

**MINUTES OF A SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF  
THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in special meeting on the 16th day of July, 1997 by means of conference telephone enabling all persons participating in the meeting to hear each other, said meeting having been called by the Chairman with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors:

Thomas O. Hicks, Chairman  
Robert H. Allen  
Susan M. Byrne  
William H. Cunningham  
J. Luther King, Jr.  
Tom Loeffler  
A.W. Riter, Jr.

thus constituting a majority and quorum of the Board of Directors. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Jerry E. Turner, Secretary of the Corporation; and Austin M. Long, Craig Nickels and Charles Preston of the Corporation management. Directors Richard W. Fisher and Homer L. Luther, Jr. were absent from the meeting. Mr. Hicks called the meeting to order at approximately 9:05 a.m.

**Approval of Commitment to EnCap Energy Capital Fund III, L.P.**

The first matter to come before the Board was consideration of a proposed limited partnership investment in EnCap Energy Capital Fund III, L.P. Mr. Ricks provided an overall presentation regarding oil and gas investments of The University of Texas System (the "UT System") that included the fact that this would be the first major investment by the UT System in oil and gas since 1991. Next, Mr. Long, Mr. Nickels and Mr. Preston reviewed a Due Diligence and Review & Recommendation describing the proposed limited partnership investment, copies of which had previously been furnished to each Director. Following discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed a Due Diligence Memorandum & Recommendation prepared by the Corporation's management recommending that the Corporation enter into a Limited Partnership Agreement (the "Agreement") with EnCap Investments, L.L.C. to invest Permanent University Fund ("PUF") and Long Term Fund ("LTF") assets in EnCap Energy Capital Fund III, L.P. (the "Fund"), in an amount equal to \$50 million; and

WHEREAS, the Board desires to enter into the Agreement with EnCap Investments, L.L.C., to invest PUF and LTF assets in the Fund in an amount equal to \$50 million; and

WHEREAS, the Corporation has determined that the Agreement does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

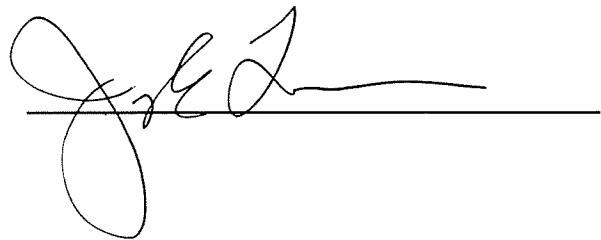
NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in EnCap Energy Capital Fund III, L.P. Due Diligence Review and Recommendation dated July 16, 1997 be approved; and be it further

RESOLVED, that the President and any Vice President of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to the Fund; and be it further

RESOLVED, that the President and any Vice President of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Agreement), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Agreement and the instruments referred to therein.

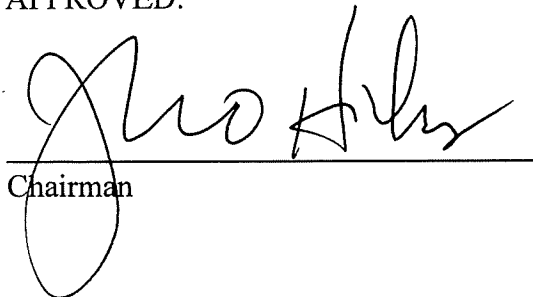
There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 9:35 a.m.

Secretary



A handwritten signature in cursive script, appearing to read "John A. ...", written over a horizontal line.

APPROVED:



A handwritten signature in cursive script, appearing to read "John A. ...", written over a horizontal line.

Chairman