

Southern Black Gold: Boom and Bust

By: Makayla Bryson

[Makayla Bryson] Hi, my name is Makayla Bryson, you are listening to South Texas Stories, and this episode is entitled Southern Black Gold: Boom and Bust, all about the growth and effect that the Eagle Ford Shale has had in South Texas over these past few years.

-Transition sounds-^a

[Makayla Bryson] In 1886 successful San Antonio merchant George Dullnig began to dig wells on his ranch.¹ And, soon he would hit oil. Annoyed, he would continue to dig somewhere around another eight wells until giving up. You see, Dullnig wasn't looking for oil, he was looking for water.

Throughout the 1800's this was a common occurrence across Texas ranches.^b People would accidentally find oil while on the hunt for water. But there is one important fact that sets Dullnig's story apart, and that is that he began to sell his oil.² Though Dullnig was by far not the first to do so he was the one of the first major players in an industry which, at the turn of the century would begin to grow into what is arguably one of the most important industries in the world.

Dullnig's oil was most likely a part of the oil field that is now known as the Eagle Ford Shale. The Eagle Ford Shale was formally discovered in 2008 by the PetroHawk Energy Corporation. It is currently the largest new oil and natural gas field discovered in the United States since the 60's, stretching out over 23 counties, from just north of the city of Laredo, to just east of Waco.³ Just a few years after its discovery, the Eagle Ford Shale was quickly growing to become one of the most profitable areas for the oil and gas industry.⁴

[Phillip Bryson] "I would say probably 2014 it's been the best that I ever seen, it was a lot of natural gas."

[Makayla Bryson] This is my dad, Phillip Bryson, and he has been working in the oil and gas industry for almost 30 years .

[Phillip Bryson] " Price of natural gas was the highest it's ever been, and it was like, up to 13,14,15 dollars. Oil price was really really good, we were just starting in the Eagle Ford Shale, and it was really starting to take off. Everything was just busy, busy. I've never seen in my time as profitable and booming as that period. Now we've had several that, in thirty years that I've been in it that's been good but nothing like the 2014-2015 time frame."

1. Mary L. Dullnig Short, *George Dullnig*, (Texas State Historical Association, 2018)
2. Dullnig Short, (2018)
3. Robert Gilmer, *Oil Boom in Eagle Ford Shale Brings New Wealth to South Texas* (Federal Reserve Bank of Dallas, 2012)
4. Javier Oyakawa, *Economic Impact of the Eagle Ford Shale: Business Opportunities and the New Normal* (University of Texas at San Antonio, June 2017)
 - a. Billy Murray "Take Me Back to New York Town" Free Music Archive, accessed October 31, 2022.
 - b. Spurioustransients "Cow Moo #7" Free Sound, accessed December 6, 2022

[Makayla Bryson] All of this sudden growth had major impacts on the small country towns that dotted the area of the Eagle Ford Shale, with estimates being upwards of \$123 billion in growth for the main 21 counties alone.^{5 c}

[Phillip Bryson] “So you see towns like Karnes City and Kennedy who were just little drive by and if you blink you miss it and in the last few years it's just exploded and grown in population,”

[Makayla Bryson] Karnes City was one such town that saw unprecedented growth as a result of the oil boom, with it being referred to by the Federal Reserve Bank of Dallas as the “ground-zero” for economic opportunity.⁶

[Phillip Bryson] “You figure at one time Karnes County and the surrounding counties around it was probably 70 percent of the oil field down here in South Texas.”

[Makayla Bryson] When the oil field begins to grow in a town, the oilfield workers come with it. This creates a mass amount of new people flowing into these towns, which in turn causes an influx of money to all sectors of life.⁷

[Phillip Bryson] “so you can imagine, you need hotels you need restaurants you need everything to function when you have that many people and that much going on.”

[Makayla Bryson] This need for infrastructure such as hotels and restaurants, helps to promote the growth of these towns. With this new growth comes more job opportunities. The hotel industry specifically exploded in the main 15 counties, with a whopping 42 being built in 2014 alone.⁸ These new hotels created just under 2,500 new jobs, which paid out around \$64 million dollars in wages. All in just 2014 alone.^d

[Phillip Bryson] “it's just amazing you drive through Karnes City now and how much they've grown up. You see them go from a small school to, they'll jump from 2A to 4A. it's crazy to see what oil field has done to that town.”

[Makayla Bryson] That being said, this growth does come with a number of issues. One of the major issues for these towns that comes from having a massive oil boom is trying to find a healthy way of maintaining the sudden growth in order to ensure that the town will not suffer as harshly once the oil field moves out.

To do this, many towns have begun to use methods to try and incentivise people to stay in the town. This can be accomplished in many different ways, Karnes City for example, has emphasized its workforce development.⁹ This means encouraging economic diversity to ensure that the town's economy is not totally solely reliant on the oil field. This best prevention also means encouraging high skilled jobs to come to town. The idea behind this is to ensure that people who have achieved higher education are less likely to move away to larger cities in order to find work.¹⁰

5. Oyakawa (2017)

6. Gilmer (2012)

7. Gilmer (2012)

8. Oyakawa (2017)

9. Oyakawa (2017)

10. Oyakawa (2017)

C. L30p3na “Hearing The birds 1” Free Sound, accessed December 6, 2022

D. Ivollipa “Construction_site_Pickhammer” Freesound.org, accessed December 7, 2022

If they fail to maintain their economic gains the outcome could be a bust like situation when the oil field companies begin to move on.

For example, in the first few years of activity in the Eagle Ford Shale, Alice, Texas also saw a boom in its oil and gas production, but as time went on and the best areas of the Eagle Ford became more well known, around 2015 those oil companies that had set up in Alice had begun to move into more profitable areas.¹¹ This loss was not something Alice was prepared for.

[Phillip Bryson] “For instance, Alice, Texas, down here in South Texas it used to be just a booming area. All kinds of oil field companies in the town and just a booming little oil field town and in the last five to ten years that town has really seen a downturn. The oil companies have moved to different areas, and it's sad to see because people get used to it and you think it's never going to go away, never going to end, and it eventually does unfortunately.”

“Well, being in the oil and gas industry for thirty years you see a lot of ups and downs. But worst one has got to be the shutdown of the virus, the pandemic.”

[Makayla Bryson] The economic issue for towns like Alice who are continuing to face the effects of being left behind by the oil companies was only compounded by the effects of the Covid-19 pandemic and the following most recent economic downturn, during which many people across all industries ended up losing their employment.¹²

The pandemic posed an entirely new problem to the oil and gas industry, as it did with all industries.

[Phillip Bryson] “To start with, the oil field price was really down at the end of 2019 first of 2020 and then you throw on shutdowns, people not driving, people not going to work and that really took a toll on the oil and gas industry. Man, it's been a tough one, it's probably been two plus years. I've seen lots and lots of businesses and people that I know and worked with have went out of business and not been able to survive it.”

[Makayla Bryson] Outside of the pandemic, the Texas Freeze of 2021, which left many Texans without power, also had a detrimental effect on the oil and gas industry.¹³ At the point in time when the freeze had hit, the oil and gas industry was on the road to recovery from the pandemic, the freeze though, caused a new bump in this road. The cold weather had not only caused many to stop work due to losing power, but it also caused many gas wellheads to freeze

11. Mose Buchele, "In Some Texas Oil Towns, This 'Downturn' Feels More Like a 'Bust'." *State Impact*. August 17, 2015

12. Kirk Watson, Covid 19 and the Texas Oil & Gas Industry, *University of Houston*, June 2020

13. Jessica Corso, “What hurt South Texas drillers more — pandemic or winter storm?” *SA Business Journal* May 2021.

over, which resulted in blockages to the flow of gasses, making them useless until they were able to be unfroze.¹⁴

This combination of decreased production of gas and increased demand was a sign of oncoming disaster.

The February of the freeze, created a new record low for production in the Eagle Ford Shale, with it only producing under 900,000 barrels, breaking the previous record low that had been set all the way back in 2013.¹⁵

Another example of this large production drop due to the freeze can be seen in, Karnes County, one of the top oil producing counties in South Texas, which produced 1.7 million fewer barrels of crude oil in the month of the freeze compared to what it had produced in the previous month.¹⁶

-Transition sounds-^e

[Makayla Bryson] From its beginnings as an annoyance to ranchers, to it becoming a staple of the Texas economy, the oil and gas industry in Texas has come a long way. Though it can bring with it immense growth and prosperity, without proper measures in place to make this prosperity last, it can just as easily fall apart. I'm Makayla Bryson and this has been South Texas Stories, Southern Black Gold: Boom and Bust.

14. Corso (2021)

15. Corso (2021)

16. Corso (2021)

e. Billy Murray "Take Me Back to New York Town" Free Music Archive, accessed October 31, 2022.

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