

Osage Shareholders,

Payment for the second quarter (June 2007 Payment) will be \$5,545.00 per headright. Your payment was based on total revenue of \$12,362,540.00 for the first quarter production and collections. ($\$12,362,540.00 \div 2,228.97393 \text{ headrights} = 5,546.29$ rounded back to the nearest \$5.00).

The following are amounts broken out to show details of the \$12,362,540.00.

Oil and Tank Bottoms production for the first quarter was:

1,079,997.40 gross barrels or 170,675.36 royalty barrels with oil revenue of \$9,751,110.33. The average price per barrel of oil was \$57.13.

Gas production for the first quarter was:

2,924,519 M.C.F. and 112,102 gallons. Total gas revenue for first quarter is \$2,919,111.34

Sand and Gravel royalty for first quarter was \$47,360.31.

Oil and Gas Bonuses for first quarter was \$282,900.00.

Interest earned for first quarter was \$106,346.00.

Gross Production Tax paid to the State of Oklahoma for first quarter production was \$663,511.09.

Sincerely,

Jewell Purcell

Osage Minerals Council ,Chairperson

June, 2007, payment is down \$630.00 from March, 2007, payment.

Amount available for distribution is down \$1,405,000 from 4th quarter of 2006. See detail below:

*Oil – production down 55,645 barrels or <\$836,000>	
Gas	\$299,000
Oil & Gas Rental	\$33,000
Oil & Gas Bonuses	<\$479,000>
Gas Storage Easement	<\$185,000>
2007 Budget Withdraw	<\$250,000>
Misc. Items	<u>\$13,000</u>
Total	<\$1,405,000>

$\$1,405,000.00 \div 2228.97393 = \630.00

* Due to the icy and cold weather during the first quarter of 2007

** During the fourth quarter of 2006, approximately 305 leases (\$761,570.00) were approved compared to first quarter of 2007, where 113 leases (\$282,900.00) were approved.

The reason for so many leases being approved during fourth quarter of 2006, was due to a back log of leases waiting for final approval, which inflated the numbers for that period.

The average time to approve a lease is approximately two or three months from Minerals Council approval.