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# New Mexico oil country struggles as cities boom

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This April 9, 2014 photo shows employment signs inn the city of Hobbs, N.M., which are competing for workers to keep up with development in the midst of an oil boom. Virtually every business in town has a help wanted sign out. (AP Photo/Jeri Clausing)

CARLSBAD, N.M. — The oil field trucks and big rigs rumble through morning and night, creating a first-ever rush hour in this otherwise sleepy 1960s-era tourist and mining town. Hotel rooms along the clogged two-lane highway are mostly booked, some of them fetching nightly rates that rival those in Manhattan.

Businesses desperate for workers will hire anyone who can pass a drug test, locals say. Finding a house, however, is another issue. So is getting a hamburger at the local McDonald's, where crowds make a meal a drawn-out ordeal.

Carlsbad is centered in one of the most productive regions of the oil-rich Permian Basin, which is concentrated in Texas and stretches into New Mexico. The basin has long been a robust oil corridor, but

the discovery of rich fields in southeastern New Mexico and advances in drilling technology have transformed once-quiet cities like Carlsbad into boom towns.

As a result, the city of 26,000 people is struggling to keep up with its fast-growing population and the accompanying challenges, from housing shortages, higher crime rates and a spike in deadly accidents between big rigs and cars on narrow country roads. It's one of the few areas of New Mexico experiencing an economic boom.

"We just can't keep up," Carlsbad Mayor Dale Janway said.

The upswing mirrors those in North Dakota and Montana where the discovery of oil turned towns into thriving cities virtually overnight, creating similar issues of crime, road safety and lack of housing.

Despite the growing pains of New Mexico's boom, the oil industry points to the economic benefits it can bring in the form of jobs, business development and taxes. An industry trade group says it's worked with governments to solve problems like housing.

With more workers pouring into the state, crime has been rising. Last month, police say an oil worker from Texas admitted killing his visiting girlfriend after an argument in a local bar.

But officials here and in the nearby city of Hobbs say the biggest challenge is keeping up with housing demand and other infrastructure needs.

Lexi Allen of Hobbs said she and her family got a letter ordering them to move from the mobile home they rented for seven years after an oil company offered her landlord \$2,000 a month to house its workers. Allen was paying \$1,300 monthly.

"They didn't even have the courtesy to talk to us," Allen said. "It said we were offered more money by the oil company ... so you have to be out in 30 days."

New apartment complexes have waiting lists as soon as construction starts. RV parks are overflowing with oil workers and families, who have given up on finding anything else affordable. And roadside hotel brands like the Hampton Inn and Holiday Inn Express are charging as much as \$300 a night.

"We have a new society out there that's called an RV society," Hobbs real estate broker Bobby Shaw said.

The problem is that the oil industry has the unique ability to expand almost overnight, Hobbs Mayor Sam Cobb said.

"You can stand up a drilling rig in two days. Twenty-five jobs are created that quickly," said Cobb, whose town has been struggling for years to build enough houses and hotels to catch up.

And given the region's boom-and-bust history, some development is hampered by an underlying fear that the riches will fade as fast as they came.

"There isn't a major lender in the country that hasn't had some foreclosed property in the energy sector," Cobb said.

Wally Drangmeister, a spokesman for the New Mexico Oil and Gas Association, said the group has met with members of Congress and local lawmakers, working to expedite housing and underscore challenges that accompany quick expansions.

“There’s obviously not a silver bullet answer for things like the housing or the roads, but we’ve been active, we’ve been trying to do everything we can to be supportive,” he said.

Drangmeister acknowledged communities’ fears of a bust.

“We don’t know any more than anybody what the price of oil will be in the future,” he said, adding that there will be high levels of development “as far as the eye can see” if prices stay above \$80 per barrel.

Carlsbad, meanwhile, is struggling to adapt to the influx of transient oil workers, a new breed for a city that previously existed more along the fringe of oil country. Past booms here have brought miners, scientists to the federal government’s underground nuclear waste dump and tourists visiting Carlsbad Caverns National Park.

Eddy County, where the city is located, last year became the top oil-producing county in New Mexico, pumping out 51.5 million barrels of crude.

In Carlsbad, perhaps the biggest public safety danger is the unchecked heavy truck traffic and DWIs on the narrow rural roads lined by oil rigs, said Janway, the mayor. Eddy County has already recorded nine roadway fatalities this year, compared with 15 in all of 2013.

Janway recently sent a letter to Gov. Susana Martinez, pleading for help to increase patrols on rural roads.

The city also is struggling to meet housing demands. It’s working on annexing a new master-planned community that would ultimately house about 9,000 people south of town.

Still, housing is less of a challenge in Carlsbad than in the traditionally more oil-dependent Hobbs, Janway said, because it never suffered the long bust and subsequent dramatic boom. But Carlsbad trails in attracting retail, restaurants and hotels because of its more remote location, he said.

With each new business comes increased competition for workers. The McDonald’s in Carlsbad is offering up to \$55,000 a year for a manager. Virtually every company in Hobbs has posted a help-wanted sign.

“We cannot even begin, though our economic development corporation, chamber of commerce, to consciously go out on an employment campaign across the country because if we had 100 people come to town hunting for jobs we’d have no place for them to live,” Shaw said.