Australian Oil Company Eyes Pristine Corner of West Texas

MARFA, Texas (CN) – In the Permian Basin, the nation's largest and most active oilfield surrounding the cities of Midland and Odessa in West Texas, pump jacks are as common as pickups and the industry's presence is built into the fabric of daily life.

Just a few hours south, it is an entirely different scene: Mountain peaks dot the horizon and cattle graze their way across vast, open ranches where oil and gas wells are rare. City dwellers descend year-round on the tiny tourist town of Marfa, drawn by the allure of dark skies and high art.

Oil drillers have never hit it big in this rugged, borderlands region of the state, but a firm headquartered in Australia is now taking a swing.

Helios Energy Limited says it has found signs of oil across a potentially 200,000-acre stretch of rural Presidio County, Texas. The company has drilled four oil wells to date, one of which could enter full production mode in the coming weeks, according to materials compiled for the project's investors.

Representatives from Helios were not available for comment Wednesday.

Finding oil in this area “took some creative thinking to realize,” according to Peter Hennings, a researcher at the University of Texas who has studied the local geology extensively.

Wildcatters — drillers who poke around for oil where it is not guaranteed to be found — have come and gone in this corner of Texas through the years without much luck. The region’s complex geology makes oil hard to find, and even when it is there, the economies don’t always justify sucking it out of the ground. Helios’ initial plans call for leasing almost 47,000 acres in the area.

Presidio County, where Helios is exploring, has produced just 2,406 barrels of oil since 1993, according to records from state regulators. That pales in comparison to the more than 700 million barrels produced in Midland County, in the heart of the Permian Basin, over that same time period.

Just the prospect of expanded oil drilling in a region known more for ranching, hunting and tourism is likely to worry environmental groups who have warned in recent years about the potential consequences of the industry’s growth into new parts of Texas.

“This is the first big expansion into the core part of the Big Bend [region],” J.D. Newsom, Executive Director of the Big Bend Conservation Alliance, said in an interview. “I think it’s going to be a lot of surprise and shock for some people.”

Newsom said his group is concerned about the project's potential impact on local groundwater supplies, given that the hydraulic fracturing process can require huge amounts of water.

“Water varies between region to region, and we don’t know enough about our hydrology in some cases,” Newsom said. “That’s something we’re really concerned about and really watching.”

The Helios development is “in one of the most pristine and environmentally sensitive areas of Texas with habitats that are very easily damaged,” said Hennings.

The area is also prone to the kind of earthquakes that can be sparked when oilfield waste water is injected back into the ground, he said.

“Wherever they operate, oil and natural gas companies must adhere to stringent regulations that are working to protect the environment,” Todd Staples, president of the trade group Texas Oil and Gas Association, said in an email when asked about the Helios project.

“The industry is constantly inventing new methods to reduce our footprint and carefully restore the land when our work is complete, and we will continue advancing environmental performance through innovative research, technology, and operational practices,” Staples said.
It could be months before a full picture of the company’s success from its test wells emerges in reports to state regulators, according to Gabriel Collins, an energy expert at Rice University’s Baker Institute.

“Any time somebody finds new oil and gas resources in these remote areas, it’s always kind of exciting and interesting to see how they’re going to kind of crack the nut of trying to access it,” he said. “Everybody skims a cat differently.”