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Drugs and Oil Flow Through the Eagle Ford Shale

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Report

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Abstract

Drugs and Oil Flow Through the Eagle Ford Shale

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This report is a work of original reporting which investigates the proliferation of drug use and drug trafficking in the Eagle Ford Shale, a region of heavy oil and gas development in South Texas. Since 2008, the Eagle Ford Shale has seen an influx of people, money, and new infrastructure. This has created a “perfect storm” for drug traffickers. The region is historically poor and sparsely populated, and local law enforcement agencies finds themselves unprepared to handle the growing drug problem in their communities.

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Dimmit County Sheriff Marion Boyd didn't know much about methamphetamine until a few years ago.

The plainspoken, solidly built, 33-year-old sheriff keeps pictures of his wife and two kids on top of the gun safe in his office, opposite the 12-point trophy buck and signed postcard from former President George W. Bush. He has lived in this sparsely populated region 45 miles from the Mexican border all of his life.

He remembers a time when teenagers drinking beer by the railroad tracks was the worst crime in the county. But that, along with nearly every other part of life in Dimmit County, changed in 2008.

That's when oil and gas reserves were discovered in the Eagle Ford Shale, a 200-mile strip that stretches beyond the Mexican border to just north of Bastrop.

It didn't take long for a billion-dollar wave of oil, gas, money and drugs to flood Boyd's part of South Texas.

"Four years ago ... we started catching a lot more people for possession of meth," Boyd said. "Now [drug traffickers] are beating us every day. They're beating the crap out of us."

The Eagle Ford Shale covers 14 counties and has brought unprecedented prosperity to a historically impoverished region. But drilling in the region has not only generated economic activity and infrastructure development – it has, according to Boyd and others, brought a plague of drugs like meth.

"Economically, [the energy boom] is helping the community," said Maverick County Sheriff Tom Schmerber. "But a lot of the drugs are trafficked through our county.

We can tell that a lot of the people over here now are working in the oil fields. A lot of them are involved [with the drug trade].”

The boom has allowed drug users and traffickers to thrive in ways that small county sheriffs like Boyd and Schmerber couldn't prepare for.

Drug-related arrests in the Eagle Ford Shale have increased dramatically over the past five years. Though drugs have become more pervasive throughout the region, some counties have been more affected than others.

In La Salle County, where some of the heaviest drilling activity has taken place, 24 people were arrested on drug charges in 2008. That figure more than tripled in 2013, when 73 people were arrested for drugs. Over the same time period, drug-related arrests doubled in Dimmit County and Frio County.

Experts say that the increase is a simple matter of drug dealers identifying the energy boom as an opportunity to secure new customers who are flush with cash.

“The drugs are being peddled by people who are ... drawn to that area because they feel like they're going to be able to increase their sales,” said Carol Archbold, a professor at North Dakota State University who has researched the relationship between oil and gas development and criminality.

“The drugs that are being brought in are coming from other places,” she said. “People are going [to the oil field] specifically because there's a higher number of potential clients.”

Joshua Anderson, who asked that his real name not be used, is one of the drug dealers who have profited from South Texas' newfound prosperity. Anderson was one of 38 people that Boyd and his deputies arrested in a meth sweep earlier this year. All of the arrests were made over two days, the culmination of a 14-month investigation in the 5,600-person town of Carrizo Springs, Dimmit County's seat.

Anderson asked for anonymity because he is afraid that rival drug dealers might harm his family. He is 20 years old, with arms that are patterned in blurry green tattoos. His right wrist is covered by a shaded dollar sign that fades into Jesus wearing a crown of thorns. He has a 1-year-old son. He started using meth two years ago. He began to deal it shortly afterward, making upwards of \$4,000 per week.

"At first I only used it once or twice per day, but eventually it was all day," he said in a jailhouse interview. "It keeps you awake. When I went to sleep, I missed out on [opportunities to deal], so I just stayed awake, made money."

Anderson says that he grew up around drugs. His parents and brother used and sold drugs sporadically when he was a child. Anderson dealt marijuana and cocaine as a teenager, but his business as a dealer only took off once the oil and natural gas reserves were discovered in the Eagle Ford Shale.

He and others discovered that as more money was spent on building new roads, it enabled traffickers to ferry drugs through South Texas more effectively – and to find new customers in a fresh market.

"If it wasn't for the oil field, there wouldn't be so much [drugs] out there," Garcia said. "The [oil field] started it, but it's not fueling it now. Now it's just here, it will never leave."

Over 43,000 people have flocked to the region since the boom started in 2008, according to estimates from the Texas Department of State Health Services. Average household income, local and statewide tax revenues, and employment rates in the region have all rocketed since then.

Local law enforcement has struggled to keep pace with the growth, and officials say that they can keep up only with the most immediate concerns.

“Drugs are a number one priority for us,” Schmerber said. “But we don’t have a lot of resources. The county is always very low on funds, and we’re low on deputies. We’re kind of limited.”

Life in the Eagle Ford has always been a struggle. Much of the terrain is difficult to farm. Often the only things that survive are cacti and spindly mesquite trees.

The first people to live in this part of Texas eventually became the Coahuiltecas, a band of Native Americans who scratched out a meager living amidst the scrub and bramble. They ate prickly pear, tarantula, skinks and lechuguilla until they vanished because of rival tribes and diseases introduced by white settlers.

Before the oil and gas rush, the broad area was a forgotten part of rural America. Lady Bird Johnson once called Cotulla, one of its larger cities, “one of the crummiest little towns in Texas” while her husband taught school there.

Over 21 percent of Eagle Ford residents lived below the poverty line between 2008 and 2012, according to the U.S. Census Bureau. The national poverty rate for the same time period was 14.9 percent. Five of the Eagle Ford counties are listed in the top 100 in the nation in terms of lowest per capita income.

“Five years ago we were working with these communities on brain drain and population loss. Young people moved away just because there weren’t any jobs,” said Tom Tunstall, an economics professor at the University of Texas–San Antonio. “All that has changed.”

The Eagle Ford Shale produces over 1 million barrels of oil per day, more than Australia, Syria, Yemen and scores of other countries.

As other states shook off the effects of the recent Great Recession, drilling in the Eagle Ford helped fuel the Texas economy. Oil and gas production in the Eagle Ford directly or indirectly created over 116,000 jobs and \$61 billion in revenue in 2013 alone, according to Tunstall.

The Railroad Commission of Texas, the state body that regulates the oil and gas industry, issued 26 drilling permits for Eagle Ford counties in 2008, when exploration first started. But production increased quickly, and the Railroad Commission issued 4,145 drilling permits for Eagle Ford counties in 2012.

The current energy boom is only possible because of two technological advances: horizontal drilling and hydraulic fracturing (the controversial practice that’s also known as fracking). Horizontal drilling allows a well to be drilled sideways or diagonally, as opposed to a conventional vertical orientation. Fracking is the process of fracturing rock by injecting millions of gallons of pressurized water, sand and various chemicals.

Together, these techniques have opened up previously unavailable locations for the oil and gas industry. Environmentalists are unhappy, citing concerns about water

contamination and earthquakes, but proponents say the amount of money pouring in is vital to the state economy.

Drilling in the Eagle Ford has been a boon for Texas' Rainy Day Fund, officially known as the Economic Stabilization Fund. The Rainy Day Fund was established for state officials to tap in times of unexpected revenue shortfalls. It can also be used to fund items like water infrastructure projects and transportation. Taxes on oil and gas extraction, called severance taxes, land directly in the Rainy Day Fund.

Severance taxes from the 14 Eagle Ford Shale counties generated over \$3 billion for the Rainy Day Fund over the last five years. Over half of that amount came in 2013 alone, when oil and gas activity in the Eagle Ford accounted for a third of all the state's severance taxes.

"The Rainy Day Fund is pretty flush these days, and the bulk of that money comes from severance taxes from oil and gas revenues," Tunstall said.

The Eagle Ford counties themselves have also seen some significant benefits to their local economies. Average wages in counties like La Salle and McMullen, where some of the heaviest drilling happens, have increased by more than \$10,000 between 2009 and 2013, according to the U.S. Bureau of Economic Analysis. Over that same time period, the unemployment rate of every county in the region dropped. The new revenue has even allowed La Salle County Judge Joel Rodriguez to increase the salaries of county employees.

"Most of our employees all have living wages. We've come up to salaries and benefits that are good for the community," Rodriguez said.

It's not just wages that are going up – new public buildings are being built: School districts in McMullen and DeWitt Counties are building or expanding campuses.

But challenges have accompanied the prosperity. Many of the region's highways and streets have incurred millions of dollars' worth of damage from heavy oil and gas industry vehicles. McMullen County budgeted \$8 million for road repair in 2013 after spending just over \$500,000 on roads in 2011.

The cost of living has increased dramatically, and housing prices and shortages have caused problems.

“We've dealt with housing issues,” said Leodoro Martinez, with the Eagle Ford Consortium, a regional roundtable that brings together members of the oil and gas industry with local leaders. “The population in some places has doubled or tripled. For our locals, affordable housing became unaffordable.”

Though Mexican cartels have shuttled marijuana, cocaine, heroin, methamphetamine and other drugs into the United States for several decades, they have only recently become widespread in the Eagle Ford region.

Most of the border territory in the Eagle Ford neighbors the Mexican state of Coahuila, territory that is primarily controlled by the Los Zetas cartel. Its main area of influence extends south into central Mexico and then into the Yucatán Peninsula. The cartel is known for its ruthlessness, having defended much of its territory in a bloody drug war with the Sinaloa cartel during the 2000s.

No one can really say how deep their tentacles reach into Eagle Ford. One of Los Zetas' trademarks both north and south of the border is camouflaging vehicles in a way

that won't arouse suspicion, according to cartel expert Howard Campbell of the University of Texas at El Paso.

"Zetas is famous for counterfeiting vehicles," Campbell said. "They will take advantage of whatever is mobile and use it."

Greg D. Lee, a retired special agent with the Drug Enforcement Administration, estimates that law enforcement intercepts less than 10 percent of illegal drugs trafficked into the Eagle Ford areas.

"You've got all kinds of flexibility that you can use to get the job done. They use a shotgun approach, hiding it on big rigs, to airplanes, to walking across the border, to driving across the border. And if two or three of them get caught, well, you've still got nine successes," Lee said.

Law enforcement officials report finding loads of drugs in 18-wheelers bearing oil and gas industry logos, or even as state vehicles.

"We have caught loads of drugs being transported as trucks that are disguised as a little bit of everything," said Gonzales County Sheriff Glen Sachtleben.

One of his deputies found over 1,000 pounds of marijuana hidden in the bed of a truck bearing Texas Department of Transportation markings.

Cartels will also hire the oil field workers themselves to traffic drugs using vehicles owned by energy companies. Sheriff Schmerber recently arrested an oil field driver for smuggling drugs from Mexico.

"They offered him money, and he started smuggling drugs up north. That's what they do, they tempt those drivers with good money to smuggle drugs in those company trucks ... to the check points," Schmerber said.

One thing seems clear: Cartel leaders themselves are not setting up camp in South Texas. Instead, they sell drugs on a wholesale basis to middlemen. The middlemen employ small-time dealers to distribute it to end users at marked-up prices, like any other retail operation. Campbell describes the operation as “a massive octopus.”

“It is a massive system of middlemen,” he said. “Oftentimes at the border, there starts to be a separation between hardcore cartel members and the people who are more indirectly linked.”

Jose Castro, a supervising agent with U.S. Customs and Border Protection, says that geography and infrastructure in the Eagle Ford have made it easier for drug runners to operate.

“Criminal organizations ... like to operate in the Carrizo Springs general area because of its remoteness and the lack of law enforcement presence,” he said.

Drug traffickers use the region’s tangled network of ranch roads, county roads and new roads built by the oil and gas industry to move their product without being detected. Castro calls it a “labyrinth” for law enforcement.

“They try to exploit all of those and use them as points of egress to circumvent established checkpoints that the border patrol has,” he said.

Castro says that the ease with which drug traffickers move through the Eagle Ford has implications for the drug market throughout the rest of the country.

“It’s not a border issue, it’s a national security issue,” he said. “The goal is for them to come through in those rural areas and try to get to those feeder belts. [Interstate] 35 is the closest. The other one is going to be [Interstate] 37.”

That highway runs from Corpus Christi to San Antonio, where it links up with Interstate 35 and Interstate 10.

Most of the drugs that move through the Eagle Ford Shale will eventually move on to larger metropolitan areas like San Antonio, Austin, St. Louis or Memphis. Campbell said that drug traffickers can earn as much as \$20,000 to transport a shipment of drugs.

“That sounds like a lot of money, but it’s really not to risk your whole life and future. Driving is really the dirty work,” he said.

It’s unclear what percentage of oil field workers are tied to drugs, whether using or dealing. The workers themselves will tell you that any drug-related activity in the oil field is the exception, not the rule.

Andrew Jones, who would only speak under condition on anonymity, worked in the Eagle Ford Shale for a year as a water hauler in Live Oak County. Now he’s a production tester in Colorado, where he visits drilling sites to take measurements of the various chemicals used in fracking.

Jones said that most of the men that he worked with were content to collect their checks and go home.

“This is their meal ticket. They don’t really [expletive deleted] around with drugs and that sort of thing,” he said.

Few blue-collar jobs on an oil rig require a college degree. Workers are mostly young men making more money than they would in nearly any other profession.

“I met a kid on a crew who was like 20 years old. He had been working for like seven weeks straight, getting paid 24 hours a day, and his paychecks were blowing his mind,” Jones said. “He was like, ‘Yeah, I just bought a truck, and then I went out and bought like 30 guns.’”

Energy companies have strict policies regarding drugs. No-tolerance policies are common, and anyone in the oil field can be subjected to a random drug test.

“There’s a very stringent policy that all of the companies adhere to,” said Haley Curry with the South Texas Energy and Economic Roundtable, a group that represents some of the biggest energy companies in the Eagle Ford Shale.

“All of our companies do random drug testing. They’re not taking any chances. If you don’t pass, you’re not in. The buck stops right there,” she said.

Anderson paints a different picture from his jail cell. He says that he used to work in the oil field, and that getting around a drug test was never an issue. Oil field workers can purchase a variety of supplements and other products that will diminish the chances of a positive test.

“It’s easy to get past the drug tests,” he said. “Seventy-five percent of the people out [on the oil field] might be high. And they’ve got money – they buy a gram, two grams at a time.” One sheriff’s office in the Eagle Ford approximates that that street value of one gram of meth is \$93.

Curry said that she has never heard of any way to falsify a drug test, or of any oil field workers trying to do so.

“That’s not the way we work. That’s not the way we do business,” she said. “We expect our employees to be up front and honest with us and to live a sober life.”

County governments have spent some of their new money to hire more deputies, but there is still not enough being set aside for law enforcement:

“My guess is that the drug trafficking is one of those things where they’re just looking the other way because they’re just so swamped, and they don’t have enough people,” Archbold said.

Almost all police in the Eagle Ford report that their budgets are tight.

“I am the only real law enforcement there is [in Gonzales County],” Sachtleben said. “We have a couple of city police departments, but there’s really no one out there on the dirt roads except me.”

This is a common problem, according to Archbold. She says that the only way to fix it is by increasing manpower.

“You need more boots on the ground. You need more people,” Archbold said.

“There’s probably a lot [of crime] that they’re not able to deal with.”

Since the boom began, La Salle County tripled its number of deputies from eight to 24, and Karnes County doubled from 12 to 24. But officers in those counties say they still have trouble keeping up with demand:

“I can remember ... you would get maybe 20 calls a shift. Now it’s anywhere from 45 to 85 calls that come into dispatch,” Karnes County Sheriff Dwayne Villanueva said.

Karnes County is also booking more people into its jail. Villanueva said that he used to only jail someone around once or twice a week; now he books between six to 15 people per day.

Police work in the Eagle Ford will never be the same for some.

“We’ve moved on from a first name basis. It’s not Old Joe we’ve known all our life, when we’d know who he is, what kind of car he drives, and what kind of horse he has,” Sachtleben said.

In towns where everybody used to know everybody else, there are more unfamiliar faces – and more of them to monitor.

“[The oil and gas industry] brings outsiders that you don’t even know. Child molesters, sex offenders, whatever,” Schmerber said.

Villanueva reports the same phenomenon in Karnes County. “It’s way different now. You used to know most of your neighbors, and now you don’t recognize half of the people living in your neighborhood,” he said.

Alfredo Padilla is a defense attorney in Carrizo Springs. His business is better than ever, but he’s concerned about what that might mean long-term for his hometown.

“Meth wasn’t that common of a drug down here, but now it is. And the assault cases – people get in fights, people get hurt. These are big, strong, men making lots of money, and when they want to party, they want to party,” he said. “It’s changed forever. This isn’t the small town I was raised in. That’s just gone.”

Other residents have taken matters into their own hands to stop the flow of drugs.

Patti Bishop is a mother of eight, grandmother of one, and the program coordinator at the Karnes County Drug Free Communities initiative. Her husband is a consultant for a major oil and gas company, and the Bishop family moved to Karnes County from east Texas when the boom started.

“[Karnes County] already had a problem because they’re by the border ... but it’s a battle. I didn’t realize how bad it was,” Bishop said.

Bishop promotes drug awareness and prevention in Karnes County. She has led successful campaigns such as banning drug paraphernalia in local stores. But she said that she has faced an uphill battle since the oil production started.

“Now, with the oil field, we’ve had a lot more [drugs]. We had a big bust not too long ago with a couple of prostitutes. The cops picked them up ... they rolled over, and it led to a big meth bust in one of the brand new hotels,” she said.

Bishop knows that the oil field has made these kinds of events more common. It makes her question whether her efforts are making a difference. Even when she is able to steer someone away from drugs, it is difficult for them to get the rehabilitation care that they need.

“I had a young lady who had a problem since she was 15 years old. She’s 25 now, and she decides that she wants help. At this point, I’m calling San Antonio, Austin, anywhere where I can find a facility to get them into because you have no resources down here to help them get off [drugs],” she said.

Bishop says that drugs are spreading through the community, even to high schools. “Mom and pop” stores in Karnes County have been caught selling synthetic marijuana to minors.

Synthetic marijuana is a new, legal, product that is designed to simulate the effects of conventional marijuana. Scientists are still studying its effects, as many users have experienced symptoms like psychosis, hyperventilation and even death.

One high school student in Karnes County baked it into brownies and distributed it to students at school.

“The kids went home sicker than dogs,” Bishop said. “Synthetic marijuana is literally melting [kids’] brains.”

Sheriff Villanueva says that most of the Karnes County arrests for synthetic marijuana have been people between ages 16 and 23. Two of the 38 arrests in Dimmit County’s recent meth sweep were juveniles.

“There’s nothing for the kids to do in Karnes County,” Villanueva said. “That’s been an ongoing problem here.”

It’s a problem that’s shared among most of the Eagle Ford counties. In Maverick County, Schmerber is concerned that dealing drugs might become too attractive of an opportunity for young adults to pass up.

“My concern is trying to get those youngsters involved in good things,” he said. “Some of the oil field [workers] are 18, 19 years old, and they get tempted by smuggling drugs because they get paid good money. And the high school kids are the ones that see all this.”

Anderson, who started dealing meth at 18, will be tried on multiple charges and is facing years in prison. He says he hopes that by the time he gets out, things change so that his son is less likely to make the same decisions that he did.

“I’m going to pay for my mistakes. There’s nothing I can do about that,” Garcia said. “But I want to make sure that my son doesn’t see this.”

Garcia plans to get clean and stay that way. He quit meth cold turkey, and he has already gained 15 pounds in the two weeks he's been in jail. But he's not optimistic about the drug users in this corner of America.

“Out of all the people who got arrested [in the recent bust], maybe two will quit,” he said. “It's so easy. It's just right there. If you're making money, you're not going to stop unless you have to.”

Back in Boyd's office, the Texas sheriff looks over the newspaper clippings on his office walls.

They have headlines like: “22 Arrested in Carrizo Springs Drug Trafficking Sweep,” and feature those ubiquitous photographs of him leaning up against pyramids of plastic-wrapped marijuana and cocaine.

“I don't want to be negative and say that it can never be fixed, because I'm a positive person, I always think in a positive way,” he said. “But . . . I just see it getting worse.”

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