

# How NM's oil and gas boom is spilling over to the need for other services

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Imagine waiting 45 minutes to an hour to eat at a chain sit-down restaurant in the middle of the week. That's the reality of living in the middle of "Permania," as some call the oil and gas activity in the Permian Basin.

The growth of the oil and gas industry in southeastern New Mexico has spilled over into several needs for its growing economies, namely the housing and retail markets.

Business First spoke with officials in the heart of the oil boom about what the spike in oil and gas production has led to and what's needed next in their communities.

The city of Carlsbad reported gross receipts taxes of \$10 million to \$20 million last decade. Then those tax collections climbed to \$30 million, \$40 million, and exploded to more than \$66 million in the 2018-2019 fiscal year.

"Retail indicates how much money people have to spend in our community," said John Waters, executive director for Carlsbad Department of Economic Development. "The goods and services across the board that have definitely benefited from our phenomenal economy here."

The boom has contributed to flights from Hobbs to Houston and Denver and multimillion-dollar projects, such as a more than \$60 million aquatic center, proposed construction of a \$75 million hospital and a \$50 million vocational high school.

"At the heart of the Permian Basin, Hobbs, New Mexico has a long history of being ready to take advantage of this most recent boom," Josh Grassham, vice president of commercial banking at Lea County State Bank in Hobbs, told Business First. "[The high school] will address the many workforce development needs created by the oil boom."

While the amount of money spent and overall investment in southeast New Mexico communities remains strong, the need for more services remains. Just

weeks after opening a new 60,000-square-foot Albertsons grocery store, officials are ready for more.

"We need another one," Jay Jenkins, president and CEO of Carlsbad National Bank, said.

While the current residents of southeast New Mexico might have to account for extra wait time to eat at a restaurant or to get a parking spot at its grocery stores, leaders say addressing the availability of housing is another essential step for their economies to capitalize on the boom.

"We really, really need apartment builders down here in a really bad way," Waters said. "Workforce housing is tough because even though oil people are paid pretty well, those people aren't finding places to live, many times. And then you look at all the necessary services to support all the industries, which are our police, our teachers, our firefighters — the critical people you need in your community — and those people are having a difficult time finding a place to live."

Grassham said Hobbs needs to build an additional 2,000 homes and 2,330 apartment units by 2020 to meet the current demand for housing.

"This all [indicates] what the economy is doing," Jenkins said. "It's fueling activity for everyone to raise the bar."