

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE  
HELD IN THE DISTRICT OFFICE, IN FORT WORTH, TEXAS, ON THE  
25TH DAY OF MARCH, 1949, AT 1:30 P.M.

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

PRESENT

Joe B. Hogsett  
Houston Hill  
Dan H. Priest  
W. L. Pier

ABSENT

Gaylord J. Stone

Also present were Sidney L. Samuels, General Attorney, and C. L.  
McNair, General Manager.

Director Hogsett acted in his capacity as President, and  
Director Priest acted in his capacity as Secretary, whereupon pro-  
ceedings were had and done as follows:

1.

The present meeting assembled for the two-fold purpose of  
considering and passing on the mineral leases to the Cities Service  
Oil Company and also for the purpose of receiving a delegation com-  
posed of Mr. L. C. McCarty and Mr. George Sutherland Elmore, rep-  
resenting the Marine Aircraft Corporation, organized under the laws  
of the State of New York, with offices at 37 West 43rd Street, in  
the City of New York, concerning the matter of a lease of certain  
lands belonging to the District.

The President, Mr. Joe B. Hogsett, then submitted four  
certain oil and gas leases granted by this District to the Cities  
Service Oil Company, a corporation, with respect to lands situated  
in Jack County, Texas.

The four written leases prepared under the auspices of the General Counsel of the District were then exhibited to the Board for consideration. One certain lease covering Tract No. 1, as it is designated by the District on its official map, consisting in the aggregate of 630.69 acres in Jack County, Texas; and one certain lease covering Tract No. 2, as it is designated by the District on its official map, consisting in the aggregate of 771.99 acres in Jack County, Texas; and another certain lease covering Tract No. 3, as it is designated by the District on its official map, consisting in the aggregate of 637.44 acres in Jack County, Texas, and another lease covering Tract No. 4, as it is designated by the District on its official map, consisting in the aggregate of 539.43 acres in Jack County, Texas. Each and all of said leases are leases to drill for oil and gas lying in and under the tracts aforesaid, and each one is for the primary term of ten (10) years from the date thereof, and as long thereafter as oil or gas or casinghead gas or either or any one of them is produced therefrom. In each and all of said leases, the District reserves a royalty of  $\frac{1}{8}$  of the net proceeds derived from the sale of gas from each well and also an equal  $\frac{1}{8}$  of all oil produced and saved from the leased premises. In addition thereto, the said Cities Service Oil Company is to pay the District as a bonus for Tract No. 1, the consideration of \$6,187.73; and for Tract No. 2, the sum of \$15,601.92; and for Tract No. 3, the sum of \$8,044.50; and for Tract No. 4, the sum of \$8,183.15. In all the tracts hereinabove mentioned, the District owned the entire mineral interest, save and except Tract No. 1, with respect to which the District's ownership of the

mineral estate therein was less than the sum total of the acreage of said tract and which interest is to be determined on the ground by actual survey. In this connection, each such lease instrument contains the following recitation:

"In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the bonus, royalties, and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee."

The President further stated that the details and recitations of said leases are to be found in the leases themselves, copies of which are attached in folio to the Minutes of the present Meeting; moreover, reference is now here made to the Minutes of the Meeting of March 10, 1949, which Minutes, in turn, refer to the Minutes of the prior Meeting held on March 8, 1949, so that the Minutes of both such Meetings thus referred to are to be read for further explanation concerning matters of the mineral leases hereinabove mentioned.

After the President had made the statements to the meeting concerning the said leases, the same were taken up, read and considered and it was ordered by unanimous vote of the Board of Directors that the said four (4) leases be approved and executed in duplicate by the President and Secretary of the Board. Further, that the four (4) executed leases in duplicate (one copy of each lease to be marked "copy") shall be delivered to the Cities Service Oil Company at their offices in the Danciger Building, Fort Worth, Texas, so that said Lessee shall have the four signed original leases to forward to their headquarters office in Bartlesville, Oklahoma, and also have

four signed copies of the leases in its Fort Worth, Texas office.

The President further stated that the cash consideration to be paid on each one of the said leases is to be paid by said Cities Service Oil Company after the abstracts of title to the premises in question shall have been examined by said Cities Service Oil Company and found to be satisfactory.

The President further observed that abstracts of title showing the ownership of the District to all the premises so leased are to be turned over by the General Manager of the District to the said Cities Service Oil Company, and any further expense in bringing said abstracts down to date shall be borne by the Lessee, in respect to the various four mineral leases, without reimbursement for such expense by the District.

2.

At the conclusion of the foregoing matters relating to the oil and mineral leases, there came before the meeting Mr. L. C. McCarty, President of Marine Aircraft Corporation, and Mr. George Sutherland Elmore, the Counsel therefor. Accompanying the said two parties, was Mr. Harold Foster of the Fort Worth Chamber of Commerce. Mr. Foster, having presented Mr. McCarty and Mr. Elmore to the Board, the President indicated that the Board was prepared to hear and consider any matter that the said two parties of the Aircraft Corporation desired to present:

Both the parties stated that they were connected with and were part of the official staff of the aforesaid Marine Aircraft Corporation, and that the corporation contemplated the manufacture of aircraft devices that would enable such craft to land safely on

fields covered with snow and ice, particularly in northern latitudes and in the region of the Arctic Circle.

They further stated that they plan, if it were practicable and possible to do so, to engage in the manufacture of such craft in or near the City of Fort Worth, and to that end were considering the leasing of a considerable part of what is known as the District's Tract No. 16, which the Navy Department of the Federal Government had once used during the Great War, and which was set forth and specified in a certain decree which was entered of record in the United States District Court for the Northern District of Texas at Fort Worth, and which is numbered "432 Civil" on the docket of said Court.

The President, in answer to the request made by the two gentlemen aforesaid, stated that while the Board looked with an eye of favor on the establishment of such an enterprise and would like to encourage the establishment of same, but that until the Federal Government had relinquished claim to the use of said premises and had reconveyed the possessory rights thereto to the District, the District would be in no position to entertain an offer or bid for the use of any part of said premises.

The President further stated to the two gentlemen aforesaid, that it had been understood that the Federal Government was to release the use of said premises at the conclusion of the Great War, but that upon one pretext or another, it had delayed such relinquishment, although all substantial right thereto had terminated with the war.

The President further stated that very recently there had been a visit to the Board of a number of Naval Officers from the Eighth Naval District at New Orleans, to discuss the subject with

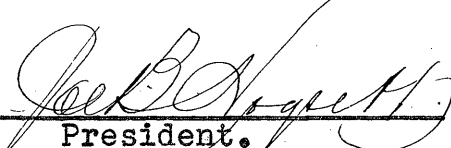
the Board and to ascertain whether if such relinquishment were made by the Federal Government, would the District be willing to grant to the Federal Government the use of a certain part of the premises in Tract No. 16, above mentioned. The President then proceeded to say that acting on this request or suggestion on the part of the said Naval Officials, the District sent a written communication to the Commandant of the Eighth Naval District at New Orleans, signifying the terms and considerations on which the District would grant to the Federal Government the use of approximately 180 acres in and of said Tract No. 16, for an ultimate period of 20 years, at which time all right to use said premises would cease and the improvements thereon constructed by the Federal Government should be regarded as non-existent--all of which was to be embraced in a written contract with appropriate provisions and recitations therein set out.

After discussion had ensued among all the members of the Board and viewpoints had been exchanged between the members of the Board and the two visitors, it was agreed that the District would defer and hold in abeyance any action on the requested matter until the District had received definite assurance from the Federal Government, by and through its Naval Department, that the right of the Federal Government to use and possess such Tract No. 16, should cease, and when such assurance was legally made, the District would then, concurrently with such written assurance, make and execute to the Federal Government, the Lease hereinabove mentioned on that part of Tract No. 16, embracing approximately 180 acres. Further, that the Federal Government, under such circumstances, was to pay a certain

amount of rental for the use of said premises, which rental was set up and mentioned in the communication by the District to the Commandant of the Eighth Naval District at New Orleans, Louisiana.

The two visitors then announced that they were returning to Washington, where they would take up the subject matter of this discussion with the Navy Department, and exercise their good offices toward bringing about a mutually happy and satisfactory solution of the matter.

There being no further business before the Board, the Meeting thereupon adjourned.

  
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President.

  
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Secretary.