

EMBY KAYE  
FIRST NATIONAL BUILDING  
TULSA, OKLAHOMA

May 27, 1963

Senator A. S. Mike Monroney  
Senate Office Building  
Washington, D. C.

*Mr  
Indians*

Dear Senator:

I do not wish to bore you by a copy of my reply to Mr. Frye (I could not make out the signature which is worse than mine). It is not my intention to drop this matter, on principle.

At the moment I do not solicit your assistance. I believe that relief can be obtained by the Bureau if it will use its influence with the Tribe, if it goes along with my view that the present provision as to royalty is unfair and inequitable.

The Tribe has in the past approved a lowering of the high royalty of 1/6th to 1/8th on evidence that water flooding involves extra expense and that the same royalty as for primary production is inequitable.

Many thanks and kindest regards.

Very sincerely,

*Emby Kaye*  
Emby Kaye *bmc*

EK:bmc



EMBY KAYE

815 FIRST NATIONAL BUILDING

TULSA 3, OKLAHOMA

LUTHER 5-5444

E. DONALD KAYE

May 27, 1963

Re: Real Prop. Mgmt.  
Minerals  
1685-63

Mr. E. L. Frye, Assistant Commissioner  
Bureau of Indian Affairs  
Department of Interior  
Washington, D. C.

Dear Mr. Frye:

Senator Monroney was good enough to send me your letter to him dated May 21 regarding the price of Osage crude oil and the payment of royalty. As a statement of fact, it is unanswerable. But it was because I was acquainted with the facts that I wrote my first letter and your letter does not, to my mind, answer the question I posed.

I believe that the lease provision is unreasonable and unfair and that it should be changed by whatever means may be necessary. It is unfair and inequitable that a producer who is penalized because the only available market to him is reduced in price by the purchaser connected to his lease; but the reduction is compounded by his having to pay royalty on the basis of a price that does not exist. It is small comfort to say that "the lease provisions have been in effect for many years and are designed to protect the tribe", and that the disparity in price referred to "usually tends to level off in a relatively short time".

I might tell you, Mr. Commissioner, why I think this provision was put into leases by the Bureau. Back over four decades when I first worked in the Osage, it was my understanding that a certain company which produced casinghead gasoline (as then called) which sold for 28¢ a gallon, sold the product to its parent company at a lower than market



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price, paid royalty at a percentage of the price "received". It was thereafter that the Bureau required that royalty be paid at a percentage of the price received but in no event less than the highest published price.

That was and is fair. Gasoline in tank cars has many purchasers. But crude oil is not so marketed. The producer has no choice. As long as he does not sell to an affiliate, the royalty should be only a percentage of the actual price received. This is particularly true in the Osage where the tribe receives one-sixth versus one-eighth in most other versus controlled leases.

Very sincerely,

*Emby Kaye*  
Emby Kaye

EK:bmc

Dear Senator:

I know you do not  
catch flies with vinegar  
but I'm fed up with the  
sort of superficial  
studies by government  
people and too busy to  
carry on a correspondence  
with people who have no  
opinions or capacity to  
make them.

