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Fronteras Desk

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New Mexico's Oil Industry Transforms Local Economies



Industry giants have these recruiting billboards scattered across southeast New Mexico.

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Audio Clip

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Navajo Refinery in Artesia, N.M., refines crude oil that turns up in gas stations in Texas and Arizona.

Drillers across the country are eager to profit from high oil prices. That's creating a lot of activity in once-quiet towns. In the Southwest, companies are flocking to the Permian Basin, one of the richest oil reserves in the nation. In one New Mexico hotspot, the oil industry is transforming local economies.

Oil production in southeast New Mexico kicked off thanks to one lucky guess. It was 1924. A driller, a geologist and an entrepreneur were exploring the barren desert near Artesia hoping to strike it big. Their first two attempts failed.

"The geologist was very nervous about picking the third location," said Hayley Klein, head of the Artesia Chamber of Commerce.

Klein knows the story well. She said the next move came from the entrepreneur, Martin Yates.

"Martin apparently had an almost superstitious belief in a woman's intuition. So he took his wife Mary out there and said pick the location," she said.

Yates' wife picked a spot. When the team drilled, it gushed oil. It was the first commercial well on state land.



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This 1952 mural by New Mexico-born artist Peter Hurd is the centerpiece of the new public library in Artesia.

"Martin Yates and his partners paid the first royalty to the state which was a \$159 check," Klein said.

Today Yates Petroleum is a private, family-run corporation and one of the top ten producers in New Mexico. The company is headquartered in Artesia, where its presence is clearly visible.

US Highway 82 runs through the heart of Artesia. But if it weren't for the 18 wheelers, most would never know it. The highway turns into a tree-lined street with sidewalks and charming storefronts. Just east is an oil refinery crowned by a 250-foot steel tower.

"We could not have done this without oil and gas," Klein said.

In March, the city unveiled a \$12 million library funded primarily by locally based oil and gas companies. The library features a 1952 Peter Hurd mural rescued from a now-demolished building in Houston. The plaster wall on which the mural is painted is 47 feet long and had to be reinforced with steel to make the long trip across state lines.



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Fast food services across southeast New Mexico are paying high wages to better compete with oilfield salaries.

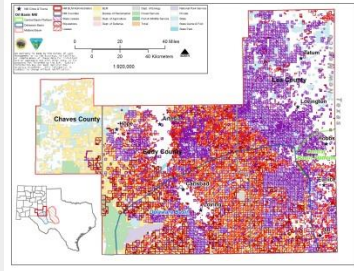
Industry money also went to restoring Artesia's performing arts center. It also funds college scholarships for local high school students. The Yates family even runs an oil-themed brewery off Main Street.

"This community has embraced the industry and the industry embraces the community," Klein said.

Worldwide it's boom time for oil producers. A combination of high prices and breakthrough technology is fueling economies in places like North Dakota, Texas, and California. New Mexico ranks sixth in the nation for oil production. New wells are drilled daily. Last year the industry accounted for roughly 17 percent of total state revenue.

"Oil and gas contribute a lot ... for public expenditures through things like schools and roads," said Jim Peach, an economist at New Mexico State University.

With unemployment hovering just above the national average, New Mexico is hungry for jobs. But not in the southeast, which has a shortage of workers. "Help Wanted" signs are everywhere. A Domino's Pizza in Artesia advertised driver salaries at \$15 to \$20 an hour.



Bureau of Land Management

This map shows the oil drilling leases and the three basins covering southeast New Mexico.

"If you're breathing, a high school graduate and can pass a drug test I'm sure you can get a job," Peach said.

To help recruit workers, New Mexico Rep. Steve Pearce organized a job fair in February for the energy giant Halliburton. He held the job fair 240 miles west of the oil hub in the town of Sunland Park. According to the congressman, 250 people showed up and 62 walked away with a job.

At a Walmart parking lot in Hobbs, about an hour and a half east of Artesia, a few truckers hung out after a long day. Each makes between \$2,000 and \$5,000 a week moving sand for drilling wells. That paycheck convinced Jess Melton, 25, to become a trucker straight out of high school.

"There's no point in me going to college if I can triple my money from spending \$45,000 for a degree when I can already outrank them and not even have to go to college," he said.

This year Melton plans to vacation on a beach in Florida. Meanwhile, his employer, an independent trucking company out of Texas, is looking to double its workforce.