on behalf of the CLO in any circumstances whatsoever, nor shall recommendations of the committee have effect as an action of the CLO or take effect without the approval of the Commissioners as provided by law. Specific recommendations for which the committee is tasked include:

1. Recommend modifications to the Investment Policy when deemed necessary.
2. Recommend investment goals and objectives for approval by the Commissioners.
3. Recommend selection of professional investment fund managers, custodial bank, investment consultant, and other service providers deemed necessary to manage Trust assets appropriately.
4. Provide recommendations to staff in connection with monitoring performance of investment options on an ongoing basis, at least quarterly and more often if necessary.

C. **External Investment Consultant:** Specific responsibilities include the following:

1. Prepare a condensed monthly performance report. Also prepare a quarterly performance report including performance attribution on CLO investment manager portfolios and total assets, including a check on policy compliance and adherence to investment style and discipline.
2. Report quarterly to the Commissioners on the Trust, the investment results, the composition of investments, and other information the Commissioners may request.
3. Attend the Investment Committee meetings in person or by electronic means and present the monthly (or quarterly) performance report and any other reports specifically requested by staff or the Investment Committee.
4. Prepare topical research and education about investment subjects that are relevant to CLO.
5. Assist in the review and recommendation of a qualified custodian, if necessary.
6. Assist the Investment Committee and staff in the review and recommendation of qualified investment managers, and assist in the oversight of existing investment managers, including monitoring changes in personnel, ownership and the investment process.
7. Make recommendations to the staff and Investment Committee regarding Investment Policy and strategic asset allocation.

8. Advise the Investment Committee and staff of any restrictions within this Investment Policy that may prevent the investment manager(s) from obtaining the objectives and goals set forth herein. Any violation of the investment guidelines or other sections of the Investment Policy discovered by the investment consultant in the preparation of its regular performance review shall be reported immediately to the staff and Investment Committee and discussed at their next regularly scheduled meeting.
9. Present the yearly Target Asset Allocation to the Investment Committee.

D. **Investment Manager(s)**: When appropriate, investment manager(s) is (are) delegated the responsibility of investing and managing the CLO assets in accordance with this Investment Policy and all applicable law. Each investment manager must either be (1) registered under the Investment Company Act of 1940; (2) registered under the Investment Advisors Act of 1940; (3) a bank, as defined in that Act; (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the CLO assets; or, (5) such other person or organization authorized by applicable law or regulation to function as an investment manager.

The investment manager(s) must disclose all major changes in organization or investment philosophy to the CLO staff within 30 calendar days of such change, which shall be defined as a change in any key personnel or any change which the Investment Manager knows or should reasonably know may affect performance or return. Furthermore, all registered investment advisors must present updated ADV-II forms on an annual basis to the staff, in conjunction and in addition to the additional requirements in the Contract for Investment Services.

As part of its overall asset allocation strategy, the Investment Committee will make recommendations to the Commissioners for the selection of managers with certain styles and approaches to portfolio diversification. Therefore, it is critical that managers adhere to the original intent of the Investment Committee. Significant changes in investment style may be grounds for termination.

It is expected that professional management responsible for these funds shall report monthly on the performance of the portfolio, including comparative gross returns for the funds and their respective benchmarks, as well as a complete accounting of all transactions involving the CLO investments during the month, together with a statement of beginning balance, ~~fees~~, capital appreciation, income and ending balance for each account.

Investment manager(s) must also disclose to CLO staff and its Consultant whether any of the investment manager's principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person or entity to act as a Placement Agent in connection with the investments being considered. If a Placement Agent, or a person/entity acting as a Placement Agent, is retained by the investment manager, the investment manager will provide a resume for each officer, partner or principal of the Placement Agent detailing the individual's education, professional designations, regulatory licenses and investment experience. In addition, the investment manager must provide to CLO staff and its Consultant a description of the services to be performed by the Placement Agent and any and all compensation agreements between the Placement Agent and the investment manager. The investment manager must also provide the names of any Commissioners, Investment Committee members, Staff, or Consultants who suggested the retention of the Placement Agent, a statement that the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association and a statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.

- E. **Staff:** The staff, including the Chief Financial Officer or other individual assigned with oversight over the fund, has the responsibility for administration of this Investment Policy in overseeing the day-to-day management of the Trust assets. Staff will consult the Investment Policy and the following guidelines in the management of the Trust assets:
1. Assist in establishing and, when deemed necessary, recommending modifications to the Investment Policy which outlines investment goals and objectives. Staff will be responsible for the timely execution and implementation of the Investment Policy and any subsequent amendments.
  2. Provide each investment manager with a written set of specific investment objectives and guidelines consistent with the Investment Policy of CLO and the investment strategy and style for which the manager was retained, not in conflict with the Contract for Investment Services.
  3. Manage day-to-day operations and delegate work to external resources as appropriate.
  4. Work with Consultant and Investment Committee to develop and review target asset allocation as outlined in **Exhibit A**.
  5. Invest any additional monies and any withdrawals from individual money managers in a manner to rebalance the portfolio to the Target Asset Allocation approved by the Commissioners.

6. Review the performance and services of the external investment consultant. Every five years, or as deemed necessary, conduct an extensive review and recommend to the Investment Committee any changes deemed necessary.
7. Assist in selecting professional investment fund managers, custodial bank and investment consultant.
8. Negotiate and monitor terms and conditions of managers, custodian, and consultant services.
9. Monitor performance of investment options on an ongoing basis, at least quarterly and more often if necessary.
10. Monitor the Trust portfolio, on a timely basis, to ensure not more than 5% of the entire Trust portfolio is held in a single equity security or in a single bond issue.

#### V. INVESTMENT MANAGEMENT – ASSET CLASS GUIDELINES

The Trust assets may be invested in separately managed accounts, mutual funds, exchange-traded funds (ETFs), or other commingled investment vehicles organized under the laws of the United States. ~~The Trust assets may be invested in separately managed accounts or mutual funds.~~ In such cases, the investment manager(s) of these funds will have full discretion over the portfolio management decisions in accordance with the following guidelines and those established by respective prospectuses or commingled fund investment guidelines. The Trust assets may only be invested in bonds issued in the United States and United States dollar denominated or other investments settled in United States dollars or traded on the United States exchange markets.

Investment in derivatives such as futures and options is generally prohibited. However, the use of index futures contracts which are Commodities and Futures Trading Commission (CFTC)-approved are permitted to be used by mutual fund and commingled fund manager(s) to maintain market exposure in a non-leveraged and non-speculative manner consistent with prospectuses or investment guidelines.

- A. **Equity Investments:** The overall investment objective of the equity portion is to provide above median long-term total returns relative to the appropriate index and relative to the returns of other funds with similar objectives and investment styles. The equity portion shall be invested under the following guidelines:
1. Allowed investments include publicly traded common stocks, stock warrants and rights, securities issued by non-U.S. companies traded on U.S. exchanges or over-the-counter (including sponsored and unsponsored American Depository Receipts – ADRs), as well as publicly traded REITs (Real Estate Investment Trusts) and any other investments as allowed by law.

2. Equity manager will use the following guidelines to determine the maximum allowable investment in a single company:

a. At the time of purchase, the maximum allowable investment in a single company shall be the greater of:

i. ~~s shall not invest more than~~ 5% of their portfolio based on the portfolio's market value at the time of purchase, or

ii. 125% of the company's weighting in the primary benchmark against which the manager's performance is measured by the CLO.

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b. ~~e in one company~~ A, and a holding in one company shall not exceed 10% of the current portfolio's market value. If a holding is expected to exceed 10% of the portfolio's current market value the manager will reduce the holding below 10% as soon as is prudent.

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c. Due to index weighting concentrations, dedicated REIT managers may invest up to 7.5% of their portfolio based on the portfolio's market value at the time of purchase in a single issuer.

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2. ~~, or~~ A manager may seek a waiver of this these requirements from the Commissioners in specific circumstances in which from the Commissioners if maintaining a greater than 10% allocation is deemed to be appropriate by the investment manager such an investment is deemed attractive to the CLO ~~Due to index weighting concentrations, dedicated REIT managers may invest up to 7.5% of their portfolio based on the portfolio's market value at the time of purchase in a single issuer.~~

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3. Cash is a residual of the investment process and is not utilized as a method of risk control. Portfolios are typically fully invested, with cash and equivalents usually ranging from 0-10%. During the initial start-up period of the relationship and during periods of cash flows or periods when the portfolio manager believes stocks are not fairly valued, the portfolio manager may hold cash and cash equivalents in larger proportions for an extended period of time in order to invest and manage the portfolio in an orderly manner.

B. **Fixed Income Investments:** The overall investment objective of the fixed income portion is to provide above median long-term total return relative to an appropriate index and the returns of other fixed income funds through traditional fixed income management techniques. The fixed

income managers will stress current income returns. The fixed income portion shall be invested under the following guidelines:

1. The Trust assets may only be invested in bonds issued in the United States and United States dollar denominated bonds. Allowed investments include corporate and government bonds, convertible bonds, preferred stock, asset-backed securities, mortgage-backed securities, commercial mortgage-backed securities, Yankee bonds (non-domesticated bonds issued in the United States and United States dollar denominated bonds), and other United States issued and United States dollar denominated fixed income investments that are eligible for inclusion in the Barclays Capital U.S. Universal Bond Index or as allowed by law and deemed prudent by the Commissioners.
2. With the exception of U.S. Government and Agency issues, no more than 10% of the bond portfolio at market will be invested in the securities of a single issuer or 5% of the bond portfolio in an individual issue.
3. Commercial mortgage-backed securities are limited to 10% of the total fixed income portfolio.
4. Generally, corporate, mortgage, asset-backed, or Yankee fixed income investments are to be limited to instruments that have an investment grade rating as determined by at least one of the major rating agencies (Standard & Poor's, Moody's Investor Service Inc., Fitch Investors Service, DBRS, and/or Realpoint), except as set forth below. Investment grade ratings are defined as the top four rating categories: Standard & Poor's (AAA, AA, A, and BBB), Moody's Investor Service Inc. (AAA, Aa, A, Baa), Realpoint, and/or the equivalent from Fitch Investors Service and/or DBRS. In the event a manager is permitted by contract or direction from the CLO to invest in fixed income investments that are below investment grade, the following restrictions will apply:
  - a. Fixed income investments that are below investment grade at the time of purchase shall be limited to twenty (20) percent of the investment manager's total portfolio. This restriction shall not apply to a dedicated high yield manager(s) or convertible manager(s). Below investment grade rated fixed income investments shall be limited to quality ratings above Standard & Poor's CCC+ or Moody's Investor Service Caa1 ratings except for a dedicated convertible manager(s) which may invest up to 20% of the investment manager's total portfolio in securities rated CCC+ or below.

- b. Ratings generated by the major credit rating agencies are not to be taken for granted. Intensive financial analyses should be performed by the fixed income managers on all investments prior to committing the assets of the fund and frequent reviews by the manager(s) should be undertaken after the instrument is contained in the portfolio.
- 5. High Yield Fixed Income manager mandate in aggregate shall not exceed 15% of the value of the Permanent Trust Fund.
- 6. Investment in derivatives such as futures, options, inverse floaters, inverse IO's, interest rate swaps, and credit default swaps is generally prohibited. However, mortgage-related securities such as IO's, PO's, inverse floaters, inverse IO's, and Collateralized Mortgage Obligation (CMO) tranches whose sensitivity to prepayments approximates that of the underlying mortgage pass-through securities, are acceptable to manage duration or when an appropriate offsetting position is also maintained. The maximum exposure to IO's, PO's, inverse floaters and inverse IO's shall be limited to 10% of the managers' portfolio at market value. To Be Announced (TBA) mortgage transactions and forward commitments are acceptable if sufficient cash or cash equivalents are held at all times to settle such transactions.
- 7. Investment in Rule 144A securities is permitted. However, to prevent investment in debt instruments for which there is no market price and there is the additional risk of illiquidity, the following restrictions apply to the purchase of Rule 144A securities:
  - a. Only Rule 144A securities (i) with Registration Rights or (ii) issued by a firm (or its affiliate under common control) that files, furnishes or provides financial statements with the Securities and Exchange Commission as part of a minimum issuance size of \$250 million are permitted in the Portfolio.
  - b. All Rule 144A securities included in the Portfolio should clear through The Depository Trust Company (DTC).
- C. **Convertible Securities:** Convertible securities that are traded over-the-counter should be of acceptable credit quality. However, a convertible manager may invest in below investment grade and non-rated securities. Since ratings of major credit rating agencies may be delinquent in changing a specific rating, the convertible manager must complete a thorough analysis to determine its own rating in the absence of a rating by a major rating agency or to bring about a further updated opinion on a specific security. In addition, investments in Rule 144A securities are permitted, but are restricted to those 144A securities that clear through The Depository Trust Company (DTC) and are issued (i) with Registration

Rights or (ii) by a publicly traded firm as part of a minimum issuance size of \$150 million.

D. **Preferred Securities:** Preferred securities are a class of stock that provides priority over common stockholders on earnings in the event of liquidation; preferred securities typically have less potential for appreciation and do not provide voting rights. However, preferred securities typically offer a fixed dividend payment to compensate investors. The investment criteria and guidelines for investment managers investing in preferred securities will be subject to the prospectus, offering circular, or other offering documents prepared by the investment manager. In addition, investment managers investing in preferred securities must adhere to the following restriction: Preferred securities rated BB at the time of purchase will be limited to no more than 30% of the investment manager's total portfolio.

E.

E. **Real Return Investments:** Real return strategies, also called all asset strategies, target a return that exceeds inflation by a premium (e.g. CPI + 5%). Real return managers typically invest in a core of "real" return assets, such as TIPS, commodities, and real estate securities, as well as traditional asset classes such as equity and fixed income. Additionally, managers attempt to add value by tactically allocating to asset classes they perceive to be undervalued, thus contributing to the "real" return orientation. The investment criteria and guidelines for alternative asset class investment managers and all other investment managers utilizing a mutual fund or commingled fund will be subject to the prospectus, offering circular, or other offering documents prepared by the investment manager.

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F. **Short Term Investments:** Cash shall be continuously invested until needed in the following:

1. U.S. Treasury Bills;
2. Quality (A1/P1 or equivalent at the time of purchase) commercial paper;
3. Pooled short-term investment funds provided by the custodian or Treasurer; or
4. Other cash equivalent instruments deemed prudent by the investment managers and allowed by Oklahoma law.

G. **Real Property Investments:** Effective September 1, 2013, up to 3% of the CLO permanent funds may be invested in real property pursuant to Okla. Stat. tit. 64, §§ 1002(4) & 1013(3)(B) (2013) 2013 O.S.L. 70, H.B. 1022, 54th Legis. Sess., 1R. No single investment may constitute more than 40% of the total real property investments hereunder.

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Recommendations for real property investments will be made pursuant to the Real Property Acquisition Guidelines developed by the Secretary in consultation with the Investment Committee. The Real Property Acquisition Guidelines will be reviewed on an annual basis concurrent with the CLO Investment Policy and may be amended from time to time as necessary.

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All individual acquisitions shall be approved by the Commission.

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## VI. INVESTMENT MANAGEMENT – GENERAL GUIDELINES

- A. **Manager Selection:** The selection of investment managers may be accomplished with assistance of the external investment consultant. A formal set of investment guidelines for each investment manager has been, or will be, established, as set forth in **Exhibit B**. Investment managers should satisfy the following criteria to be considered in the selection process:
1. Be a bank, insurance company, or investment advisor as defined by the Registered Investment Advisors Act of 1940.
  2. Have a minimum five-year history with the desired investment style, demonstrate continuity of key personnel, and offer a reasonable fee schedule; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms.
  3. Have a clearly defined investment philosophy and decision-making process.
  4. Demonstrate generally favorable, consistent historical performance, calculated on a time-weighted basis, based on a composite of all of their fully discretionary accounts of similar investment style relative to a predetermined benchmark.
- B. **Manager Termination:** CLO reserves the right to terminate an investment manager for any reason. Possible breaches of contract may include, but are not limited to the following:
1. Failure to comply with the guidelines agreed upon for management of CLO's funds.
  2. Failure to achieve performance objectives specified in the contract.
  3. Significant deviation from the investment manager's stated Investment Policy and/or process.
  4. Loss of key investment personnel.
  5. Evidence of illegal or unethical behavior by the investment manager firm.
  6. Significant increase in fee schedule.
  7. Violation of terms of contract without prior approval from the Commissioners.
  8. Managers may be replaced at any time as part of an overall restructuring.

The Investment Committee, staff and external investment consultant will carefully review the presence of any one of these factors on a timely basis.

If the Investment Committee deems appropriate, the investment manager may be called upon to discuss changes.

- C. **Proxy Voting:** The investment manager(s) shall promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the investment program set forth herein, unless it is in the best interest of the Trust not to vote. The investment manager(s) shall furnish the CLO with a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit a report annually to the CLO summarizing votes cast. The CLO reserves the right to withdraw in writing the delegation to vote proxies.
- D. **Trading and Execution:** The investment manager(s) shall use their best efforts to obtain “best execution”.
- E. **Margin:** Securities shall not be purchased on margin.
- F. **Short Sales:** No short sales shall be made, unless used to facilitate a 130/30 or absolute return type of strategy that the Commissioners have approved for a specific portfolio.
- G. **Commission Recapture:** Prudent management of the Trust requires the need to maximize Trust resources, including commission reduction generated through commission recapture trade activity. As such, directed commissions may be used to reduce cost of trades with the following guidelines:
  - 1. Commission rates will not be increased for the sole purpose of generating directed commissions.
  - 2. Directed commission brokerage statements must be reconciled quarterly.
  - 3. Any directed brokerage trade does not relieve investment manager(s) of responsibility for “best execution”.
  - 4. All commission hard dollar rebates shall be paid in cash and accrue to the CLO Trust.
  - 5. All arrangements shall be fully disclosed in writing.
- H. **Audit:** All securities transactions are subject to audit to verify transaction costs and the effectiveness of execution.
- I. **Security Lending:** The lending of securities is permitted subject to the following guidelines:
  - 1. ———Upon origination of a loan, collateral is set at 102% of the market value of the loaned security plus accrued income. If on any business day, the market value of the collateral is less than

100% of the market value of a loaned security plus accrued income, the approved counterparty shall deliver additional collateral in an amount equal to 102% of the then market value of such loaned security plus accrued income.

2. ———Securities are not released until the custodian receives the collateral for the book entry withdrawal of the loaned security.
3. ———Neither the CLO nor the custodial bank shall permit any of the funds under the control of the CLO or securities to be located in any place other than within a jurisdiction or territory under the control or regulatory power of the U.S. Government

Securities lending contracts for all separate account relationships are between the custodial bank and the CLO.

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- J. **Distributions:** Investment income is the principal source of funds for the distribution of funds to the beneficiaries of the Trust. The Custodian shall transfer to the Treasurer for distribution on a monthly basis all net investment income from the investment of the assets of the Permanent Trust Fund. The Custodian shall also transfer to the Treasurer quarterly the amounts to be paid for investment manager fees and custodial fees.
- K. **Investment Performance Review and Evaluation:** With the advice and analysis provided by the investment consultant, staff and the Investment Committee will review the investment results of the investment manager(s) at least quarterly. Performance comparisons will be made against a representative performance universe and the performance objectives set forth in this policy statement.

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## VII. INVESTMENT POLICY REVIEW AND REVISIONS

The Commissioners reserve the right to amend the Investment Policy at any time they deem such amendment to be prudent and necessary.

The Investment Policy shall also be reviewed annually to ensure compliance and relevance to the current law, financial and economic trends, and to meet the needs of the Trust. By August 1 of each year, the Commissioners shall approve a written Investment Policy for the CLO.

Nothing contained in this Investment Policy shall be construed to change, relieve, or expand the terms of any contract for services by any Investment Manager, Investment Consultant, Custodial Bank or any other party subject to a contract for services.

The Investment Policy of the CLO is intended to effectuate the Constitutional, statutory and common law duties concerning the Trust. In no way is any part or portion of this Investment Policy to be used, understood or construed to diminish the duties under the law, or to establish a lesser standard than required by law.

**EXHIBIT A**

**Allocation of Assets**

The target asset allocation for the Trust is determined by the Commissioners, and recommended by the Investment Committee to facilitate the achievement of the Trust investment objectives within the established risk parameters. Due to the fact that the allocation of funds between asset classes may be the single most important determinant of the investment performance, the Trust assets shall be divided into the following asset classes:

<b>Asset Class</b>	<b>Minimum Percent</b>	<b>Target Percent</b>	<b>Maximum Percent</b>
Large Cap US Equity	3%	15%	25%
Small/Mid Cap US Equity	4%	4%	9%
American Depository Receipts (ADRs)	5%	10%	15%
REITs	1%	3%	5%
<b>Total Equity</b>	<b>13%</b>	<b>32%</b>	<b>54%</b>
Core Fixed Income	30%	36%	64%
TIPS	4%	3%	10%
High Yield	4%	11%	15%
Convertibles	3%	6%	8%
Preferreds	1%	7%	10%
<b>Total Fixed Income</b>	<b>39%</b>	<b>63%</b>	<b>87%</b>
Real Return	0%	5%	10%
Real Property Investments	0%	0%*	3%
Cash Equivalents	0%	0%	5%

\* The investment plan and policy does not set a specific target allocation to real property. Investments in real property will be pursued opportunistically with a maximum allocation of 3% based on valuation at the time of purchase.

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**Total Constraints**

As per Oklahoma statute (64 Okl.St. Ann. § 51), the total combined value of equities may not exceed a maximum allocation of 60%, and therefore the minimum allocation to non-equity asset classes is 40%. Each individual asset class will be governed by the total constraints and underlying allowable ranges.

### **Liquidity**

The staff will monitor cash flow on a regular basis, and sufficient liquidity shall be maintained to fulfill the CLO objectives and operational costs. When withdrawals become necessary, the staff will notify the investment manager(s) as far in advance as possible to allow them sufficient time to acquire the necessary liquid reserves.

### **Rebalancing**

Formal asset allocation studies will be conducted at least every two years, with annual evaluations of the validity of the adopted asset allocation. The consultant will present the yearly Target Asset Allocation to the Investment Committee. The Commissioners will approve the yearly Target Asset Allocation.

The staff, on an ongoing basis and in accordance with market fluctuations and based on the recommendations of the investment consultant, will rebalance the investment portfolio so it remains within the range of targeted asset allocations, and the planned distribution among investment managers.

As significant cash flows occur, staff will rebalance as approved by the Commissioners to maintain the allocation of assets within the appropriate ranges.

## **EXHIBIT B**

### **Performance Monitoring Return Expectations**

In addition to the qualitative guidelines outlined in Section VI B, the following quantitative guidelines will be utilized in performance monitoring. Performance measurement shall be based on total rate of return and shall be monitored over a sufficient time period to reflect the investment expertise of the investment manager(s) over one full market cycle, or five years, whichever is less. The managers will be compared to an appropriate benchmark and peer group based on their stated investment philosophy and process.

**Fixed Income:** Investments are generally index-eligible fixed income securities including corporate bonds and government debt instruments and mortgage-backed issues. Unless otherwise specified by more appropriate performance criteria:

1. Total return net of fees to exceed an appropriate fixed income index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate fixed income index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other fixed income managers with a similar investment style over a market cycle or five years, whichever is less.

**Investment Grade Corporate Bonds:** Investments are in fixed income securities of U.S. corporations with investment ratings of BBB (including BBB+ and BBB-) or higher.

1. Total return net of fees to exceed an appropriate investment grade corporate bond index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate investment grade corporate bond index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other Investment Grade Corporate Bond managers over a market cycle or five years, whichever is less.

**High Yield:** Investments are in high yielding, below investment-grade fixed income securities, which are typically comprised of corporate bonds.

1. Total return net of fees to exceed an appropriate high-yield fixed income index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate high-yield fixed income index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other high yield fixed income managers over a market cycle or five years, whichever is less.

**Convertible Bonds:** Investments are fixed income securities that can be converted into a predetermined amount of the company's equity at certain times during the life of the bonds.

1. Total return net of fees to exceed an appropriate convertible bond index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate convertible bond index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other convertible bond managers over a market cycle or five years, whichever is less.

**Treasury Inflation Protected Securities (TIPS):** Investments are in U.S. government issued fixed income securities in which the principal is adjusted with changes in inflation.

1. Total return net of fees to be comparable to an appropriate TIPS index over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate TIPS index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other TIPS managers (if such a universe is available) over a market cycle or five years, whichever is less.

**Preferreds:** Investments are hybrid securities that are typically below senior secured debt and above common stock in the capital structure of a given company and pay perpetual interest or dividends.

1. Total return net of fees to exceed an appropriate custom index that best matches a dedicated investment in preferred securities by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate custom index that best matches a dedicated investment in preferred securities.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other preferred equity managers (if such a universe is available) over a market cycle or five years, whichever is less.

**Commercial Mortgage-Backed Securities (CMBS):** Investments are in fixed income securities backed by commercial real estate mortgages.

1. Total return net of fees to exceed an appropriate CMBS index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate CMBS index.

**Mortgage-Backed Securities (MBS):** Investments are in fixed income securities backed by residential real estate mortgages.

1. Total return net of fees to exceed an appropriate residential real estate mortgage index by 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate residential real estate mortgage index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other MBS managers over a market cycle or five years, whichever is less.

### **Equity Securities**

**Large Cap Value Equity:** Investments will be primarily in undervalued stocks of medium and large companies, characterized by above-average income yields and below-average price/earnings ratios.

1. Total return net of fees to exceed an appropriate large cap value equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap value equity index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other large cap value funds over a market cycle or five years, whichever is less.

**Large Cap Core Equity:** Investments will be primarily in stocks of large and medium companies.

1. Total return net of fees to exceed an appropriate large cap core equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap core equity index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other large cap core funds over a market cycle or five years, whichever is less.

**Large Cap Growth Equity:** Investments will be primarily in stocks of medium and large companies, characterized by above-average earnings growth potential.

1. Total return net of fees to exceed an appropriate large cap growth equity index by a minimum of 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate large cap growth equity index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other large growth funds over a market cycle or five years, whichever is less.

**Small/Mid Cap Value Equity:** Investments will be primarily in stocks of small and medium companies characterized by above-average income yields and below-average price/earnings ratios relative to the appropriate capitalization style benchmark.

1. Total return net of fees to exceed an appropriate small/mid cap value equity index by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate small/mid cap value equity index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other small or mid cap funds, as applicable over a market cycle or five years, whichever is less.

**All Cap Equity:** Investments will be primarily in stocks of small, medium and large companies.

1. Total return net of fees to exceed an appropriate broad U.S. equity index by a minimum of 25 basis points over a market cycle or five years, whichever is less.
2. Volatility should be similar an appropriate broad U.S. equity index.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of similar funds over a market cycle or five years, whichever is less.

**ADRs Value Equity:** Investments will be primarily in undervalued stocks of medium and large non U.S. companies whose common stock trades on U.S. stock exchanges, characterized by above-average income yields and below-average price/earnings ratios.

1. Total return net of fees to exceed an appropriate value-oriented index of non-U.S. equities by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate value-oriented index of non-U.S. equities.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other non U.S. value equity funds over a market cycle or five years, whichever is less.

**ADRs Growth Equity:** Investments will be primarily in undervalued stocks of medium and large non U.S. companies whose common stock trades on U.S. stock exchanges, characterized by above-average earnings growth potential.

1. Total return net of fees to exceed an appropriate growth-oriented index of non-U.S. equities by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable to an appropriate growth-oriented index of non-U.S. equities.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other non U.S. growth equity funds over a market cycle or five years, whichever is less.

**Real Estate Investment Trust:** Investments will be primarily in publicly traded REITs.

1. Total return net of fees to exceed an appropriate REIT index, or other REIT benchmark, as applicable, by at least 25 basis points over a market cycle or five years, whichever is less.
2. Volatility to be comparable an appropriate REIT index, or other REIT benchmark, as applicable.
3. Total return to rank above the 50<sup>th</sup> percentile in a universe of other REIT oriented investment products, over a market cycle or 5 years, whichever is less.

### **Real Return Securities**

Real return investments may include TIPS, commodities, REIT's, equities and/or fixed income securities. Specific performance objectives include, but may not be limited to, the following:

1. Total return net of fees to exceed a real return composite or other appropriate index, as applicable, by at least 25 basis points over a market cycle or five years, whichever is less.
2. Tactical asset allocation strategies that have broad flexibility to adjust their allocation and utilize a broad set of investments are expected to exceed the increase in the CPI by at least five percent (5%) annually net of fees.

### **Real Property**

Real Property may be acquired by the CLO in an amount up to 3% of the CLO's permanent fund. The net minimum rate of return will be equal to or greater than the average rate of return for the CLO permanent fund, excluding Real Property Investments, as measured by the most recent five year period ending on December 31. For purposes of Real Property Investments, the most recent five year period shall be the equivalent of one full market cycle.

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