

LEASING STATE-OWNED MINERAL ESTATE

3 PROCEDURES VARY DEPENDASINONTE

TYPES OF MINERAL OWNERSHIP

3 PERMANENT SCHOOL FUND (PSF)

– ACRES: 14 MILLION

3 OTHER STATE ENTITIES

– ACRES: 2.6 MILLION

TYPES OF MINERAL OWNERSHIP

3 PERMANENT SCHOOL FUND

– FEE

- PSF OWNS MINERAL & SURFACE ESTATES
- ACRES: 5.8 MILLION

– MINERAL CLASSIFIED-

RELINQUISHMENT ACT LANDS (RAL)

- PSF OWNS 100% OF MINERAL ESTATE & HAS SOLD THE SURFACE ESTATE
- ACRES: 6.4 MILLION

TYPES OF MINERAL OWNERSHIP

– FREE ROYALTY

TYPES OF MINERAL OWNERSHIP

3 OTHER STATE ENTITIES

– TEXAS DEPARTMENT OF CRIMINAL JUSTICE

- PRIMARILY PRISON UNITS
- VARIABLE MINERAL INTEREST
- SURFACE USE RESTRICTIONS

TYPES OF MINERAL OWNERSHIP

– TEXAS PARKS & WILDLIFE DEPARTMENT (TPWD)

- PRIMARILY STATE PARKS AND WILDLIFE MANAGEMENT AREAS
- VARIABLE MINERAL INTEREST
- SURFACE USE RESTRICTIONS

TYPES OF MINERAL OWNERSHIP

– TEXAS DEPARTMENT OF
TRANSPORTATION (TXDOT)

TYPES OF MINERAL OWNERSHIP

- PERMANENT UNIVERSITY FUND (PUF)
 - PRIMARILY FEE LANDS IN WEST TEXAS

TYPES OF MINERAL OWNERSHIP

- 3 MISCELLANEOUS ENTITIES
 - OTHER STATE AGENCIES & ENTITIES
 - VARIABLE MINERAL INTEREST

LEASING ENTITIES

- 3 SCHOOL LAND BOARD (SLB)
- 3 TEXAS LAND COMMISSIONER, JERRY PATTERSON
- 3 GENERAL LAND OFFICE
- 3 BOARD FOR LEASE, TEXAS DEPARTMENT OF CRIMINAL JUSTICE
- 3 BOARD FOR LEASE, TEXAS PARKS & WILDLIFE DEPARTMENT
- 3 BOARD FOR LEASE, UNIVERSITY LANDS

PROCEDURES FOR LEASING

3 PERMANENT SCHOOL FUND

– FEE TRACTS

- LEASED BY SLB AT SEALED BID ON A BONUS BASIS
- SALES HELD QUARTERLY
- TRACTS NOMINATED BY INDUSTRY
 - NOMINATION LETTER SENT TO GEORGE MARTIN,
TEXAS GENERAL LAND OFFICE
 - \$100 PER TRACT NOMINATION FEE
- EVALUATED BY GENERAL LAND OFFICE STAFF FOR MINERAL VALUE
- ADVERTISED IN “NOTICE FOR BIDS”
 - MAILED APPROXIMATELY 30 DAYS PRIOR TO SALE

PROCEDURES FOR LEASING

– FREE ROYALTY

- LEASED BY OWNER OF THE MINERAL ESTATE
- PSF RETAINS A FREE ROYALTY OF 1/8 OR 1/16
- COPY OF CERTIFIED LEASE TO BE FILED WITH GLO

PROCEDURES FOR LEASING

- 3 TEXAS DEPARTMENT OF CRIMINAL JUSTICE (TDCJ)
 - LEASED BY BOARD FOR LEASE, TEXAS DEPARTMENT OF CRIMINAL JUSTICE
 - SEALED BID SALE HELD CONCURRENT WITH SLB SALE
 - TRACTS NOMINATED BY LETTER TO JESSE ARELLANO, TEXAS GENERAL LAND OFFICE
 - EVALUATED BY GLO STAFF FOR MINERAL VALUE
 - ADVERTISED IN “NOTICE FOR BIDS”

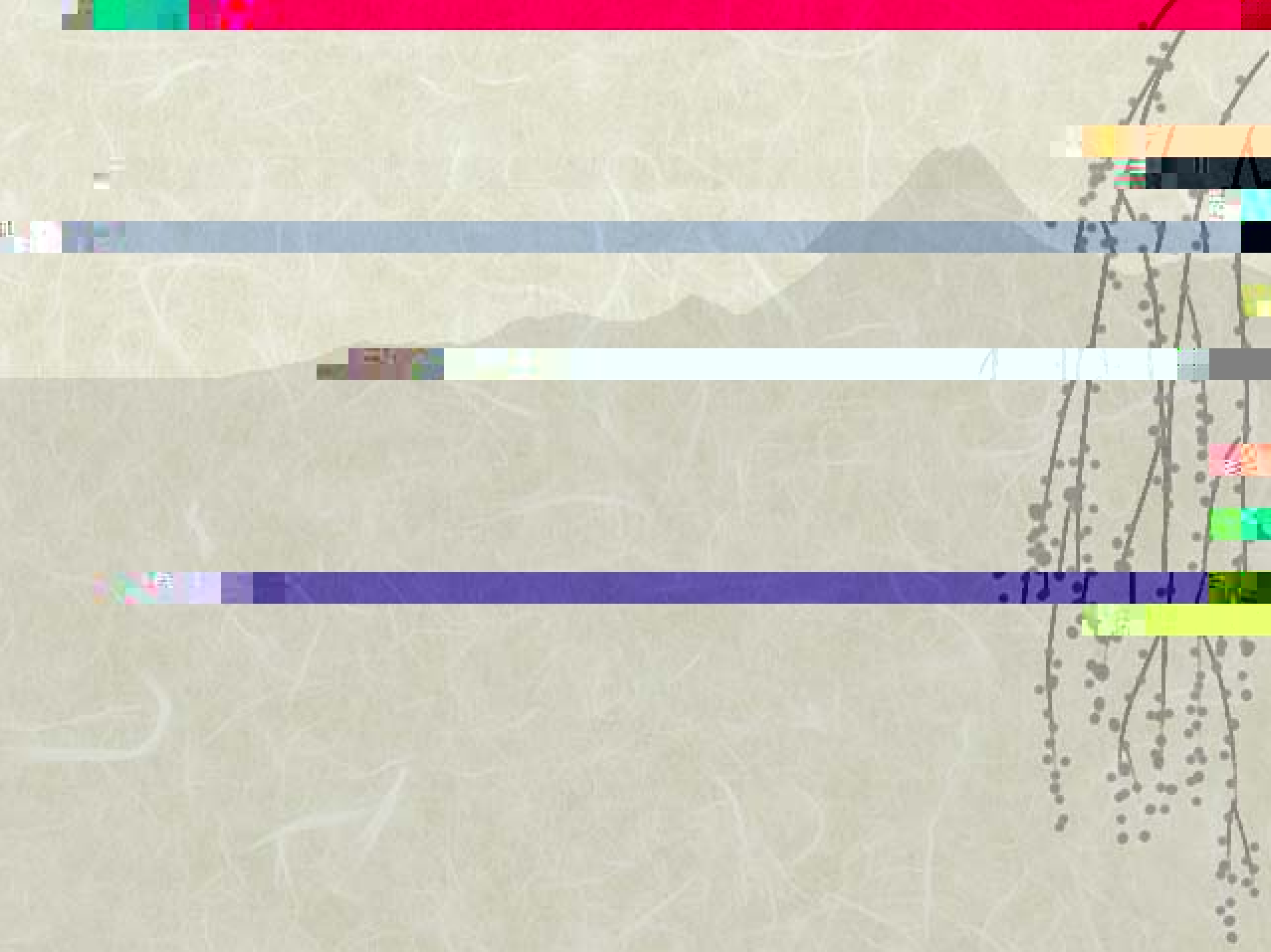
PROCEDURES FOR LEASING

3 TEXAS PARKS & WILDLIFE DEPARTMENT (TPWD)

- LEASED BY BOARD FOR LEASE, TEXAS PARKS AND WILDLIFE DEPARTMENT
- SEALED BID SALE HELD CONCURRENT WITH SLB SALE
- TRACTS NOMINATED BY LETTER TO JESSE ARELLANO, TEXAS GENERAL LAND OFFICE
- EVALUATED BY GLO STAFF FOR MINERAL VALUE
- ADVERTISED IN “NOTICE FOR BIDS”

PROCEDURES FOR LEASING

- 3 TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT)
 - LEASED BY SLB UNDER TNRC 32.201 ET. SEQ.
 - TRACTS APPLIED FOR BY LETTER TO DREW REID, TEXAS GENERAL LAND OFFICE



PROCEDURES FOR LEASING

3 MISCELLANEOUS ENTITIES

- LEASED BY SLB AT SEALED BID SALE
- TRACTS NOMINATED BY LETTER TO GEORGE MARTIN OR JESSE ARELLANO, TEXAS GENERAL LAND OFFICE
- EVALUATED BY GLO STAFF FOR MINERAL VALUE
- ADVERTISED IN “NOTICE FOR BIDS”

GEOHERMAL ENERGY LEASE

3 PROCEDURES FOR LEASING

- LEASED BY SLB AT QUARTERLY LEASE SALE

3 STANDARD FORM

- FOR COPY OF LEASE OR OTHER INFO CONTACT RENEWABLE ENERGY DIVISION (512) 463-5042 OR 475-1372

GEOHERMAL ENERGY LEASE

- 3 TERMS AND CONDITIONS
- SET BY SLB FOR EACH TRACT
 - TERMS FOR JULY 17 SALE
 - MINIMUM BONUS: \$2.00/ACRE
 - ANNUAL RENTAL: \$3.00/ACRE BEGINNING WITH THE SECOND YEAR OF THE LEASE, WITH THE EXCEPTION OF THE RENTAL DUE ON THE FIFTH ANNIVERSARY OF THE LEASE, WHICH WILL BE \$6.00/ACRE
 - PRIMARY TERM: TEN YEARS; 5 YEARS WITH OPTION FOR ADDITIONAL 5 YEARS
 - ROYALTY: 10% OF THE GROSS PROCEEDS DERIVED FROM AN ARM'S-LENGTH SALE

POOLING STATE LEASES

- 3 STATUTORY AUTHORITY PROVIDED BY TNRC
- 3 SLB MUST APPROVE POOLING OF STATE LANDS
- 3 UNLEASED RIVERBEDS AND CHANNELS MAY BE POOLED
- 3 FILE FOR POOLING BY SUBMITTING APPLICATION TO GLO
- 3 \$100.00 APPLICATION FEE

ON-LINE ACCESS

3 www.glo.state.tx.us

3 “ENERGY RESOURCES”

3 “MINERAL LEASING” – general info

3 “OIL&GAS SEALED BID LEASE SALES”

3 “RELINQUISHMENT ACT LEASING”

3 “FREE ROYALTY LEASING”

3 “HIGHWAY RIGHT-OF-WAY LEASING”

3 “POOLING STATE LEASES”

