

August 7, 2009

Dear Osage Shareholders:

Payment for the third quarter (September, 2009) will be **\$4,835.00 per headright**. Your payment was based on total revenue of \$10,787,037.00 for the second quarter production and collections. (\$10,787,037.00 divided by 2,228.97393 headrights equals **\$4,835.00**, rounded back to the nearest \$5.00).

The following are amounts broken out to show major details of the \$10,787,037.00.

- **Oil and Tank Bottoms** production for the second quarter was 1,133,505.15 gross barrels or 178,256.99 royalty barrels with revenue of \$10,198,650.44. The average price per barrel of oil was \$57.21.
- **Gas** production for the second quarter was 3,287,901 gross M.C.F. or 575,794 royalty M.C.F. and 1,010,465 gallons. Total gas revenue for second quarter was \$1,234,333.59.
- **Sand and Gravel** royalty for second quarter was \$42,981.39.
- **Oil & Gas Bonuses** collected during the second quarter was \$62,820.00.
- **Oil & Gas Rental** revenue collected during the second quarter was \$18,454.31.
- **Interest** earned for second quarter was \$49,031.04.
- **Water Use** royalty for second quarter was \$18,924.94.
- **Miscellaneous revenue** for second quarter was \$19,876.87.
- **Gross Production Tax** to be paid to the State of Oklahoma for second quarter production of Oil & Gas is \$571,649.20.
- **Budget drawdown for C-395** operating expenses for second half of FY2009 is \$250,000.00
- **Miscellaneous disbursements** for second quarter was \$36,386.38.

Sincerely,

John Mashunkashey, Chairman
Osage Minerals Council