



TEXAS GENERAL LAND OFFICE

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PRESS RELEASE

FOR IMMEDIATE RELEASE
April 7, 2009

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Land Office awards three offshore geothermal leases

Submerged tracts off coasts of Galveston, Brazoria and Matagorda counties went to highest bidder

AUSTIN — Texas Land Commissioner Jerry Patterson and the School Land Board today awarded three geothermal energy leases off the Texas coast.

“Texas is the nation’s new frontier for renewable energy and today’s lease sale is more evidence of that,” Patterson said. “These leases should earn the state’s school fund millions and show that renewable energy is profitable in Texas.”

Geo Texas Co., based in Eugene, Oregon, was the winning and only bidder for the right to produce geothermal energy on 128,758 acres of state submerged land off the coasts of Galveston, Brazoria and Matagorda counties.

The terms of the bid require Geo Texas to pay \$2 an acre bonus and \$3 an acre annual rental for the state submerged land. Once Geo Texas begins to produce electricity, the state’s Permanent School Fund will earn a 2.05 percent royalty for years 1-10 of the lease, and 3.8 percent on years 11-30. Even without any energy production, the state’s Permanent School Fund will earn more than \$386,000 a year.

In 2005, Patterson and the School Land Board signed the nation’s first-ever lease for offshore wind energy production off the coast of Galveston. In 2007, Patterson signed the state’s first leases for solar and geothermal energy production.

This push to exploit the Permanent School Fund’s renewable energy resources is one of Patterson’s top goals. Oil and gas have earned more than \$9 billion for public education in Texas, but oil and gas are depletable resources.

“We must take action now to diversify our revenue stream for the PSF,” Patterson said. “For the schoolchildren of Texas, renewable energy means renewable revenue.”

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