Exhibit "C"

RESOLUTION AMENDING FEE DISCOUNT PURSUANT TO RULE 8.1 OF THE RULES OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT

THE STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §
§
LONE STAR GROUNDWATER CONSERVATION DISTRICT §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77th Leg., R.S., ch. 1321, p. 3246, § 1(a);

WHEREAS, pursuant to said Act, § 5(a), the initial directors of the District have the permitting and general management powers granted under Chapter 36 of the Texas Water Code;

WHEREAS, § 36.101 of the Texas Water Code authorizes a groundwater conservation district to make and enforce rules to provide for conserving, preserving, protecting, and recharging of the groundwater or of a groundwater reservoir or its subdivisions in order to control subsidence or prevent waste of groundwater and to carry out the powers and duties provided by the Texas Water Code;

WHEREAS, the initial board of directors of the District has adopted rules for the District;

WHEREAS, Rule 8.1 of the rules of the District authorizes the board of directors of the District to authorize by resolution an early payment incentive to permit applicants;

WHEREAS, on August 26. 2002, the Board of Directors of the District adopted an early payment incentive for the District, and the Board of Directors of the District has determined that such payment incentive is in need of modification.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

As an early payment incentive to permit applicants who make their water use fee payment for the 2002 calendar year prior to October 31, 2002, such permit applicants shall receive a 5% reduction in the water use fee rate applicable to others.

AND IT IS SO ORDERED.

PASSED AND ADOPTED this 15th day of October, 2002.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: _____
Richard Tramm, President

ATTEST:

_____
Paula Jean Hargis, Secretary/Treasurer