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PRESS RELEASE

Bush: GLO Online Winter Lease Sale shows continued strong returns for PSF

Online bidding nets $81.8* million for Permanent School Fund

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AUSTIN — AUSTIN - Commissioner George P. Bush today announced that the Texas General Land Office's (GLO) fourth online sale of oil and gas leases earned public education more than $81.8* million this morning. As part of Commissioner Bush's initiative to use new innovations in technology to improve efficiency and productivity, the GLO partnered with EnergyNet, an industry leader for easy-to-use oil and gas auction and sealed bid transaction services, to conduct lease sales online. The January 2017 auction featured 13,716 acres averaging $5,968.76 per acre. Sales are held semiannually and available tracts may be nominated by contacting the GLO.

"Through innovation we've taken an antiquated paper-based auction and transformed it into an accessible online bidding system," Bush said after the sale. "By creating a digital auction through EnergyNet, the target market pool is expanded beyond local producers and we've opened competition to the global marketplace. Greater access has created greater opportunity and better returns for Texas' schoolchildren. Today we find ideas on Pinterest, sell on Etsy, buy from Amazon and get lunch from Uber. Texans deserve this level of innovation and efficiency in government and we are delivering 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. The July 2016 auction showed the greatest returns netting more than $98 million for 13,339 acres, thus averaging $7,365 per acre.

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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*Update (1/24/2017): An earlier version of this release reported the 2017 online winter lease sale earned $84 million for the Permanent School Fund. The final amount has been updated after a tract was determined to be ineligible due to a discrepancy in the depths being offered. This tracts may be considered for lease during the next sale. This release and its charts have been revised to reflect updated figures.