



TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

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PRESS RELEASE

FOR IMMEDIATE RELEASE
Oct. 3, 2006

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Texas General Land Office receives record lease bid

Total earned this year from sealed bid lease sales tops \$60 million for public education

AUSTIN — Texas Land Commissioner Jerry Patterson today announced the largest bid ever made for the opportunity to explore for hydrocarbons on Permanent School Fund lands.

Walter Oil and Gas Corp., out of Houston, paid \$6,352,400 for the right to explore a 720-acre area in the Gulf of Mexico off the coast of Jefferson County. This is an extraordinary \$8,800 an acre. Generally, exploration bonuses range from \$200 to about \$2,500 an acre depending on the location and geology. So far the average lease rate for 2006 has been \$350 an acre.

The all-time high bid was received as part of a regular oil and gas lease sale that brought in \$11,561,084.21. All proceeds from today's bids go to the Permanent School Fund, which helps finance public schools in Texas.

“This is great news for the schoolchildren of Texas,” Patterson said. “Today's lease sale shows that there is still strong interest in the Texas Gulf Coast.”

In the quarterly lease sales held by the Texas General Land Office, oil and gas firms submit sealed bids for the right to drill for hydrocarbons on Permanent School Fund lands. The Permanent School Fund will also earn 20 to 25 percent royalties on any oil or gas produced on the leases.

A total of 60 leases were awarded today when sealed bids for Permanent School Fund tracts were opened at a public meeting of the School Land Board in Austin.

Walter Oil & Gas Corp. also had the largest total in high bids, amounting to \$7,480,220.

Today's lease sale total brings the amount received from lease sales this year to more than \$60 million.

The Permanent School Fund benefits Texas public school students from kindergarten through the 12th grade. It has about \$22.1 billion in assets and generates about \$880 million a year.

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