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PRESS RELEASE

Bush's innovation brings in nearly \$100 million for Texas schoolchildren

Results shatter expectations in landmark lease sale

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AUSTIN — Commissioner George P. Bush today announced that the Texas General Land Office's (GLO) third online sale of oil and gas leases earned public education more than \$98 million this morning. The GLO recently partnered with EnergyNet, an industry leader for easy-to-use oil and gas auction and sealed bid transaction services, to conduct lease sales online. By taking the bids online, the GLO has expanded the target market pool beyond local producers and created competition in the global marketplace to the benefit of Texas' Permanent School Fund (PSF).

"Through innovation the Texas economy can still thrive, even in a soft oil and gas market," Bush said after the sale. "The success of today's online lease sale is due to our commitment of welcoming the modern technologies of our 21st Century economy into government practice. Taking our business practices online opens up the bidding process to more producers and investors, and access creates opportunity. Today we find ideas on Pinterest, sell on Etsy, buy from Amazon and get lunch from Uber. Putting these energy lease sales online just makes sense. Texans demand a more efficient, effective government and we are delivering it at the General Land Office."

During lease sales private oil companies competitively bid against each other for the right to explore for oil and gas on land owned by the state. In the first online lease sale in August of 2015, PSF tracts of land brought in more than \$20 million. That's about \$1,500 per acre more than the previous traditional lease sale. The online lease sale in January 2016 brought in nearly \$11 million for 4,393 acres, which is just under \$2,500 per acre. Sales are held semiannually and available tracts may be nominated by contacting the GLO.

Prior to Commissioner Bush's initiative to host lease sales online, anyone wishing to develop oil and gas reserves on Permanent School Fund land had to physically submit a bid, sealed in an envelope. It was a process that had changed little since the 1950s. The traditional process limited the scope of interest in bidding participation. As awareness of the new innovative practice has grown, non-traditional bidders have joined in the lease sale process. This expanded pool, plus recent signs of commodity stabilization, have resulted in exceptional online lease sale results.

In both the traditional and new online formats, the company offering the highest up-front payment is awarded the lease. Online bids were accepted on the Energynet.com website beginning about 30 days prior to the sale date.

For a detailed look at today's record Permanent School Fund oil and gas lease sale, visit <http://www.glo.texas.gov/energy-business/oil-gas/mineral-leasing/overview/index.html>.



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