

Watching Over Robert Lee! This new Sunoco Logistics tank stands tall above Robert Lee just east of town off Highway 158.



New Business in Bronte! N. W. Grimes Geological, LLC is the owner of the new yard located just behind Pena's Red Barn in Bronte. The business, with offices and yards throughout central and north Texas, built this yard to store its trailers used for what many of us know as "mud-logging". This is the process of testing rocks from the hole to determine the content and potential production ability of a well. N. W. Grimes Geological has five employees in Bronte with an annual salary base of over \$250,000. This provides an economic impact to Bronte of over \$1,000,000 annually.

Texas – Blazing the path to Energy Independence

By Melinda McCutchen, Publisher

All across this part of the world a sense of what can only be called euphoria is building. The re-emergence of Texas' oil industry is the reason for all the excitement.

Commissioner Barry Smitherman of the Texas Railroad Commission reported that currently "Texas produces more oil than the United States imports from Saudi Arabia" and that "the need for foreign oil will be eliminated in the next 10-12 years."

He is not alone in his prediction. The International Energy Agency predicts the United States will produce more oil than Saudi Arabia within 8 years. Currently, Texas is #1 in oil production in the United States, with North Dakota coming in 2nd.

There are 5 regions in Texas with substantial oil production. They include the Permian Basin (including the Cline Shale), Eagle Ford Shale in south Texas, Granite Wash in the panhandle, Barnett Shale in north Texas, and Haynesville Shale in east Texas.

Records show that there are more drilling rigs operating in the Permian Basin right now than during the boom of the 1980s. Experts say the Cline is the largest oil play in America's history and puts the United States in position to become the world leader in oil production by 2017.

The United States Geological Survey reports the Cline as the largest discovery in the last 50 years in the Permian Basin. The Cline is said to be 200-550 feet deep and contain 30 billion barrels of recoverable oil. USGS puts Eagle Ford Shale at 7-10 billion barrels with North Dakota's Bakken Shale at 4.3 billion barrels. Not only is there a high quantity in the Cline, but quality is present as well. Early reports show the Cline containing 85% oil and liquid rich gas to only 15% dry gas.

Laredo Petroleum, active in the western portion of the Cline, has expanded its drilling activities and now includes horizontal drilling in the Cline and Wolfcamp shales. CEO Randy Foutch related "We believe the Cline Shale exhibits similar petrophysical attributes and favorable economics compared to other liquids-rich shale plays, such as in the Eagle Ford and Bakken shale formations. We anticipate it will turn out to be a pretty spectacular world class horizontal oil shale

target."

Earlier this month, Devon Energy spokesman Chip Minty said that Devon, along with Japan's Sumitomo Corporation, have 556,000 acres on the eastern flank of the Cline. The Japanese company invested 1.4 billion dollars in exchange for 30% of Devon's investment in the Cline.

Minty stressed they are still in the exploration phase – testing formations and trying to determine the best techniques. He said the company is hopeful and optimistic it will be substantive and Minty pointed to the new facilities they are building in San Angelo as proof of that optimism.

With 4 rigs currently drilling, Devon has drilled several wells with 6 already online. Results have varied on these wells. The company has plans for 30 more wells to be drilled in the Cline in 2013.

Minty refused to comment on reports saying technology still needs to be tweaked for wells drilled north of I-20. Although one analyst reported last month that "interest in the Cline has been trending south and has begun to spill over into Coke County in earnest".

The increased exploration and production is already having a beneficial effect in Texas. According to the Bureau of Labor Statistics, the average oil industry salary in Texas is \$112,000 per year compared to Texas' average salary of \$47,000 per year. Although oil and gas workers only account for 4% of all employed Texans, each one of these jobs creates another 4 jobs in other sectors. The 4 created jobs doesn't even include the explosion of job creation in the service industry (restaurant workers, etc.).

The State of Texas is also cashing in on the increased oil and gas activity through Severance taxes. This is Texas' tax on oil and gas production. Oil and gas deposits in Texas' Rainy Day fund are over \$1.8 billion in fiscal year 2013. This is almost one quarter of the \$8 billion total amount of the fund.

As with any huge expansion, this industry has problems to solve. One of these is a lack of housing and infrastructure capable of handling the enormous volume of new people, vehicles and equipment.

However, several cities and communities throughout the Cline are reporting housing construction projects already underway.



New Shop! This huge new building is part of the WTG Jameson yard in Bronte. The company designed the building to be a mechanic's shop and is preparing for the growth headed our way. Currently, this part of the larger WTG parent company has 51 employees, with 23 living in Coke County. With an average salary of \$50,000 per year, this company alone is adding over \$4.5 million in economic impact to Coke County.



Robert Lee RV Parks! The above RV park is being built in Robert Lee at the corner of Austin and 5th Street. It will provide even more spaces for potential oilfield workers. Carter's General Store and RV Park on Highway 158 East now has a total of 25 spaces. Both Bronte and Robert Lee have instituted ordinances regulating RV locations.

Another issue facing the industry is a lack of distribution capability for large amounts of liquid gas.

To meet this need, construction of new gas pipelines is already taking place. In addition, TeeKay LNG Partners, a liquid natural gas carrier, increased its capability to export liquid natural gas by adding 6 new vessels to its fleet in 2011.

This Page Sponsored By

First National Bank - Bronte

A Branch of the First National Bank of Sterling City

www.thefnbsc.com

(325) 473-2911