

Eagle Ford shale builds new businesses and drives sales throughout region

12,600 jobs, \$512M payroll credited to formation in 2010

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CORPUS CHRISTI — An enterprising welder picks up his business, including his employees, and moves it to Corpus Christi.

A veteran former car salesman and trusted former associate rev up a second career, padding his retirement and giving him a torch to pass to his son.

Another longtime salesman still in the car business is catching the bulk of a regional 140 percent increase in Ford fleet truck sales.

Three examples of the ingenuity the economic boom driven by Eagle Ford Shale drilling is bringing to South Texas.

The formation — a 50-mile-wide underground ribbon of oil and gas deposits trending northwest for about 400 miles from the Rio Grande to Central Texas and beyond — supported about 12,600 jobs and a total payroll of \$512 million in 2010, according to a University of Texas-San Antonio study.

Estimates for 2011 likely are larger. The effects spread 40 miles from the heart of the drilling activity to Corpus Christi.

Some workers are building new hopes on their long-honed skills. Others are entering uncharted business territory with new ventures to grab part of the workload to help the region keep pace with development.

SECOND START

All it took was one drive, and Bob Crow was hooked.

Through Kenedy and the South Texas towns he knew as a hunter, he saw restaurants he frequented during quieter times now with long lines.

He remembered the words of his longtime trusted friend and San Antonio businessman Red McCombs: "He said, 'I want you to know the Eagle Ford Shale will have the largest financial impact on South Texas than anything that will happen in your lifetime,'" Crow said.

He had to join in the play.

"That's when I really got fever," Crow said.

Crow approached his then-general sales manager at Sames Crow Ford, Sergio Ibanez, and Crow's son, Dos.

When his partner bought him out at the dealership, there was no question Bob Crow knew his next step: Rafter C Services.

Bob Crow is setting up

the company with a growing fleet hauling sand to hydraulic fracturing sites across the Eagle Ford region.

He wants to pass it along to Dos Crow, who this month finished his commercial driver's license training — one of the hottest in-demand tickets for getting involved in the Eagle Ford play.

Dos Crow called starting the company a way to take advantage of the last bastion of the American dream, where someone can go from a small shop owner to a millionaire. It's different from the car business, which takes a lot of capital to get started.

"I kind of like the freedom that the oil business kind of nurtures," Dos Crow said. "It's a little more wilder, a lot more entrepreneurial."

With the connections Ibanez has established with his ICCB Inc. trucking company, it didn't take long for those trucks to get full use.

Once he found trucks.

There's such a demand for tractor-trailers in the region that even a veteran car salesman doesn't get much wiggle room to negotiate. It took Crow three months to find the company's first three trucks.

Getting enough drivers is a secondary issue, as the local applicant pool is full of people who know they're in demand, Dos Crow said.

Ibanez's ICCB hires and screens drivers and handles billing and other business duties for Rafter C and the other companies he leases on as he builds a network of hauling contracts with sand companies.

"I knew the need for sand hauling, and I honestly thought it would take a longer period of time to get to where we are today," Ibanez said.

It wasn't easy. Beginning with three trucks, he squeezed into line alongside companies with dozens and hundreds of vehicles.

Ibanez now oversees 20 trucks hauling a combined total of 500,000 pounds of sand per day down the region's caliche roads to remote drilling sites.

Ibanez's phones ring at 7 a.m., and by 7 p.m. he sometimes has had as many as 120 calls, mostly from potential customers shopping for new carriers.

There also are calls from other startups seeking advice. Ibanez studied Eagle Ford for about a year before jumping in and advises other independent businessmen on how to navigate the tough industry.

"I'm actually helping people learn how to make a knowledgeable investment and to make a way into this business," Ibanez said.

Ibanez's contacts made Rafter C possible, Bob Crow said. The Crows plan to gradually expand their fleet to walk the line of meeting demand but not outpacing it.

What they don't worry about is whether there will be enough work.

"If a guy or a woman is willing to work, there's a job; I promise you there's a job," Bob Crow said.

Bob Crow said Eagle Ford is helping him set his financial future as he moves back toward his first love — a car dealership.

Crow soon will be a Mercedes-Benz dealer outside Corpus Christi, he said.

He still is amazed by Eagle Ford's impact, which he sees every day.

"You take somebody that was struggling in George West to rub two nickels together, and suddenly they've got unimaginable wealth," Bob Crow said. "That's happening all over Highway 72."

STARTING UP

After 10 years working at a refinery, third-generation welder Dave Heasley decided to go it alone.

He used what retirement he earned and borrowed money from his biggest booster — his father — and started DP Machine & Fabrication in his grandfather's shed in Orange Grove in 2003.

Heasley said he loves the problem-solving part of his job. An order once came in to build a special pipe for filling a tank at a rig site. The customer's service hand delivered the part to the wrong location. Too big for the equipment at that site, they said.

But the customer was so impressed with the part that he began placing his orders with Heasley.

"The customer I built it for, he picked up another client because of that thing," Heasley smiled.

Other orders came in, including another big project for a custom-built truck for hydrostatic testing, or pumping water in and out of a pipeline at high pressure to test the pipe's strength.

Then Eagle Ford came on strong. In hopes of catching the economic phenomenon sweeping South Texas, Heasley moved his business to a metal building in the 8200 block of Leopard Street, on the edge of Corpus Christi's Westside.

The hope is that Eagle Ford brings more customers to generate more revenue to buy his property, expand and hire more welders. The reality has been finding and retaining qualified workers.

"The oil field's got them taken up," Heasley said.

A steady workflow is building. He estimates he has talked to about 200 companies that could use his services and netted only a handful of new customers.

"The only time we pick up a customer is when they're sick and tired of who they're using," Heasley said. "It's just a hit or miss deal."

That's changing, and Heasley said a recent invention is helping. Heasley came up with a modified design for a mix plant, which is a system with a 14,000-pound tank hooked up to wells that mixes up lubricants to help with horizontal drilling.

Heasley said he has found a way to simplify the process, use less horsepower and save fuel. The mix tanks are companion pieces to the open-top tanks Heasley's crew also builds. The tanks collect and filter the mixed fluid and rock that shoot back to the surface so the fluid can be reused in well operations.

Heasley said he will continue working on other ideas, sketching them as they come to mind. In the end, making good equipment and having a good product will bring more business his way, he said.

"That's the way they did it in the old-fashioned days, and it worked," Heasley said.

FLEETING

There are estimates that the economic cycle being powered by Eagle Ford could remain on the upswing for a few years to a decade or longer.

In the car market, Access Ford General Manager Tom Grover said in his 33 years in auto sales, cycles in that industry come in three- to four-year intervals.

Eagle Ford production began in a market already softened by the national economy. About 18 months ago a surge began at Access "literally overnight," Grover said.

Between January and September 2010, the dealership sold 35 fleet trucks, or groups of trucks bought by a business for commercial use. During that same period this year, 257 fleet trucks rolled off the Calallen lot, Ford Motor Co. figures show.

October figures show that number may now be 300 fleet units sold, Grover said.

"It's a pleasant surprise," he said. "We can see when these oil field companies and these support companies start hiring."

Companies are buying fleet trucks such as F-150s by the dozen in some cases.

Across the South Texas region from Corpus Christi south to the Rio Grande Valley, Ford Motor Co. reports 245 fleet trucks sold between July and October this year, compared with 101 during the same period in 2010, company figures show.

Those trucks get heavy use on some rough terrain, which usually brings them back to the lot.

"We're seeing that already in the service department," Grover said. "These trucks are out there in the fields working, and they either need maintenance or what have you."

Grover said he's noticing three main groups that can be traced to Eagle Ford.

There has been a surge in people buying heavy-duty flatbed trucks who don't work in oil fields but are wanting to get into oil field work as "hotshots," or couriers ferrying parts to different sites.

Also, people have more money to buy new personal vehicles, Grover said.

"The wages are good for these guys, and they're doing a lot of overtime, so we're selling more cars and trucks," Grover said.

The men and women of Eagle Ford also are buying used vehicles, maybe an extra one for their families or just something a little newer and more reliable.

The business lifted Access Ford's sales quicker than the dealership projected. Now it is beefing up its inventory, preparing for the boom to continue possibly through two sales cycles, Grover said.

"It's coming from the oil field sector," Grover said. "It's the average Joe that's working on a rig, just the hardworking guy."



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