

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 15TH DAY OF AUGUST, 1978 AT 11:00 A. M.

The call of the roll disclosed the presence or absence
of Directors as follows:

<u>PRESENT</u>	<u>ABSENT</u>
Clyde A. Penry	Wayne E. Newton
J. Oliver Shannon	Preston M. Geren
C. Victor Thornton	

Also present were Messrs. Alex Pope, George Christie and Robert
Hardwicke of the Firm of Pope, Hardwicke, Christie, Montgomery and
Rehfeldt and Ben Hickey, General Manager of the District.

Director Penry acted as President and Director Shannon
acted in his capacity as Secretary, whereupon proceedings were had
and done as follows:

1.

Mr. Alex Pope, Jr. of the law firm of Pope, Hardwicke,
Christie, Montgomery and Rehfeldt, Special Counsel employed to
represent the District in the litigation of the matter of contract
agreements between the District and Lone Star Gas for certain mineral
interests owned by the District, reviewed briefly the two (2) oil
and gas leases located in Wise County, Texas executed by the District,
that are the basic factors in the litigation with Lone Star, its
successors and assigns.


Mr. Pope then introduced Messrs. Hardwicke and Christie and
called upon Mr. Christie who gave a detailed review of the many con-
ferences and other negotiations held; and in conclusion presented to
the Directors a typed recommended settlement proposal, copy of same

being attached to these minutes and made a part hereof, which he (Mr. Christie) explained item by item. Following a lengthy general discussion in which was brought out that, among other agreements included, the payment of royalties on gas, effective with deliveries beginning July 1, 1978 shall be equal to the value of one-eighth (1/8) of \$1.78 per MMBTU for a period up to and including July 1, 1979. On July 1, 1979 and at twelve (12) month intervals during the remaining term of the lease, the royalty shall be redetermined for each ensuing twelve (12) month period to the value of one-eighth (1/8) of the gas produced from said lease based upon the value as outlined in the Agreement; whereon it was the unanimous decision of the Directors and their order that with the recommendation of management and counsel for the District the Settlement Agreement as presented be now accepted and executed by the District.

2.

There being no further business before the Board of Directors, the meeting adjourned.


Secretary


Acting President