

**Texas General
Land Office**



**David Dewhurst
Commissioner**

May 10, 2002

Ms. Arlene Wimer
Environmental Protection Specialist
Padre Island National Seashore
P. O. Box 181300
Corpus Christi, Texas 78480-1300

Re: Lemon/Lemon Seed Unit Wells 1-1000S/1-1008S
Padre Island National Seashore

Dear Ms. Wimer:

The General Land Office (GLO), as mineral owner under the lands to be included in the above referenced wells, respectfully submits the following comments in support of the proposed project by BNP Petroleum Corporation.

As you know, the GLO is charged with the responsibility of protecting state lands and generating revenue for the Permanent School Fund (PSF) in an environmentally and economically prudent manner. Royalties from oil and gas produced on state lands are deposited into the PSF, which earns money for Texas public school students from kindergarten through the 12th grade. Approximately \$700 million of income generated by the PSF went to Texas public schools last year. Of the more than 13 million mineral acres held by the PSF, approximately 4 million acres are in the Gulf of Mexico and coastal bay systems.

With respect to Padre Island National Seashore, legislation providing for the conveyance of state lands for the park specifically stated that:

"... the Secretary of the Interior shall permit a reservation by the grantor of all oil, gas, and other minerals in such land or waters with the right of occupation and use of so much of the surface of the land and waters as may be required for the purposes of reasonable development of oil, gas, and other minerals, under such rules and regulations as may be established by the Railroad Commission of the State of Texas."

Clearly, the development of state-owned minerals within the boundaries of the park was contemplated and provided for at the time of the park's creation. In fact, fifty-nine wells have been drilled within the lands that the park encompasses, so oil and gas activity is not unprecedented.

The Permanent School Fund has already received in excess of \$8 million in lease bonus payments from oil and gas lessees for the acquisition of leases in the Padre Island National Seashore area. Further, the PSF may potentially

Mailing

Post Office Box 12873
Austin, Texas
78711-2873

Street

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

512.463.5001
1.800.998.4GLO
www.glo.state.tx.us

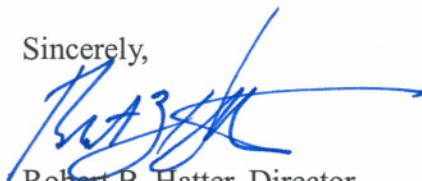
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receive many times that amount in royalties if BNP's operations are allowed to continue without interruption. Alternatively, if BNP's project is not allowed to move forward, other operators will be dissuaded from acquiring state leases in this area and the PSF could lose millions, if not hundreds of millions of dollars in potential revenues if operators cannot realistically conduct exploration activities.

The GLO is committed to protecting our coastal natural resources and supports the efforts to protect the Kemp's ridley sea turtles. The oil and gas underlying state land is also an important natural resource and we believe that it can be developed in an environmentally sensitive manner. If you should have any questions concerning this matter, please call me at (512) 475-1542.

Sincerely,



Robert B. Hatter, Director
Mineral Leasing Division