

Though outside Eagle Ford Shale, Alice reaps big gains from oilfield boom

By Mark Collette

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ALICE — John Villarreal built one of the fastest growing companies in Alice on a foundation of sand — millions and millions of pounds of it.

SandPro trucking started two years ago with three trucks hauling sand to the oil field, and four employees; today it has 350 trucks and more than 400 employees around the state.

SandPro and other companies that have brought jobs, money and people to Alice since 2009 illustrate the remarkable ripple effect of the drilling frenzy on towns not directly over the Eagle Ford Shale. The closest producing Eagle Ford well is about 40 miles away, according to a Texas Railroad Commission map.

You wouldn't know it judging by the city's sales taxes. For the fiscal year ending Sept. 30, Alice budgeted \$650,000 a month in sales tax revenue. Only one month came in under \$1 million, giving the city a \$6 million surplus, City Manager Ray De Los Santos said.

Like Three Rivers, hotels in Alice are full and there's a housing crunch, forcing oil field companies such as Weatherford International to get creative. In Alice, the company converted an old restaurant into a "man camp," the industry term for temporary housing for workers. And in neighboring San Diego, the company found an investor to revive an old motel building that had become a hotbed for crime.

Weatherford's staff in Alice dipped from 60 to 27 in late 2008 when oil prices plunged. But with the boom that came with advances in hydraulic fracturing — the process of splitting rock formations to release oil and gas — the company added more than 300 workers here, said Art Maldonado, area facility manager.

Drillers use a mix of water, chemicals and sand — loads and loads of sand — to prop the rock open. A single drilling job once required about 200,000 pounds of sand; with the new fracturing process, it may take up to 4 million pounds, SandPro owner Villarreal said.

This week, Villarreal's truckers were unloading 16 million pounds — the weight of about 1,500 average African elephants — of sand from a Chinese shipment at the Port of Corpus Christi. They haul it to distribution centers in Beeville and Alice. Between Alice and Agua Dulce, Weatherford has built a sand storage and loading facility and revived an old rail spur to haul in sand.

"The amazing part is not only are we experiencing this, but we're not even in the shale," De Los Santos said. "For me as a city manager that's not only wonderful; it's a concern because we have to stay relevant to those companies."

Part of this windfall is simply luck. Alice happens to lie almost exactly on the center of the southern edge of the shale play, about 100 miles from both Laredo to the west and Gonzales County to the north, which mark the ends of the most active parts of the shale. That makes Alice a logical hub for oil field services.

But the city also has a history with oil dating to the 1920s. During that boom, the town served as a distribution point for supplies and Alice adopted the slogan "Hub City of South Texas." Population peaked in the 1970s at more than 25,000, but the oil bust of the 1980s brought a sharp decline, and by 2000 it was down to 19,000. The most recent census data shows the population rising again, but you don't need a column of numbers to see the change.

Irene Govea said Main Street, where it separates from the main thoroughfare, State Highway 44, looked like a ghost town in the 1980s. When she opened her Main Street clothing boutique, Cosa Bella, in 2010, her shoe supplier told her she was crazy to start a retail business in small town during an economic slump. But he was from Dallas and didn't know about the South Texas boom.

"Whenever the men get paid," Govea said, "the ladies do come shop."

De Los Santos said the challenge now is to look ahead to the next bust, to find a way to diversify a city deeply rooted in the oil field so that it will have other economic drivers when production stops. Because of the aging population, one driver could be health care, he said.

"Alice is oil field," said local developer Newell Atkinson. "Without the oil field, Alice is zero-minus."



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