

Texas Tribune

As oil and gas exports surge, West Texas becomes the world's "extraction colony"

An unprecedented drilling boom in the Permian Basin is great for business. But it's polluting the air, overwhelming communities and threatening the planet.

by [Kiah Collier](#), The Texas Tribune and Jamie Smith Hopkins and Rachel Leven, Center for Public Integrity Oct. 11, 2018 4 AM

MIDLAND — Drilling booms have come and gone in this oil town for nearly a century. But the frenzy gripping it now is different. Overwhelming. Drilling rigs tower over suburban backyards. There's a housing crunch so severe that rents are up 30 percent in the last year alone. Tax-averse city officials raised fees this spring just to keep basic services afloat.

This boom is engulfing the rest of West Texas, too, extending to areas that drilling hasn't touched before. As communities welcome the jobs and the new business, they're struggling with an onslaught of problems that include spikes in traffic accidents and homelessness.

What's happening is unprecedented. In December, companies in the Permian Basin — an ancient, oil-rich seabed that spans West Texas and southeastern New Mexico — were producing twice as much oil as they had four years earlier, during the last boom. Forecasters expect [production to double](#) again by 2023.

Texas Gov. Greg Abbott and others say the drilling spree is ushering in a new era of American energy independence, but American demand isn't driving it. Foreign demand is.

In late 2015, Congress cut a deal to lift 40-year-old restrictions on the export of crude oil. That opened the floodgates. The U.S. sold 230 million more barrels of crude to other countries in the first half of this year than it did three years earlier — a surge made possible by a virtually identical spike in Permian production.

The U.S. just surpassed Russia as the world's [top oil producer](#). The [International Energy Agency](#) predicts that American oil — most of it from the Permian — will account for 80 percent of the growth in global supply over the next seven years. That's bringing big profits to oil companies as well as lung-searing pollution to places where drilling has skyrocketed, while threatening to exacerbate climate change.

Hydraulic fracturing — better known as fracking — made this boom technologically possible, but exports are the reason there's so much new drilling. U.S. refineries built for heavier varieties

of oil than the Permian produces can't handle the enormous new quantities of Texas light crude. Instead, companies are shipping it abroad and finding lucrative new markets.

“Every single molecule from here on out has to be exported,” said Cynthia Walker, a senior vice president at Houston-based Occidental Petroleum, one of the largest Permian producers. American crude is now sold to countries from South Korea and India to Italy and Colombia. Even the oil-rich United Arab Emirates buys some. The lifting of the export restrictions “is tantamount to one of the most important things that’s ever been done for the industry,” said Tim Dove, chief executive officer of Pioneer Natural Resources, headquartered near Dallas.

But the country is not “energy independent” in the way most Americans would conceive of the idea. Nor can anyone make the promise that America, as Abbott put it in a recent [tweet](#), “will NEVER AGAIN depend on Foreign Oil Cartels for energy.”

That’s because the U.S. is still [importing oil](#). Substantially less than the high point in 2005, but plenty: 1.4 billion barrels in the first half of this year alone, a third of which came from the foreign oil cartel known as OPEC, whose membership includes political minefields like Saudi Arabia and Venezuela.

The country will keep buying oil from other parts of the world indefinitely even as it sells more abroad, the U.S. Energy Information Administration forecasts.

Residents with no say in these decisions are stuck with the consequences, said Coyne Gibson, who lives in a part of the Permian that saw little oil and gas activity until a few years ago. He’s among a handful of West Texans who show up at hearings to object to soaring water use and waste disposal, even though “the outcome is almost always not in our favor.”

“The bitter, cynical way to look at this is, West Texas becomes an extraction colony for the fuel resources for the rest of the world,” said Gibson, a volunteer with the Big Bend Conservation Alliance who once worked in the oil and gas industry. “Everybody’s going to go hog wild and suck the region dry of everything they can without thinking of the long-term, big picture.”

Texas regulators, long criticized for being too industry-friendly, seem wholly unprepared for what’s happening. Booms, predictably, bring air pollution, oil spills, groundwater loss and contamination. But the state isn’t tracking or policing these problems aggressively. For example, the Texas portion of the Permian — roughly the size of Georgia — has only a few air pollution monitoring stations, leaving residents largely in the dark about what’s in the air they breathe.

In return for mostly leaving the industry alone, the state receives a lot of money. Oil and gas [tax revenue](#) is up more than 50 percent this year. The boom has created high-paying jobs for some residents, too. Said James LeBas, a Texas Oil and Gas Association economist who previously worked for the state comptroller’s office: “When oil and gas is doing well, the state is doing well.”

But there are major trade-offs — and not just for locals. Scientists warn this drilling rush almost certainly will worsen climate change by increasing the world’s fossil fuel use at a fraught time.

They say drastic reductions in [greenhouse gases](#) are needed to avoid intensifying climate-linked disasters already pummeling the planet.

Two massive wildfires in California this summer were among the [largest](#) in state history. [Record-high temperatures](#) in Japan killed more than [100 people](#) in July. In September, as [Hurricane Florence](#) pounded the Carolinas with devastating rain, a typhoon tore through the [Philippines](#) and forced more than 3 million people to evacuate in [China](#). And in Texas, Gulf Coast communities are still struggling to recover from last year's super-powered [Hurricane Harvey](#), which broke all previous U.S. rainfall records and caused \$125 billion in [property damage](#).

On Monday, the United Nations' Intergovernmental Panel on Climate Change [warned](#) that the "next few years are probably the most important in our history" because extreme weather will imperil even more people without "deep emissions reductions."

"Climate change exacerbates the risks we already face," said [Katharine Hayhoe](#), who directs the Climate Science Center at Texas Tech University. "Every additional gigaton of carbon that we produce as a global society carries with it a very real cost."

Oil — and natural gas, which comes up with it in the Permian — releases carbon dioxide when burned. On top of that, [methane](#) — an even more potent greenhouse gas — leaks from wells, pipelines and other parts of the supply chain.

The Texas Tribune and the Center for Public Integrity spent eight months investigating the scope and impacts of the export boom, analyzing data, interviewing experts and traveling across the Permian to hear from local officials, activists, oil producers and others. The project is part of a collaboration with [Newsy](#) and the [Associated Press](#).

Among the findings:

- Climbing production hasn't boosted local tax revenues fast enough to address all the increased needs that come with it, from crowded classrooms to wrecked roads. Schools, police departments and hospitals are struggling to keep employees lured by better-paying jobs in the oilfield.
- The state often fails to step in when oil and gas operations foul the air. Unpermitted air pollution is higher in West Texas counties than in much of the state, and regulators are giving operators the OK to burn off far more excess natural gas there than was allowed a decade ago.
- The industry is consuming water in an arid region at an unsustainable rate: Permian Basin operators used eight times as much water to frack and drill last year as they did in 2011; the ultimate consequences are unknown because the state doesn't require companies to disclose basic information that would allow scientists to understand the risks of all this consumption.

With the boom has come a building spree of plants, terminals and other major oil and gas facilities — more than 100 have been added, or will be, in Texas alone. Companies are laying

enough pipeline in the state to stretch from the Atlantic to the Pacific three times over, more than 8,000 miles in all.

Such investments are meant to last for decades. “Once you’ve sunk the costs, you’re really not going to just stop,” said Richard York, an environmental studies and sociology professor at the University of Oregon. All this infrastructure makes it “very unlikely that we can dramatically curtail fossil fuel use,” he said.

It increases the odds that the Permian free-for-all isn’t a flash in the pan, a last gasp before nations get serious about their [climate promises](#).

‘I just had to stop breathing’

The headaches come almost every day. Some mornings Suzanne Franklin wakes with a nose full of dried blood, her voice filled with gravel. Her husband Jim suffers from respiratory problems, too.

This isn’t normal for them. What’s happening all around their corner of West Texas isn’t either.

When Franklin moved to Reeves County in 2010, this remote area roughly 100 miles southwest of Midland was a modest oil and gas producer by Texas standards. Now it ranks third in the state for both. Oil production in the county — which has fewer than 16,000 residents and more land than Delaware — shot up from 1.6 million barrels in 2010 to more than 60 million last year, the biggest upturn in the Permian.

Now the Franklins can see up to 20 oil wells burning off excess natural gas day and night from their double-wide mobile home on the prairie. A persistent haze hangs on the southern horizon, blurring their view of the Davis Mountains, a range often called the Texas Alps.

A sign near one of the wells, less than a mile from the Franklins, warns of the presence of hydrogen sulfide, a contaminant in crude oil and natural gas. In high concentrations it can kill almost instantly; at low levels it can cause chronic illness.

A chemical stench hangs in the air here.

“When we went past that site yesterday, I could not believe how bad it was,” Suzanne Franklin said in April. “I just had to stop breathing.”

Sue Franklin stands in front of a natural gas flare near her home in Balmorhea. *Marjorie Kamys Coter* for *The Texas Tribune*

Franklin said her health problems appeared after the wells started producing about two years ago; she’s now taking three respiratory medications. Her doctor told her he can’t definitively link her symptoms to what the wells are pumping into the air, but complaints like hers are common

among people who live near gas sites, [academic research has found](#). Flares burning off gas [spew pollutants](#) that assault the respiratory system. Harmful chemicals seep out of leaky equipment.

Sharon Wilson, a Texas organizer with the environmental group Earthworks, helped the Franklins lodge a complaint in April with state regulators. Wilson filed several herself, providing video she shot with an infrared camera that showed normally invisible pollution billowing from oil and gas facilities.

Six weeks went by. Then the state issued a violation notice to the operator of one of the well sites and called for fixes — without levying a fine.

From Franklin's perspective, one pollution violation for a single well didn't make much of a difference. A new well is being drilled across the street from her home, and nearby, workers are building a sprawling gas-processing plant.

"You walk out our back door in the morning and it just gags you," Franklin said. "It's all around us."

Sites flaring natural gas — a fossil fuel hitchhiker that comes up [with the oil](#) here — are everywhere in the region. The endless flicker of small, yellow flames pumping out [greenhouse gases](#) alarms Wilson as she roams the Permian. "I can't even stress what a huge emergency it is out there," she said. "This impacts everyone on the planet."

Drilling for oil and also striking natural gas might seem like a bonanza for companies: two commodities for the price of one. But there isn't enough room in the pipelines to move it all to market and new pipelines haven't come online fast enough — a constraint that could hamper Permian expansion, along with soaring land costs and labor shortages. Increasingly, the gas, which sells for far less than oil, is treated as a bother to be eliminated in the crucible of a flare.

From 2016 through May of this year, the Texas Railroad Commission — which oversees oil and gas production, not [railroads](#)— issued more than 6,300 permits allowing companies to flare in the Permian. Compare that to 2008 through 2010, when the agency issued 571 [flaring permits](#) in the entire state.

Companies on the Texas side of the Permian flared 95 billion cubic feet of gas in 2016 and 2017, according to an Environmental Defense Fund analysis of state data. That's only between 2 and 3 percent of the gas produced, the group's numbers show, but it's still enough to cover a year's worth of [residential gas](#) needs in Washington state.

A sign near a natural gas flare less than a mile away from Sue Franklin's home warns of the presence of hydrogen sulfide. *Marjorie Kamys Cotera for The Texas Tribune*

Permits allow substantial flaring for a maximum of six months. But the Railroad Commission keeps granting extensions — at least 116 in the state this year alone, most of them for two years,

and some covering oilfields with multiple wells. Some were layered on top of prior extensions that stretch back as far as 2011, allowing what amount to eternal flames across the Permian.

Railroad Commission Chairman Christi Craddick thinks the flaring is a shame — a waste — but not an urgent reason for a regulatory crackdown. “There’s really no conversation to change those rules,” she said, describing them as sufficient and well-enforced. “Certainty in regulation is important for industry.”

This is just what happens in a boom, she said. Flaring will drop as additional pipelines come on line.

But that’s happening in fits and starts. Gas likely won’t begin flowing from the Permian to Mexico in two new pipelines until early next year, and the next big project isn’t expected until around November 2019, according to the consulting firm IHS Markit.

Decades ago, faced with rampant flaring, the Railroad Commission shut down 17 oil and gas fields to stop what it called unlawful waste. The court system backed it up in 1949.

“We’re facing the same problem 70 years later,” said Bret Wells, a law professor at the University of Houston who previously worked for an oilfield services company. “Why are we so much more open to the flaring of natural gas now?”

Ilan Levin, associate director of the Environmental Integrity Project, a research and advocacy group, said most of the oil and gas facilities in the Permian are classified by the state as minor sources of air pollution, with little oversight required. But that’s often wrong, he said.

Levin points to facilities’ frequent reports of “[air emission events](#)” — releases of pollution they characterize as unforeseeable, prompted by equipment malfunctions or other problems. If the state agrees that they were unavoidable — and it [almost always does](#) — those releases don’t count against limits established in state permits that companies are required to obtain.

“These are off the books — they’re not levels that are authorized in their air pollution permits, but they’re happening routinely,” said Levin, who’s based in Austin. “There are just a whole bunch of these reports that have the same excuse over and over and over again.”

he Waha Gas Plant in Cayanosa, a processing facility roughly 70 miles southwest of Midland, is one example. It reported 103 of these incidents from January of last year through this April, according to data the state released through a public records request. That’s an average of one every five days. Pollutants the plant discharged over those months included 300 tons of lung-damaging [sulfur dioxide](#).

One particularly troublesome gas flare at Waha regularly blows past its permitted 12-month limit for sulfur dioxide, the Environmental Integrity Project found. In April, for example, it spewed 60 tons more than the limit.

“While we strive to have as few emission events as possible, they do occur as part of ongoing oil and gas operations,” said the plant’s owner, infrastructure giant Energy Transfer Partners.

Last year, businesses in Texas counties atop the Permian reported pumping out 77,000 tons of pollutants during emission events, largely carbon monoxide and sulfur dioxide. Sixteen of the 20 Texas counties with the highest levels of these unpermitted emissions were in the Permian, the state said.

One of the largest reported releases in the state this year involved 7,500 tons of methane from the new Trans-Pecos Pipeline that stretches from West Texas to the Mexican border. (Energy Transfer Partners, its operator, said the “routine and safe” work that caused the discharges “will not be a reoccurring event.”)

Yet punishment is rare. A 2017 investigation by The Texas Tribune found that the agency that regulates air pollution, the Texas Commission on Environmental Quality, hardly ever fines companies when they [bust air permit limits](#).

Only four air pollution monitors are stationed in producing areas of the Texas Permian. The only one tracking sulfur dioxide is 120 miles from the Waha plant and even farther from most of Reeves County, where companies have built at least six gas processing plants since 2016 and are constructing at least four more. The other monitors, including one for toxic air emissions such as [benzene](#), a [carcinogen](#), are also far from the county.

The Texas Commission on Environmental Quality said it doesn’t plan to add more. Its air monitoring and enforcement comply with state and federal law, it said.

“Any violations that are documented during TCEQ investigations are addressed using standard agency protocols and are handled consistently statewide,” the agency said in a [written statement](#). It declined to make officials available for interviews.

The federal government isn’t acting as a backstop. The Trump administration recently moved to [weaken a rule](#) requiring companies to control leaks of methane and toxic chemicals from oil and gas wells, along with related equipment.

For the Franklins, the bad air poses a dilemma. Jim wants to move. Suzanne feels they’ll have to, but she’s torn. She’s attached to the gem and mineral shop she owns near their home — and to the rose bush outside the shop. It was planted by her late husband, Leon Hughes, who asked her to place his ashes around it so he could send her flowers from heaven.

“I don’t see how I could move [the business],” she said. “I would have to sell out and start over ... or just quit, and I don’t want to quit.”

The desert’s water

Balmorhea, population 550, has never been an oil and gas hub. It’s a tourist destination, thanks to its namesake state park that draws more than 200,000 visitors a year to enjoy the world’s largest

spring-fed swimming pool — an acre-plus expanse of blue-green water that pops amid the desert landscape. Stretching out from here is a swath of West Texas known for its rugged beauty and clear, starry night skies.

But now producers have come for the fossil fuels. The starting gun went off two years ago, when Houston-based Apache Corporation [announced](#) it had discovered vast oil and gas deposits in the area and leased more than 300,000 acres, including the state park.

This area, as it happens, is particularly vulnerable to groundwater contamination. That's because it sits atop an aquifer encased in eroded limestone called karst, pockmarked with sinkholes and caves that could carry oil or drilling wastewater spills farther and faster than in other places.

Worries about the ancient springs that feed the pool and supply water to Balmorhea and another small community, Toyahvale, prompted the TCEQ to install a real-time water quality [monitoring station](#) in the state park and spawned at least five studies. Apache paid for one and donated money to help pay for two others.

“We spent considerable time and effort conducting baseline air, water and soil studies and cultural, historical and surface impact assessments before development began,” Apache spokeswoman Castlen Kennedy said in a written statement.

The company, which promised not to drill within the city limits or the state park, also donated money to a local school and bought the city a fire truck.

“They help us with everything,” said Balmorhea Alderman Josue Mendoza. “Everyone's kind of seeing the benefits of it.”

Still, Apache is in the Permian to make money. It's not waiting for the results of all the studies to exploit its new oil and gas play, known as Alpine High. It plans to drill 5,000 wells in the coming decades.

As companies increase production across the Permian, contamination isn't the only water fear. Some worry the industry will use too much in a region where it's already in short supply.

As of the end of August, about 80 public water systems in the Texas portion of the Permian were asking — or requiring — customers to limit water use because of [drought](#), according to state records. This comes as oil and gas companies are using more water than ever. Operators in the entire basin consumed nearly 58 billion gallons to frack and drill last year, IHS Markit estimated, far outstripping the 6.8 billion used in 2011.

And it's going to get worse: IHS Markit forecasts nearly 130 billion gallons will be used in 2023. That's 19 times the amount of water Midland used last year.

What's happening alarms Trey Gerfers, a resident of Marfa, southwest of Balmorhea, and board president of the Big Bend Conservation Alliance. “If you've got someone who's changing the game, I think it's on them to show us why it's not going to be a problem in the future,” he said.

Avner Vengosh, a professor of geochemistry and water quality at Duke University, thinks there could well be a problem — for the industry. Water consumed for fracking in the Permian and some other parts of the country could jump as much as 50-fold by 2030, according to research he and colleagues published in August. The Permian may be “the new Saudi Arabia of America,” he said, but lack of water could choke production.

The Duke team didn’t look at the consequences for the public. Major data gaps hinder such investigations, said Bridget Scanlon, a senior research scientist for the University of Texas at Austin’s Bureau of Economic Geology. For example, it’s crucial to understand the type of water that companies use — such as fresh or brackish — to identify how much there will be for everyone else.

But the state doesn’t require companies to report that.

There isn’t a state agency policing groundwater use either. That’s left to local conservation districts with differing opinions about how much to limit water withdrawals or even whether, in cases involving oil and gas, they have any authority to regulate. And substantial parts of West Texas don’t have a [district](#); legally, people in those areas can pull as much water from their property as they can pump.

Landowners and entrepreneurs are making good money selling water to oil producers. Across the Permian, handwritten signs advertising “frac water for sale” are tacked to telephone poles. In a freshly churned cotton field outside Big Spring, 40 miles northeast of Midland, there are dozens of water wells spaced a few feet apart. A large black pipeline nearby delivers groundwater to a pit; a smaller green one takes it away to a drilling site.

A homemade sign on Moore School Road in Big Spring advertises oilfield water for sale.
Marjorie Kamys Cotera for The Texas Tribune

There’s a potential solution, one that could solve a few problems at once.

Huge amounts of contaminant-laden wastewater — known as produced water — come up with the oil and gas. Companies have to do something with it, and they’ve mostly injected it back into the ground.

That’s causing [earthquakes](#) in some cases, scientists have found. More than 100 tremors with a magnitude of 2.5 or greater have hit the state since last year, nearly three-quarters of them in West Texas, according to data from a [monitoring program](#) that began in 2017. The county with the largest number by far was Reeves, which has more than 200 active wastewater disposal wells.

That [wastewater could be reused](#) instead, pumped back into oil and gas wells as an alternative to potable water. A 2017 [study](#) by Scanlon and other researchers at the University of Texas found that more than enough water was flowing up from oil and gas wells to meet industry demand — if it had been recycled.

Some Permian producers, including Apache, [are](#) doing that. The company has set a goal to recycle 100 percent of its produced water in Alpine High; it said it has built five recycling facilities and is reusing more than 80 percent of its produced water there.

Texas Railroad Commission Chairman Christi Craddick speaks to a reporter on August 14, 2018. *Kevin Clancy/Newsy*

But hundreds of companies are drilling in the Permian. And the state doesn't require recycling. The Railroad Commission has merely tweaked its rules to make the practice easier.

"I call it the carrot — not the stick — approach," said Craddick, the commission's chairman. "Water protection and, frankly, protecting the environment is a priority for us."

Neta Rhyne thinks that's a complete misrepresentation. The Toyahvale resident, afraid the boom will irrevocably harm her community, has driven the 400 miles to Austin multiple times to complain at Railroad Commission hearings about the spread of wastewater-injection wells. She said she sees no evidence the agency will stop it. She's angry at the regulators and the companies alike.

"Why are they destroying our beautiful desert oasis to send oil to Asia?" she said.

The overwhelming boom

Sitting in his Odessa office in April, football helmets on top of his cupboard, the superintendent of the Ector County Independent School District teared up as he talked about the problems that have come with the oil boom.

It's one thing after another.

Student enrollment is 14 percent higher than it was six years ago. Classrooms are overcrowded but voters [rejected](#) a bond issue last year to build new schools. Staffers keep leaving for jobs in the oilfield. The district is a few hundred [teachers short](#), and new hires can't find anywhere they can afford to live.

In fact, housing's so tight in this county of nearly 160,000 residents that the two apartment complexes the school district purchased for that purpose are already full. And homelessness among students spiked 26 percent last academic year, with more than 2,100 living in shelters, doubling up with other families or otherwise displaced as housing costs outpace wages.

"The thing that really keeps me up at night is, are we giving the kids everything they deserve?" then-Superintendent Tom Crowe said in an interview a few months before he retired. "I get emotional about it. I've been doing this a long time and every day I worry, is there a kid out there who slips through the cracks?"

Tom Crowe, then-superintendent of Ector County Independent School District, in his office on April 12, 2018. *Marjorie Kamys Cotera for The Texas Tribune*

The boom is straining communities across the Permian. Neighboring Midland County has seen rents rise so fast — 65 percent since 2010 — that it's now the most expensive place to lease a home in the state, with Ector County close behind, according to U.S. Department of Housing and Urban Development figures. In the city of Midland, the average monthly rent for a two-bedroom unit tops \$1,700, up 30 percent in the last year, according to the listing service Apartments.com.

Incomes are rising here, but not nearly fast enough to make up for the rapid growth in housing costs, U.S. Census Bureau figures show. Jim Gaines, chief economist at the Real Estate Center at Texas A&M University, said the boom-bust nature of the area makes homebuilders wary of over-investing.

On top of that, builders are struggling to hire more workers given that oil jobs pay better. Newcomers and even longtime residents are living in “man camps,” RV parks, hotel rooms and cars. Advocates for the homeless say they're hearing about evictions and price gouging across the oil patch.

"It really just comes down to, if they're not in [the oil and gas] industry, then they're not going to be able to keep up," said Erika Thomas, executive director of Odessa Links, a nonprofit that helps the homeless. "You have your teachers, your nurses, people who are working decent jobs, but they just can't keep up with the cost of living."

Then there's the traffic — outright frightening in some places as heavy trucks have multiplied on a network of mostly rural roads. That's particularly apparent in Winkler County, population 7,600. Accidents there are up more than 70 percent this year, many of them on a road locals call “death highway” — State Highway 302.

Sitting before Texas lawmakers in April, Winkler's chief executive officer, County Judge Charles Wolf, said truck drivers carrying sand — an essential element of the fracking process — are making local roads unsafe. Because they're paid by the load, he said, the faster they drive, the more money they get.

“They will pass you in no-passing zones. They will pass emergency vehicles,” Wolf said.

West Texas' first frac sand mine opened in July 2017. Now roughly 20 mines are operating or under construction, many in Winkler County. Moving all that sand to Permian drilling sites this year will take 2,600 trucks, according to the oilfield market intelligence firm Infill Thinking.

Oil-related traffic is also chewing up pavement on roads and bridges that weren't designed to carry such heavy loads. Texas Department of Transportation data show the increase in traffic brought by the boom has damaged more than 3,000 miles of state highways in Permian counties. The agency has \$3.4 billion worth of projects planned for the area over the next decade — an investment it describes as “historic” — but, as of the end of July, it estimated that it still needs

more than \$1.1 billion for repair work and safety upgrades. Oil and gas companies, along with firms that serve them, have responded by paying for some road safety projects and providing housing for their workers. It isn't just to keep community goodwill. The industry's future depends on it.

“If we're going to continue producing at high levels for decades to come, we need to seriously look at the quality-of-life questions and, incrementally, I think we're working on those,” said Ben Shepperd, president of the Permian Basin Petroleum Association.

The locals' dilemma

Pecos Mayor Venetta Seals is glad the export boom arrived at her doorstep. The [city of about 14,000](#) in Reeves County had been economically depressed since the last oil boom in this part of West Texas decades ago, and Seals said it needed the revenue.

But Pecos wasn't prepared.

“We've all heard the saying, ‘Build it and they will come,’” she said in May. “Well, they came before we built it.”

Like other cities in the region, Pecos doesn't have enough money to fix all the new problems it's facing. The additional revenue coming from sales and property taxes, as well as utility fees, isn't enough. She's looking for help. And now she and every other Permian leader face a pressing question: “How in debt does any taxing entity go into to plan for something that may not be here tomorrow?”

They'll all have to make educated guesses, laying their bets on how much Permian oil and gas the world will snap up — and for how long. Decisions made by people thousands of miles away have more relevance to them than ever.

More than anywhere in the nation, people in this region know that a bust can always be around the corner. Many also are aware of what happened to their counterparts in South Texas a few years ago.

Starting a decade ago, communities in the Eagle Ford Shale — another oil- and gas-rich area near San Antonio — rushed to build schools, stadiums, hotels and restaurants to accommodate frenzied oil drilling. Cotulla, with 4,000 residents, [billed](#) itself as the “Hotel Capital of the Eagle Ford Shale” after more than 20 hotels opened there.

Then prices crashed. Industrial activity dried up. So did tax revenue. The small town of Alice [no longer](#) had the money to operate a brand new \$22 million swim center. The 75-room Malana, the crown jewel of Cotulla's hotel boom, [sat](#) vacant.

An electronic sign in downtown Midland displays the latest oil and gas prices along with rig count totals for both the Permian Basin and United States. *Marjorie Kamys Cotera for The Texas Tribune*

It's different now, of course. The world is the Permian Basin's market. That brings new risks — like the tariffs China just slapped on U.S. energy exports — but also an entire planet full of cars, power plants and factories that run on what West Texas has to offer.

“If anybody tells you how long anything is going to last they don't know the right answer,” said Craddick, the Railroad Commission chairman, who grew up in Midland. But “the bottom line is, I don't think that this is going away in a generation or more.”

The city at the center of the export boom is trying to settle in for the long haul. Leaders have choices to make — uncomfortable ones.

In April, Midland City Council members looked tortured as they discussed one such decision. With Midland struggling to keep up, the council was considering assessing a new drainage fee based on how much concrete covers a property — common in Texas but anathema to this conservative stronghold — so they could pay for basic city services.

They really didn't want to do it. But they voted in favor.

“No previous councils could have anticipated what was going to happen,” said council member Scott Dufford. “So here we find ourselves today.”

Then he put into words the fear of every town strapped to a rocket it can't steer, powered by companies selling to the world: “If we do nothing, we're going to be in even more trouble in 10 years.”

This article is part of a collaboration between the Center for Public Integrity, The Texas Tribune, The Associated Press and Newsy.

Texas Tribune journalists Brandon Formby and Chris Essig and Center for Public Integrity news developer Pratheek Rebala contributed to this article.

Disclosure: Apache Corp, the Environmental Defense Fund, Texas Tech University, the Texas Oil and Gas Association, the University of Texas, the University of Houston and Texas A&M University have been financial supporters of The Texas Tribune, a nonprofit, nonpartisan news organization that is funded in part by donations from members, foundations and corporate sponsors. Financial supporters play no role in the Tribune's journalism. Find a complete list of them [here](#).

Correction: A previous version of this story incorrectly stated how much student enrollment has grown at the Ector County School District. It's up 14 percent over six years.

