

Midland Reporter-Telegram

WEEKEND EDITION

University Lands adapts in region

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The Oilfield Photographer Inc. Richard Brantley, Senior Vice President of Operations for University Lands at University of Texas, moderates a panel discussion during the 2020 Permian Basin Water In Energy Conference.

Staff with University Lands have had their hands full overseeing activity on 2.1 million acres that span 19 West Texas counties.

It is a task that dates back to the Republic of Texas when 220,000 acres were set aside for the establishment and endowment of a university. By 1883 that grant had grown to 2.1 million acres that now benefits over 20 educational and health institutions across the University of Texas and Texas A&M University systems. It is one of the largest university endowments in the nation.

“It should be recognized as Texans are all beneficiaries of the educational medical innovations funded by the endowment,” said Richard Brantley, senior vice president of operations at University Land, during the monthly Oilfield Strong webinar presented by OTA Environmental Solutions.

He estimated 90 percent of revenues come from mineral leases for energy development. In fact, the first commercial well in the Permian Basin – the legendary Santa Rita No. 1 – was drilled on university acreage near Texon, he noted.

The agency used to have twice-a-year lease sales that as the unconventional shale play began to take off, were bringing in upwards of \$100 million. The sales were essentially halted, Brantley said, because acreage was essentially leased up.

“It became a land play, he said. “All of a sudden, most of the prospective land was leased up and stayed that way awhile.”

Some tracts have been returned and University Lands plans a lease sale of 600 tracts on October 18.

There are still 1.6 million acres still under lease, he noted, with thousands of leases and hundreds of operators at work on university-held lands. Brantley said the agency now has a deadline where operators are obligated to drill and complete wells within a certain time-line.

He acknowledged the industry is facing issues with supply chain bottlenecks and labor shortages that could hinder timely of wells.

“Everyone understands the dynamics of the business, it’s feast or famine,” he said. “We understand the dynamics and try to work with people, but again development policy is development policy.”

When it comes to the agency’s surface rights, leasing has been done for a broad range of purposes, from construction of schools, hospitals and churches to ranching activity and even wineries. Renewable energy is a growing source of revenue thanks to wind and solar energy developments on university lands. The agency is also able to supply water to several West Texas municipalities from aquifers on its lands. Brantley noted there are a number of pipelines crossing university lands carrying Permian Basin production from the Delaware Basin to the Gulf Coast.

Environmental issues have really increased, noted Grant Swartzwelder, president of OTA, and different universities are under pressure over how they handle ESG – Environmental, Governance and Social – issues and he suspected University of Texas and Texas A&M are no exceptions.

Brantley observed that there have been environmental issues in the past but he pointed out technological advances that have improved monitoring for emissions. He said he is also proud of the agency’s track record on managing ground water, saying it’s important to protect West Texas’ freshwater zones.

While the agency doesn’t operate wells itself or try to act as a policeman over the operators who do, Brantley said they ensure those operators follow regulations from agencies like the Railroad Commission and Texas Commission on Environmental Quality. The agency also has strict covenants requiring operators to demonstrate no harm to human health and safety.

What Brantley said he hopes to achieve is for “companies we contract with to be successful, make sure we don’t intrude on their ability to meet peoples’ needs.”

He continued, ““If someone has an issue, we don’t have dollar signs in our eyes and say in that moment, ‘pay us or lose the lease.’ It goes back to being for the public, let operators work efficiently and not let projects die on the vine.”

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