Texas General Land Office
Commissioner Dawn Buckingham, M.D.
1700 North Congress Avenue
Austin, Texas 78711-2873

GUIDELINES FOR §32.206 PRODUCTION SHARING AGREEMENT (PSA) UNLEASED STATE (SROW) OR COUNTY (CROW) RIGHT OF WAY

Section 32.206 of the Texas Natural Resources Code provides that the School Land Board (SLB) "may approve by rule or order a ratification or other agreement that includes in the benefits of production a mineral or royalty interest in land owned by the State that was acquired to construct or maintain a highway, road, street, or alley".

- Use the *§32.206 Application for Production Sharing Agreement Unleased State or County Roads* if you wish to traverse an unleased and unpooled ROW tract with allocation well(s).
- **Select State or County on the application**. State roads (e.g., "SH-71", "FM2323", or "US-10") are roads that the state maintains and County roads (e.g., "CR 209", or a named road) are roads that the county maintains.
- Production Sharing Agreements (PSA) covering unleased State or County roads require a consideration payment (bonus). The bonus may be submitted with an application or after the applicant receives approval from the School Land Board (SLB) for the PSA and two (2) originals have been sent to the applicant for their signature.
  - For **SROW** tracts, bonus must be payable to **Commissioner of Texas General Land Office.**
  - For **CROW** tracts, bonus must be payable to the **County Judge** for their County Road Oil and Gas Fund as provided by Natural Resources Code Section 32.2015. Use the *County Roads Bonus* form found on the GLO website.
  - Roads crossing county lines require separate applications.
- Royalty due to the State or County is set at 25% for the PSA Agreement.

The following **must** be submitted to the General Land Office (GLO) at least **thirty (30)** business days prior to the designated calendar meeting date at which the SLB is to consider an application:

- A cover letter listing the SROW or CROW to be included in the PSA and the anticipated bonus consideration.
- The completed *§32.206 Application for Production Sharing Agreement Unleased State or County Roads.*
- $500.00 Application fee (State or County tract) payable to: **Commissioner of Texas General Land Office.**
- A plat depicting the location of the State or County tract, and the sharing area with proposed well(s) location(s), if known.
- Required exhibits that will be due when returning the two (2) executed and notarized original PSA's for the Commissioner's signature.
  - **Exhibit "A"**: A description of the ROW tract and any private leases or units participating in the Sharing Area
  - **Exhibit "B"**: An acreage description of the Sharing Area. Include metes and bounds or a list of tracts in the PSA, if they are readily identifiable.
  - **Exhibit "C"**: A legible, accurate plat of the Sharing Area and proposed Sharing Well(s).

If the submitted application is approved by the School Land Board:

- Two (2) original §32.206 PSAs will be prepared by GLO staff and returned to the applicant for execution.
- The two (2) operator-executed and notarized originals, and all required exhibits, must be returned to the GLO **within 90-days of SLB approval** for execution by the Commissioner or the Commissioner's designee (unless an extension is approved by GLO Staff in writing).
- If not previously paid, bonus consideration is due with the return of the applicants' executed and notarized Production Sharing Agreement. The county bonus should be paid to the county and the bonus form receipt returned by the county to the GLO, at the email listed on the form. County Production Sharing Agreements will not be executed by the Commissioner until County Road Bonus form is received.
- After the PSA receives the required staff approval and signature from the Commissioner; one (1) executed original will be filed in the corresponding State Mineral File and the other fully executed original will be returned to the applicant for recording in the County, if they choose. If recorded, return a copy to the GLO.

**Information considered confidential or proprietary should not be submitted with the application.*

NOTE:

- Unleased roadways on Relinquishment Act Land **must** be pooled as unleased state ROW using the §32.207 Pooling of Unleased HROW Application.

- If existing State or County leases (ROW or other) or new State leases on tracts that are not ROW and or existing State units will be traversed by a lateral subject to this PSA agreement, a separate PSA application must be submitted for those leases/units. See the information on the website for **Production Sharing Agreements (PSA) for State Leases or Unleased Rivers**, and follow the guidelines for submitting an application.

Where to send applications:

Overnight:
Texas General Land Office
Attn: Energy Resources
1700 N. Congress Avenue
Austin, TX 78701-1495

Mail:
Texas General Land Office
Attn: Energy Resources
P.O. Box 12873
Austin, TX 78711-2873