



Pillars of Fire

If you are looking for a free-trade success story, come to Midland

BY KEVIN D. WILLIAMSON

Midland–Odessa, Texas

THIS place is famous for two things: One of them is what locals lovingly refer to as THAT GODDAMNED BOOK, and the other one is oil—the oil business, oil money, and oil jobs—none of which is ever very far from the minds of the good citizens here, from shift laborers to the degreed-up nerds of VERY HIGH TECH to the inevitable rash of bankers and lawyers who crop up like mushrooms wherever money is being made, even under the pitiless glare of Buzz Bissinger’s Friday-night lights, even when all of Midland, Texas, is gathered in prayer to the ONE TRUE GOD WHO ABIDETH IN THE END ZONE, even when it’s crosstown rivals facing off, the Midland Bulldogs against the Robert E. Lee Rebels—Robert E. Lee High School being the alma mater of Laura Bush, Tommy Lee Jones, Rex and Ryan Tucker, and Junior Miller—even when the home-team quarterback, a six-foot-four 221-pound beast of a high-school kid who rejoices in the superhero-worthy name of “Suddin Sapien,” crashes over the Rebels like Sherman to sneak a keeper across the goal line.

In truth, Sapien & Co. are having a rough time of it tonight. The Rebels have a couple of big mean guys in the backfield who spend the game manhandling the defensive linemen who are

supposed to be manhandling them: The Rebels run the ball about 70 yards up the middle for a touchdown on their second play, which does nothing at all for the spirits of the home team. It doesn’t get any better for the Bulldogs. As the first quarter comes to a close, the young Bulldog sitting behind me tells her grandmother that her frustration is so intense that she’s going to have to switch to Spanish for the remainder of the evening. The couple down front in T-shirts identifying them as the parents of a mixed family—“TWO REBELS, ONE BULLDOG”—try not to act more than one-third excited. Sapien puts up a manful fight with a high-stakes long-range passing game, but in the end the Rebels literally run away with it.

If it isn’t much of a game, the spectacle is something: The Bulldogs’ purple-plumed marching band covers the entire field, and there are ranks and ranks of cheerleaders—they seem to have about four different kinds of cheerleaders, each class in distinct livery—and the home team takes the field barreling out of the mouth of a giant inflatable bulldog. The visiting Rebels—they’re *technically* the visitors tonight, though the two teams in fact share the stadium, which has a capacity of 18,000 people—come out through a much less impressive inflatable arch, but they have a smoke machine, which buys some cool points.

There's all sorts of TWO AMERICAS cultural distinctiveness on display here, the sort of thing that gives the willies to your familiar irony-dipped secular-urban Brooklyn-dwelling MFA types, from the Evangelical hand-holding among team captains as they stride out onto the field to the weird little military ceremony that has for some reason become a standard part of the order of grid-iron worship, and, Cupcake, you'd better *believe* that all hats come off of all heads when the high-school ROTC honor guard comes out to present Old Glory—even the band trumpeters who step forward to play a fanfare set their tall shakos down on the artificial turf, and nobody but nobody is taking a knee.

It's an impressive display and, one cannot help but calculate, an *expensive* one, especially in a county that pretty seriously considered shutting down its public libraries not too long ago. But it's no mystery where the money comes from—it's on billboards all around the stadium: RK Pump and Supply, Henry Resources, Concho: "Midland-Based and Midland Proud," Anadarko, Occidental Petroleum. Out there in the stands, the line between fleece-vested Wall Street finance bro and fleece-vested Midland petro bro is not entirely distinct, and that is no accident. The oil-and-gas business out here accounts for only 20 percent of direct employment, but those 20 percent of workers account for 70 percent of wages. A young roustabout who cheerfully describes his job as "MIXING MUD!"—preparing fracking fluids—also cheerfully reports that he'll make about \$90,000 this year. He's 21 years old. And, of course, a great many of the workers not directly employed in energy-related concerns are effectively auxiliaries to the industry, from restaurant owners to Uber drivers.

A few lucky kids from this little island of civilization in the desolate and blasted Martian landscape of West Texas have gone on to make their fortunes in football and other sports. One of them, Susan Graham, became a famous opera star. But there are a lot more fortunes to be made out there in the mud, mixing it up.

THIS town used to have a Rolls-Royce dealership," says Stephen Robertson of the Permian Basin Petroleum Association. "That was back in the Sixties, when Midland probably had 60,000 residents." Things have changed a little since then: You see the occasional Range Rover and a fair number of Rolexes, but the billboards mainly advertise the latest in fashion that is "FR"—flame resistant. Dangerous business, oil and gas.

Midland's population is a tale of boom and stagnation, though mostly boom: It went from 9,352 in the 1940 census to 21,713 in 1950 before nearly trebling to 62,625 in 1960. In 1970, it fell back below 60,000. Then came the 1970s oil crisis, which saw Midland's population jump up to 70,525 in 1980 and 89,443 in 1990—high oil prices aren't a "crisis" around here: They are manna from heaven. The population of Midland currently sits at 136,089 permanent residents, though it also has a substantial itinerant work force, many of them housed in the semi-permanent "man camps" that have cropped up around the oil patch in response to the city's chronic housing shortage. The median rent on an apartment in Midland is almost three times what it is in comparable nearby Texas cities—closer to Southern California than to most of West Texas. Midland's slightly more rough-and-tumble sister city, Odessa—"the worst town on earth," Larry McMurtry called it in *Texasville*—is not a lot more affordable.

There is a great deal of highly specialized short-term work in the oil business, with crews traveling from place to place as needed. One of the results of this is that Midland has a kind of upside-down hotel market, in which weeknight rentals are about 2.5 times the weekend rate. Investors and bankers with a lot of history in the cyclical (sometimes viciously cyclical) oil business are hesitant to put a lot of money into construction of apartment buildings and lower-cost developments, so houses out here tend to be built one at a time. There are vacant and underused buildings downtown that are ripe for residential conversion, but the high up-front costs (asbestos abatement is a factor in many old buildings) have discouraged the sort of developers who might have jumped feet first into another booming market. The geologists and engineers and pipeline builders are confident that they can find the oil, but they sometimes have a hard time finding the workers.

"One of our issues is work-force growth," Robertson says. He is a lawyer by profession, but he has spent many years in and around the oil business and takes a clear-eyed view of its ups and downs. "We have a product and a price that responds to supply and demand, and that's the reality. Things can change." One of the problems the industry faces during booms is that people act like they will never end. "How do you take a kid who is in high school, who maybe comes from a one-parent family where that parent is making \$90,000 a year driving a truck, and convince him that that's not what he should do after high school—or even *during* high school? How do you convince him to stay on and continue with his education? We need engineers, we need geologists, we need these highly technical jobs. You might make \$70,000 . . . *this* year. But you'll make so much more if you pursue your education."

But that doesn't necessarily mean a four-year degree. The oil business has a little bit of a gap in the middle of the education curve: They know where to get low-skilled labor, and they know where to get engineers and guys with Ph.D.s. But there's a blue-collar sweet spot in between for skilled tradesmen, from welders to pipefitters. Among other initiatives, the local school system has set up something called the "Petroleum Academy," which supports the educational development of both college-bound students and those interested in oil-field jobs that require some further education but something short of a bachelor's degree in engineering. And once those workers are in oil-field jobs, there is real value to continuing education oriented toward professional development rather than toward an academic degree.

The invisible hand of the local labor market is pretty efficient at connecting low-skilled workers with low-skilled oil-field jobs, some of which pay pretty well, and most of which pay a lot better than the next-best job a low-skilled worker is likely to find. But a little extra something can make a huge difference: The local Chick-fil-A is offering \$13 an hour to start, which is not bad for a fast-food job that guarantees you Sundays off, but a guy with a class-A commercial driver's license—or a guy with a clean driving record who can *get* a class-A CDL—might plausibly pocket a signing bonus that amounts to most of what that \$13-an-hour food-service worker would earn in a *year*.

(An interesting cultural consequence of the local labor market: Those oil-field jobs are largely though by no means exclusively held by men, and the *daytime* work of the city's service industries, from restaurants to hotels, appears to be done almost exclusively by women. I did not encounter a single man

working a customer-service job during daylight hours, though some younger, student-age men showed up at those jobs in the evenings.)

“The American dream of being able to pull yourself up by your bootstraps—that’s what the oil business offers,” Robertson says. Lots of people move to Midland for white-collar jobs—you can overhear them talking biocides over cigars and fine wine on the patio of the Hemingway as Ford F-350 Super Duty trucks idle in the lot looking for a parking space—but fewer workers make their way to the oil patch for blue-collar jobs, even the high-paying ones on offer in Midland.

Why not?

“Where would you put them?” Robertson asks. “Think about the man camps—it’s right there in the name: It’s not a place you bring your family.”

WHEN people think of oil, they think of Exxon, Chevron, Shell—“Big Oil,” as they are sometimes denounced. But that’s not really quite right. Petroleum economist Karr Ingham calculates that in Texas, independent operators drill 96 percent of the wells and produce 92 percent of the oil. For years, many of the majors acted essentially as landlords, holding leases and taking their royalties but leaving the hard and dirty work—and the big investments—to others.

That has started to change because of developments technological and political.

The Permian Basin was, for many years, consigned to the ash heap of “legacy” production, meaning that the conventional wisdom was that the reserves had been identified, the wells had been drilled, and all that was left to do was to keep those wells operating until they went dry. That would be that for the Permian Basin, and for Midland. But the combination of hydraulic fracturing and horizontal drilling—the “unconventional” play—undid that conventional wisdom, unlocking a Saudi Arabia’s worth of oil and gas in Texas and New Mexico and more elsewhere throughout the United States and North America. The Permian Basin went from producing about 1 million barrels of oil a day to producing 3.5 million, and it is expected to produce 7 million barrels a day within a few years. The pressing problem right now isn’t getting at the oil but getting that oil to market as production threatens to exceed pipeline capacity. Industry leaders are confident that transportation will keep up with production; the real challenges, in the eyes of many of them, are related to public goods, governance, and quality-of-life issues: making sure that the communities in which they operate have good schools and enough of them, doctors and hospitals, and roads.

Seven million barrels a day: That would be a lot of oil. But it’s complicated: In spite of what the politicians sometimes say, the United States is not today a net exporter of oil; the country’s net imports of oil run on average from 2.5 million to 3 million barrels a day, according to the U.S. Energy Information Administration. The same agency forecasts that 2018’s net imports will be about 60 percent less than those in 2017, with the United States importing the smallest share of its oil since the 1950s.



“An ingenious, always
provocative analysis of
history’s most lethal war.”

—KIRKUS REVIEWS
(STARRED REVIEW)

AVAILABLE NOW
IN HARDCOVER AND E-BOOK

 hachette
BOOK GROUP



BASIC
BOOKS

www.basicbooks.com

The problem is that oil is not an undifferentiated commodity: There's light oil, which is what the United States mostly produces, and there's heavy oil, which accounts for about 90 percent of the crude the United States imports. Because the United States was for so long oriented toward imported heavy oil, most U.S. refineries are optimized for that kind of crude. In fact, the United States does not have the refining capacity to process all that oil known as "Texas light sweet" coming out of the Permian Basin—which is why the federal government's recent decision to lift its insane ban on oil exports has been so important to the players in Midland: They had the oil, but they needed a market. If you are looking for a free-trade success story, come to Midland.

That has emboldened the oil industry. It also has emboldened the United States government, which just moved to reimpose all of the sanctions on Tehran that had been lifted by the Obama administration. Thirty years ago, the prospect of the Iranians' getting froggy and shutting down the Strait of Hormuz was enough to clench sphincters from the Oval Office to Downing Street. And it is still the case that oil prices are determined in a very dynamic worldwide market, meaning that Middle Eastern shenanigans still have the capacity to punch Americans in the wallet. But the United States is also on its way toward becoming the world's largest oil exporter—and, as of September, the United States was the world's largest *producer* of crude oil. If the ayatollahs get wild, things might not go the way they did the last time around. The most likely outcome would be the reopening of that Rolls-Royce dealership in Midland. A senior executive says that he expects the coming few years to be "transformative" not only for the oil business but also for everything it touches, from the domestic economy to foreign policy.

We have the oil, and we have the technique for getting to it. What's needed is physical infrastructure. Between 1998 and 2014, there was not a single new refinery built in the United States. At the beginning of 2018, five new ones had come online, one in South Dakota and the rest in Texas. The Port of Corpus Christi is now the nation's largest oil-export facility, and it is developing at a staggering pace: Geneva-based commodities trader Trafigura recently put \$1 billion into an export terminal in Corpus Christi, allowing it to service Suezmax tankers, i.e., the big boys that can hold 1 million barrels of crude. Now the same firm is planning to fund an offshore buoy to service VLCCs—Very Large Crude Carriers—the truly gigantic oil transporters that can bear 2 million barrels of crude at a time, which are too large to squeeze comfortably into existing infrastructure. That's another few hundred million dollars in investment in real physical capital. The next time somebody tries to tell you that "financialization" has led to "deindustrialization," give that some thought.

ONE of this is pretty. There's no such thing as clean energy. Oil, gas, nuclear, the endless colonies of wind turbines looming over the Texas prairie—even the great green god of solar power must bow to that reality: Do you know what the panels that photovoltaic cells are mounted in are made of? They are made of polyester. Do you know what polyester is made of? It is made of oil. Natural gas may burn cleaner than coal, but getting to it can be ugly. Energy is about tradeoffs, and the oil business employs more professional environmen-

talists than probably any other business in the world. You would not believe how much investment—and professional peer pressure—has gone into making sure that Permian Basin oil production does not unduly disturb the lesser prairie chicken and the dunes sagebrush lizard. The oil industry tends to go above and beyond what's legally required of it, as a way of keeping the EPA at least a little bit at bay. But there are all sorts of challenges, from earthquakes to the more mundane (but probably more consequential) business of dealing with fracking wastewater. (See "The Truth about Fracking," NATIONAL REVIEW, February 20, 2012.) Managing those is a full-time job for a lot of very bright and earnest people with expensive educations and mandates from the public and private sectors both. They are, almost to a man and woman, confidence-inspiring.

I am a native of this place, and I have a great deal of affection for it, but not so much as to fail to appreciate that Providence has located much of this country's oil where getting at it would do the least violence to the natural pulchritude of the American landscape. You could build 30 refineries and five New York Cities between Midland and Dallas without disturbing much of anybody besides a few rattlesnakes and perhaps the good people of Sweetwater, Texas, whose annual Rattlesnake Roundup is the social event of the season. (Congratulations to Cyera Pieper, winner of this year's Miss Snake Charmer pageant.) All in all, one naturally prefers a world in which the lesser prairie chicken may frolic freely across the desert, fulfilling his natural role in the local ecosystem: coyote chow.

The first European to venture into these parts was Francisco Vázquez de Coronado y Luján, who reported in 1541: "I reached some plains so vast that I did not find their limit anywhere I went, although I traveled over them for more than 300 leagues. With no more landmarks than if we had been swallowed up by the sea, . . . there was not a stone, nor bit of rising ground, nor a tree, nor a shrub, nor anything to go by." That was a problem for the explorer, who had his men drive wooden stakes into the ground at regular intervals, a makeshift trail of bread crumbs to lead them home out of that big vast empty place. Hence, the region is known to this day as the "Llano Estacado," the staked plain. It is not quite so featureless now: The black towers of oil refineries rise like sinister citadels out of the desert, along with the truck stops, the billboards, and, closer to town, the churches and massage parlors, both of which abound in oil-patch towns.

And then there are the flare stacks, the great tall towers used to vent unusable waste gas out of oil and gas wells, which send dramatic columns of fire up into the night sky: pillars of fire, which ought really to resonate in the imaginations of these largely churchgoing communities but which in fact are passed by as though they were no more remarkable than a bus stop or another franchise casual-dining restaurant. The new breed of investors and producers may be in it for the long term, but there still is a feeling of *temporariness* around much of the oil industry, all those cheap steel buildings and portable man-camp trailer huts clinging to what is under these tall skies much more obviously comprehensible as the thin and rocky crust of a planet. Driving across it, you get the feeling that one good biblical storm could wipe this whole slate clean, that there would be nothing left behind except the utility poles, which look like they've been there forever, stakes on the plain left by a different breed of explorers after a different kind of gold.

NR

Copyright of National Review is the property of National Review Inc. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.