



Texas General Land Office

George P. Bush, Commissioner

“Turning Oil Into Textbooks for Texas Children”

By Robert Hatter

Deputy Director, Energy Resources Division

www.glo.texas.gov

Energy Resources Division

- Leasing Oil, Natural Gas and Hard Minerals
- Issuing Geophysical and Prospect Permits
- Monitoring Drilling, Production, and Field Practices
- Reviewing Royalty Measurement Issues
- Conducting Royalty Audits
- Marketing Natural Gas and Electricity to Public Retail Customers

GLO History

- 1836 – Established by the Republic of Texas
- Land Commissioner predates the position of the Governor
- Serves a four-year term, elected statewide
- GLO formed to manage the public domain, provide maps and surveys, and issue titles
- 1845 – Texas became a state but retained its public land

Permanent School Fund History

- Texas owns its submerged lands out to Three Marine Leagues (about 10.3 miles) into the Gulf of Mexico
- Texas Constitution of 1876 set aside 1/2 of Texas' remaining public lands to benefit the Permanent School Fund (PSF)
- The PSF helps finance public education from K through 12th grade
- The GLO has deposited over \$17 billion into the PSF, primarily from oil and gas royalties, rentals and bonuses.

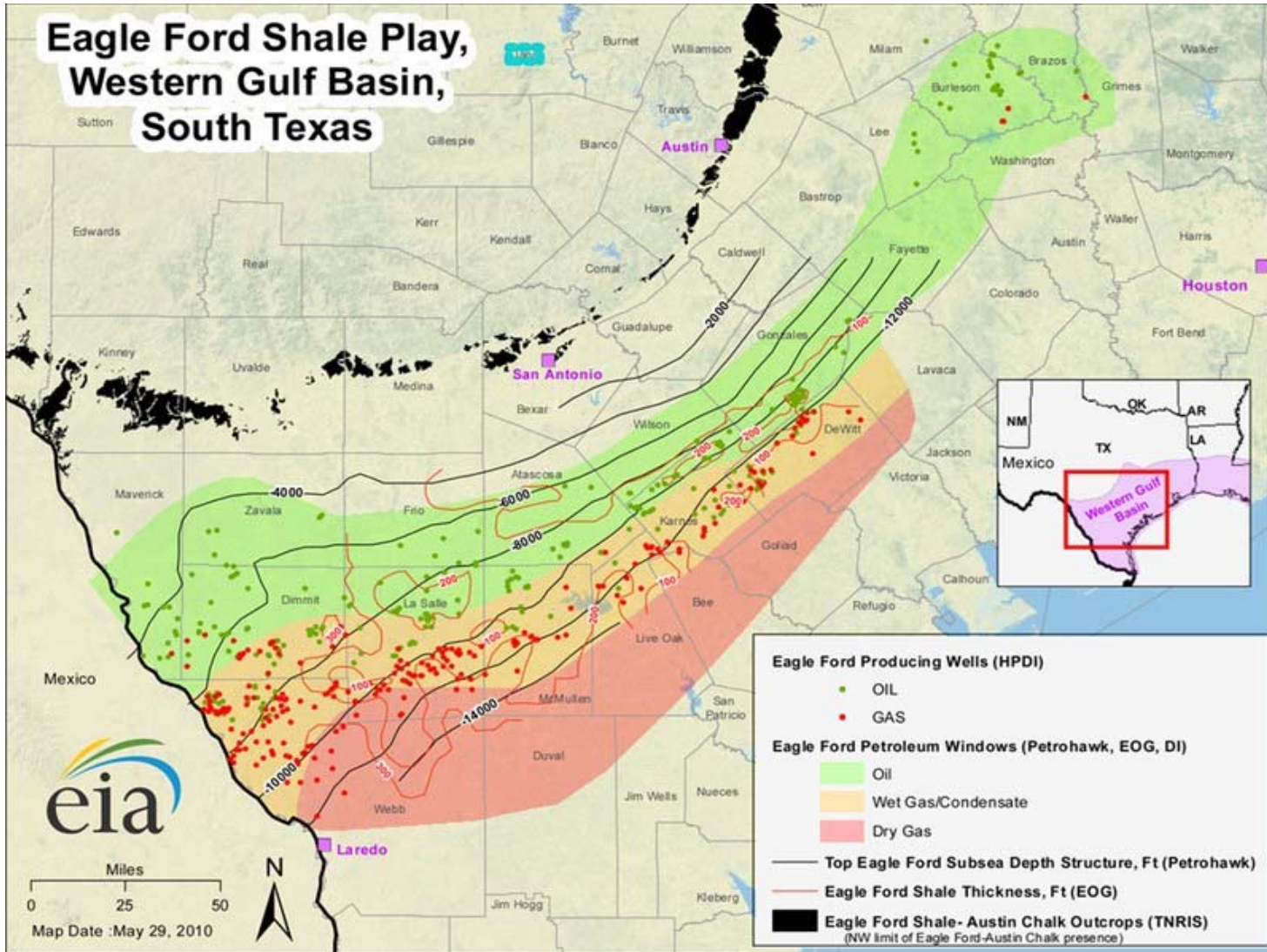
PSF History

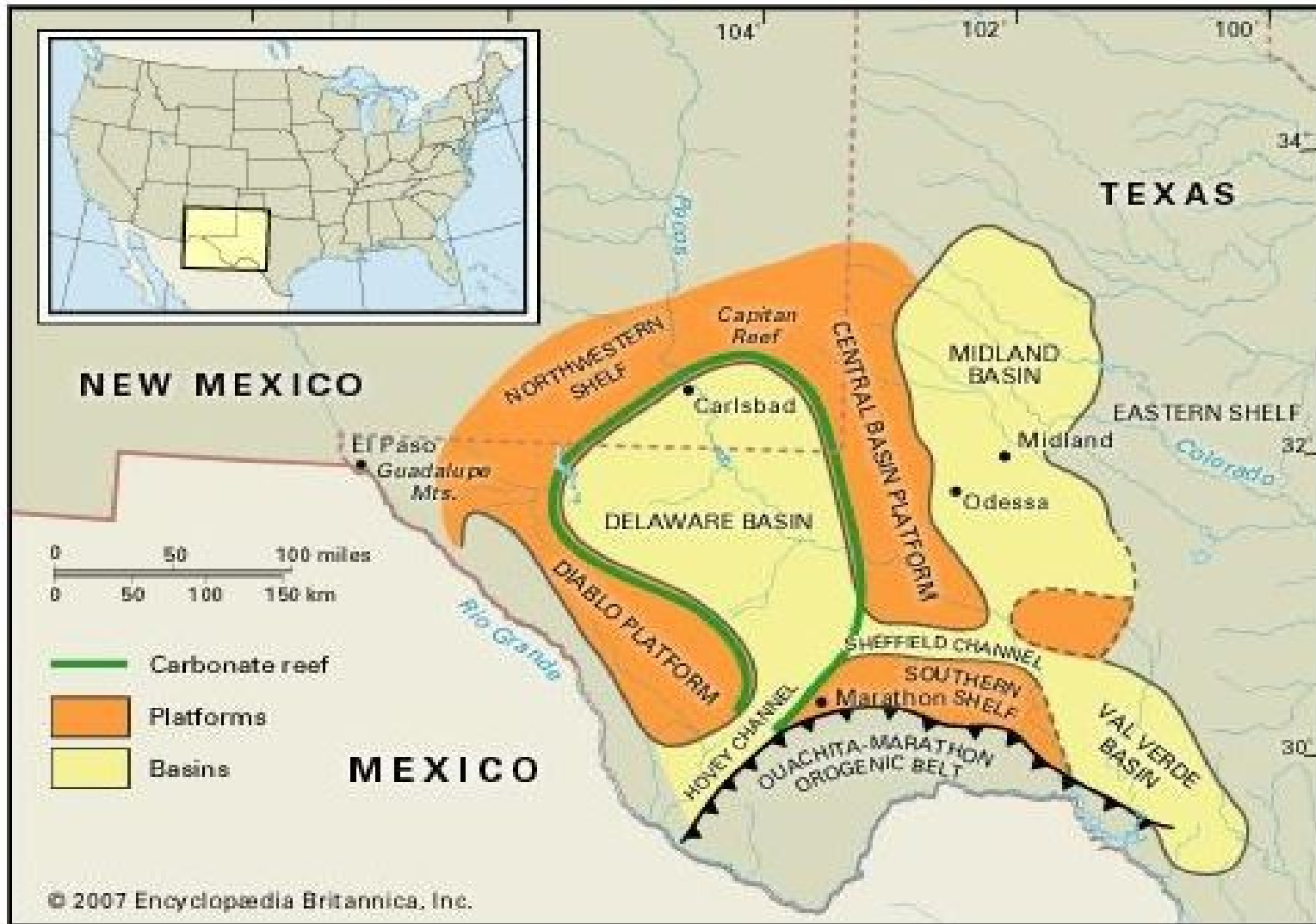
- GLO retained all minerals in lands sold until 1866
- Constitution of 1866 contained the following provision:
 "The State of Texas hereby releases to the owners of the soil all mines and mineral substances..."
- 1895 – GLO began reserving minerals in lands sold again
- May of 1914 - First payment from an oil lease (Goose Creek Field)

PSF History

- PSF - Over 13.5 million mineral acres scattered across the state
- Largest concentrations of PSF minerals

Eagle Ford Shale Play, Western Gulf Basin, South Texas

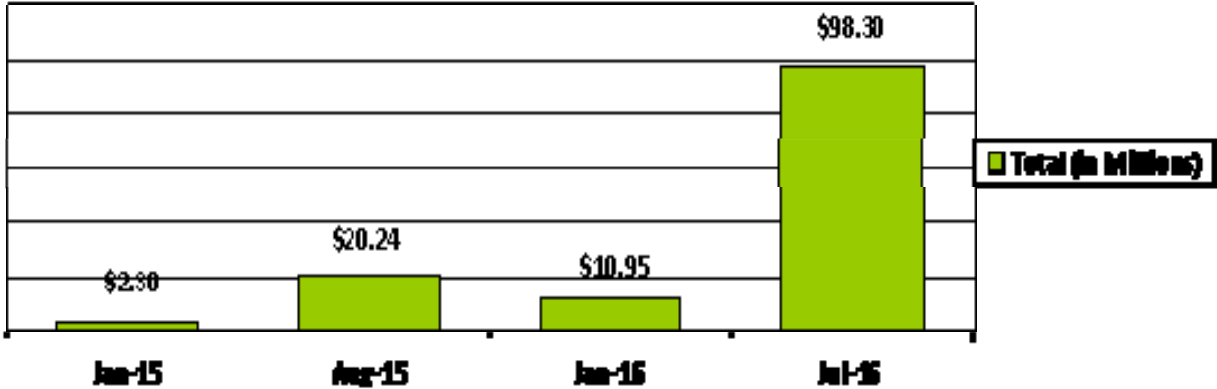




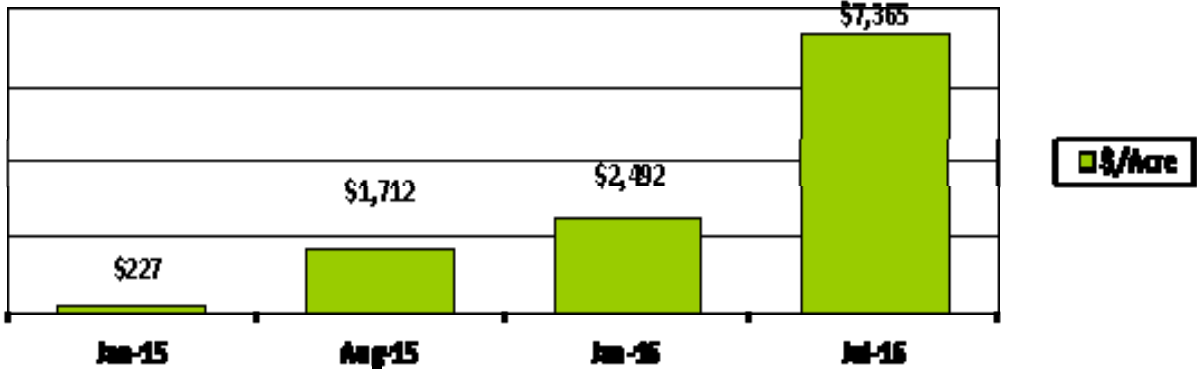
PSF Oil & Gas Revenue

- 2014 - \$622 Million
- 2015 - \$587 Million
- 2016 (Est.) - \$510 Million
- Delaware Basin production increased to offset oil price slide
- July 2016 Lease Sale (EnergyNet.Com) - \$98 Million in Bonus
- Second Largest Lease Sale in GLO History

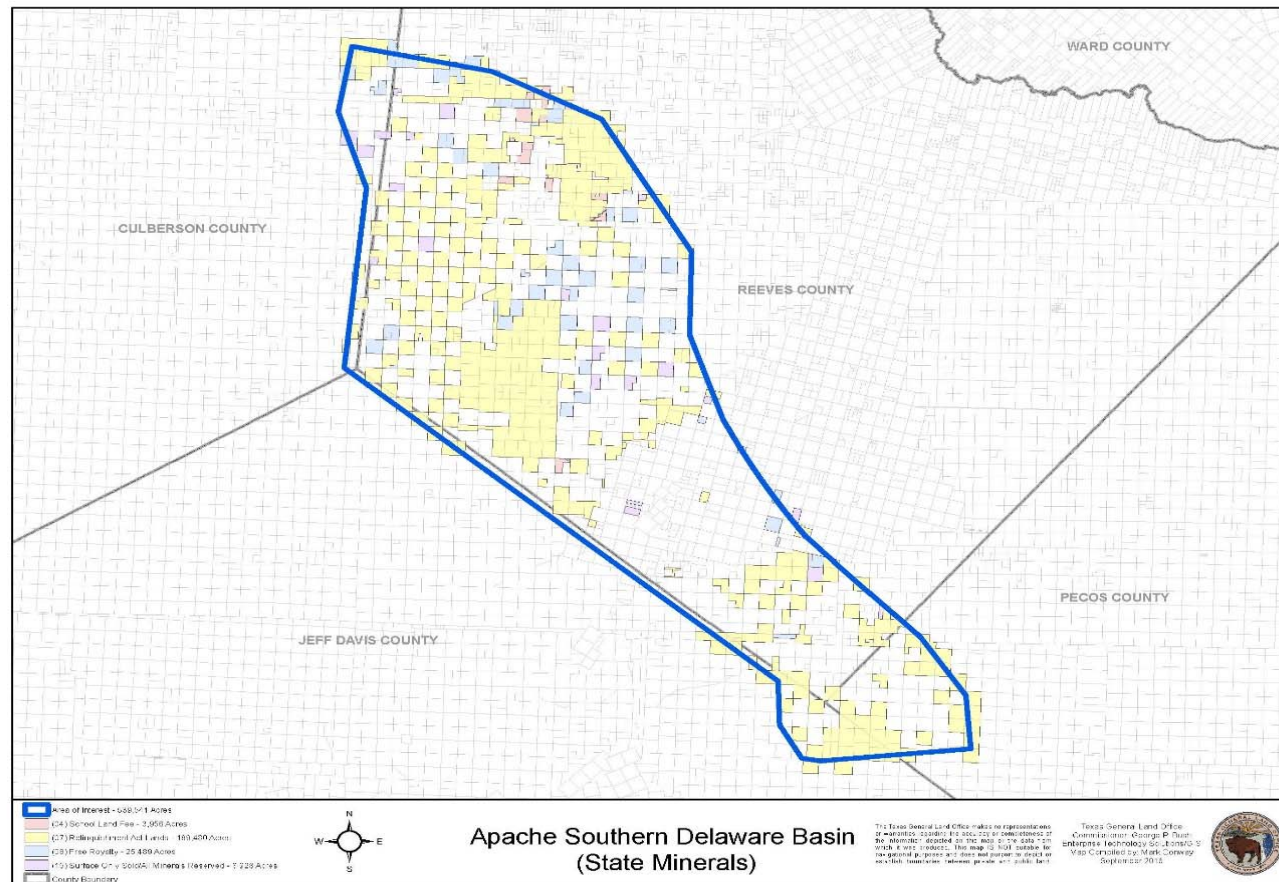
PSF BONUS TOTALS



AVERAGE BONUS PER ACRE



Alpine High – Almost 40% PSF Minerals



Alpine High

- Woodford, Barnett, Wolfcamp, Bone Spring Potential
- Estimated to hold 3 Billion BBLs of Oil and 75 TCF of Gas
- Apache Corporation – Paid over \$90 million in bonus to PSF
- Leased approximately 200,000 acres of PSF minerals
- PSF owns approximately 40% of the minerals

The Bottom Line is:

Oil & Natural Gas Produced from Shale Plays Help
Fund Public Education in Texas

Expanding Opportunities

- Diversify Revenue Sources to PSF
- New Wind Energy Lease – South Texas (2016 Built-Out)
- New Solar Energy Lease – West Texas (2017 - 4thQ)
- Contracted for a Water Resources Study (2016)

GLO – A Diverse Agency

- The **Alamo** – Managed and maintained by the GLO.
- The **Veterans Land Board** – Provides our veterans with land, home and home improvement loans
- State Veterans Cemeteries
- State Veterans Homes
- The **Archives and Records Division** – Over 35.5 million documents and 45,000 maps dating back to 1561, tracing the history of Texas' public lands.

GLO – A Diverse Agency

- The **Surveying Division** – GLO surveys define the boundaries of all PSF land, all 254 Texas counties and Texas itself.
- The **Oil Spill Division** – Works with petroleum and commercial fishing industries, the U.S.C.G. and the general public to support educational opportunities, daily water and shore patrols and ready response teams to prevent and immediately address environmental problems.
- The **Community Development and Revitalization Division** – Coordinated the cleanup of the Texas coast after hurricanes Dolly and Ike. The administrator for long-term recovery efforts for these hurricanes as well as for the Bastrop County wildfires.



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