

CHAPTER II: ECONOMIC IMPORTANCE & GROWTH OF THE INDUSTRY

Petroleum and natural gas are products of importance to every Texan, and the growth and welfare of the industry are therefore of direct interest and concern to all. The almost miraculous growth of the industry, the value of its products, and the colorful stories of wealth achieved by many have combined to create a picture which is interpreted in different manners by different classes of people.

Those directing the industry, comparing revenue with expenditure and endeavoring to build a more stabilized business for the future, readily appreciate the hazards of the enterprise. They are familiar with the facts that many of the wells drilled will not produce; that unavoidable accidents, storms, fires, etc., will occur and result in losses; and that the existence and growth of the industry in the future depend upon the formulation and practice of sound plans in the present. To them, it is neither a gamble nor a means of acquiring wealth at the expense of others: it is a business, interlocked with all others in creating and upholding the financial structure of the state and the nation.

The fee and royalty owners of the land receive a yearly income often thousands of times in excess of that which could be acquired through generations of tilling the surface soil. The instances are innumerable, particularly during periods of depression, where the annual rentals paid the landowner on undeveloped wildcat acreage enabled him to pay his taxes, to reduce his indebtedness, and to purchase necessary food and clothes.

To the demagogue and the socialistic individual, however, the industry is only a group of men who, in his mind, have grown wealthy, prey upon all others, and do not contribute what he considers their fair share of governmental costs. He does not realize, as do those within the industry, that what helps one, helps all; nor does he realize that it is the wages paid employees, the bonuses and rentals paid the landowners, and the dividends paid the stockholders that in turn enable the merchants to continue in business and employ others, assist the children of the state to secure an education, furnish employment to skilled and unskilled labor, and, in general, advance the standard of living.

The oil and gas industry, as it is known in Texas today, has developed in the last two generations, and it is now the prime economic force of the state. It has displaced cotton as the king of revenue producers; and many of the widespread ranches of yesterday are today the sites of hundreds of oil and gas fields, while the pine-covered hills of East Texas have been transformed within the last decade into the greatest oil field the world has ever known.