

May 22, 1963

Int. Indians

Mr. Emby Kaye
815 First National Bldg.
Tulsa 3, Oklahoma

Dear Mr. Kaye:

Further reference is made to your letter regarding royalty paid on oil produced on Osage Indian lands.

After a lengthy delay, the Bureau of Indian Affairs has made the enclosed reply which I trust will clarify the method by which these payments are made.

It was a pleasure to be of service, and if I can be of further assistance at any time, please let me know.

With best regards and good wishes, I am

Sincerely yours,

Enclosure



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON 25, D. C.

IN REPLY REFER TO:

Real Prop. Mgmt.
Minerals
1685-63

Hon. A. S. Mike Monroney
United States Senate
Washington 25, D. C.

MAY 21 1963

Dear Senator Monroney:

There was enclosed with your letter of March 14 a copy of one from Mr. Emby Kaye regarding the price of Osage crude oil and the payment of royalty. The report mentioned in our reply of March 26 has been received.

For many years the Osage oil leases have provided for the payment of royalty based "on the actual selling price, but at not less than the highest posted market price in the Mid-Continent oil field on the day of the sale or removal." The term "Mid-Continent oil field" has been construed by the Department as the highest price posted by purchasing companies taking a substantial portion of the oil in the territory it is serving in Oklahoma or Kansas as distinguished from a company taking its oil mainly from companies with which it is affiliated and from lessees producing a certain grade of oil or which produces only a small proportion of oil in the territory it is serving.

The Superintendent of the Osage Agency issues circulars from time to time advising the lessees of the highest posted price. It happens occasionally that a lessee will sell his oil to a purchaser not paying the highest posted price. Usually, on demand the purchaser pays the additional amount but where this is not done the lessee is required to make the payment. The disparity between the posted price and the other prices offered for oil usually tend to level off in a relatively short time.

We believe that after Mr. Emby gives the situation full consideration, he will understand that the lease provisions that have been in effect for many years are designed to protect the tribe, and the Superintendent is under obligation to collect the full amount due the tribe.

Sincerely yours,
(SGD) E. REESEMAN FRYER
ASSISTANT

Commissioner