

Section

3

Effects of the Oil Boom

Main Ideas

1. The oil boom caused Texas towns to grow rapidly.
2. New technologies fueled the growth of the oil industry.
3. The oil industry affected the politics, economy, and social life of Texas.

Why It Matters Today

During the early 1900s oil production created boomtowns. Use current events sources to learn about how industry affects city growth today.



TEKS: 6A, 7B, 9A, 9B, 12A, 12B, 13B, 13C, 15B, 15C, 17C, 20A, 20C, 20D, 21B, 21C, 21E, 22A, 22D

myNotebook

Use the annotation tools in your eBook to take notes on the effects of the Texas oil boom.

Key Terms

- boomtowns
- internal combustion engines
- Texas Railroad Commission
- Permanent University Fund
- philanthropy

The Story Continues

Lured into the Texas oil business by the dramatic events at Spindletop, Howard Hughes Sr. encountered a problem faced by all oil producers. Drill bits could not cut through hard rock. Unlike others, though, Hughes came up with a solution. He outlined the basic design of the Hughes Rock Bit, which could cut through rock 10 times faster than other bits.



Boomtowns

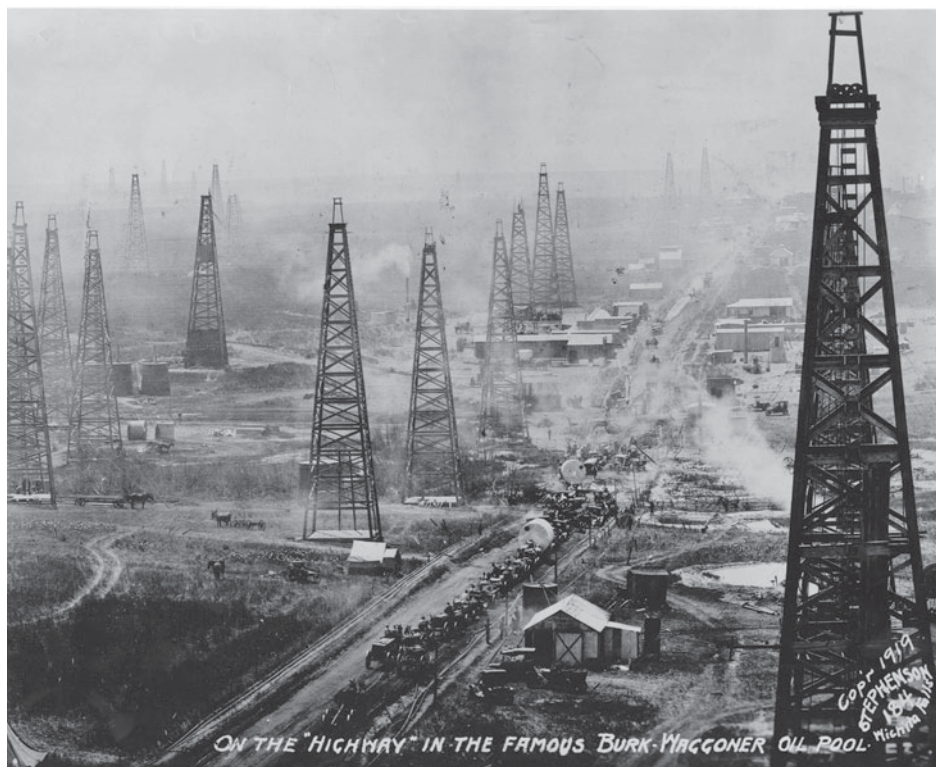
Like Hughes, thousands of people were drawn to Texas by the promise of spectacular fortunes to be made in the oil business. Before Spindletop, Beaumont had 9,000 residents. Within two years it had swelled to a city 50,000. Nearby Sour Lake grew from a small village to a city of 10,000 people within a matter of months. Such fast growing towns were called **boomtowns** because they grew along with economic booms. Boomtowns were busy places where everyone was trying to make money. A Texas schoolteacher described life in her boomtown.

TEXAS VOICES



"In McCamey, they worked twenty-four hours a day. Everything stayed open twenty-four hours, the eating places and all, because the men worked night shifts and day shifts. I've seen my brother-in-law stay up twenty-four hours at the lumberyard. Businessmen had their living quarters at their place of business. They worked Sunday. It was no different from any other day."

—Allie V. Scott, quoted in *Life in the Oil Fields*, by Roger M. Olien and Diana Davids Olien



Thousands of Texans arrived at these boomtowns seeking work in the oil industry. Among them were many young farm workers looking for a new type of work. Some moved from town to town, following news of oil strikes. Relatively few women and children lived in these towns.

Because most people were more concerned with drilling oil than city planning, most Texas boomtowns were crowded, dirty, and rough places. Oil-field workers often lived in tents or wooden shacks. The dirt streets of these towns became rivers of mud when it rained. New businesses opened to serve the growing population. Some, such as stores and hotels, were typical of any town. Others were geared more to workers, offering gambling and drinking. Such activities often led to violence, making some boomtowns dangerous places to live.

Reading Check Drawing Inferences and Conclusions How did the development of the oil industry lead to urban growth in Texas?



Automobile and Petrochemical Industries

Oil companies grew at a time when electricity was replacing kerosene for lighting homes and industries. Fortunately for oil producers, though, new uses for petroleum were being discovered. Because it was cheaper than coal, oil quickly replaced coal as the fuel for steam engines. The use of **internal combustion engines** to power automobiles and other vehicles was also increasing. Instead of steam, these engines used either gasoline or diesel—oil by-products—for power.

Image Credit: © Shark/Art Resource, NY

Interpreting Visuals

Boomtowns. People flocked to boomtowns seeking jobs in the oil business. *What other type of work do you think people found in Texas boomtowns?*

★Texas Cities★



Midland and Odessa

History: Odessa was established in 1881 as a stop on the Texas and Pacific Railway. Farming families established Midland in 1884. Both cities grew slowly until the oil boom of the 1920s.

Midland population in 2012: 119,385 (est.)

Odessa population in 2012: 106,102 (est.)

Relative location: In the Permian Basin of West Texas

Region: Southern edge of the High Plains where the Edwards Plateau meets the Mountains and Basins region

County: Midland is the county seat of Midland County, and Odessa is the county seat of Ector County.

Origin of name: Midland was named for its location midway between Dallas and El Paso; Odessa was named after a Russia city.

Economy: The major source of income and jobs for both cities is the petroleum industry. Banking, farming, and ranching are also important.



Before the development of the internal combustion engine, oil producers had not made much gasoline because demand for it was low. This situation changed as more Americans began to buy cars. Between 1895 and 1906 the number of registered cars in the United States rose from 5 to some 619,000. By 1916 Texans were driving about 195,000 of the 3.4 million cars in the United States.

As Americans continued to purchase cars and drove longer distances, the demand for gasoline grew across the country. Between 1916 and 1920, gasoline production in the United States rose from 49 million barrels to more than 116 million barrels per year. By producing gasoline, the Texas oil industry helped keep Americans traveling the nation's roads and highways.

The growing popularity of the automobile guaranteed the Texas oil industry millions of customers. In addition, scientists continued to develop new uses for petroleum. Petrochemicals, products made from oil and gas, became an important part of the Texas economy. Petrochemical products include synthetic rubber, plastics, and carbon black, which is used to make ink, tires, and other products.

Reading Check Analyzing Information How did the development of new technologies affect the use of fossil fuels such as oil in Texas?

★ The Effects of the Oil Boom

While the oil boom boosted the state's economic growth, it also affected Texas in many other ways. The oil boom attracted many young farm workers to jobs in the oil fields. Most drilling and production jobs were reserved for white workers. Despite facing discrimination in the oil fields, some African American and Mexican American workers found jobs as teamsters, hauling goods to and from the oil fields. Many oil workers lived a very mobile life, moving from town to town as they followed new oil strikes.

The oil boom also affected Texas politics and the environment. State officials began to pass restrictions designed to control parts of the oil industry. In 1899 the legislature passed laws concerning abandoned wells and the protection of groundwater from oil pollution. Some 20 years later, the legislature made it illegal to waste oil and natural gas. In 1917 the legislature gave the **Texas Railroad Commission**, an agency originally created to regulate railroads, authority to enforce laws concerning the petroleum industry. The commission set standards for spacing between wells and for pipeline transportation of oil and gas. These rules helped prevent overdrilling.

The state government also began collecting taxes on oil production in 1905, taking in more than \$101,000 in taxes that year. By 1919 the amount of money collected from taxes on oil production rose to more than \$1 million.

This money helped fund the state government and education programs for Texas children. Higher education in Texas also benefited from the state's oil production. In 1876 the Texas legislature had set aside some 1 million acres of land in West Texas for the **Permanent University Fund**. Texas universities received money from the sale or use of this land. However, many people considered the land worthless until the Santa Rita No. 1 oil well struck oil in 1923.

Income from oil production went into the Permanent University Fund, which grew by more than \$2,000 a day in 1925. The University of Texas system and the Texas A&M system continue to share the money in this fund. Their campuses have become two of the most important education centers in the state.

Texas has also benefited from oil producers' **philanthropy**—the giving of money or gifts. Many of the wildcatters who became wealthy gave generous gifts to public institutions that still influence life in Texas. Wildcatters such as Hugh Roy Cullen gave large gifts to the University of Houston, Texas Medical Center, and many charitable organizations. Oil producers Sid Richardson and Walter William Fondren both gave money and gifts to Texas schools, hospitals, and other social institutions.

Other oil producers have given generously to the arts in Texas. For example, John and Dominique de Menil established a collection of more than 10,000 works of art for public display. Oil producers have provided many jobs and spurred related industries in Texas. They have also had a major effect on the state's social life through their philanthropy and education funding.

Reading Check Summarizing What are some ways in which the oil boom affected the politics, economy, and society of Texas?

CONNECTING TO

SCIENCE AND TECHNOLOGY

Oil Drilling

The first oil wells were drilled with a heavy drill bit attached to a long cable. This cable was lowered into the hole. The bit was lifted up and down to push farther and farther into the rock. Workers also used the cable to pull dirt and rock out of the hole. Rotary drilling quickly became the preferred method. In rotary drilling the drill bit turns or spins as it pushes downward. As the bit turns, workers shoot drilling mud into the well to prevent gushers and explosions. It also carries loose rock to the top of the well, so that workers do not have to stop as often. **How is oil-drilling technology different now than in the past?**



Section 3 Review



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ONLINE QUIZ

1. Define and explain:

- boomtowns
- internal combustion engines
- philanthropy

2. Identify and explain

the historical significance of:

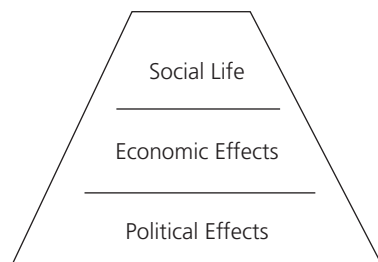
- Texas Railroad Commission
- Permanent University Fund

3. Locate on a map:

- Midland
- Odessa

4. Categorizing

Copy the graphic organizer below. Use it to show how the oil industry affected the economy, politics, and social life of Texas.



5. Finding the Main Idea

- In what ways did the oil industry contribute to urban growth in Texas?
- How did new technological developments such as the internal combustion engine, the automobile, and petrochemicals affect the demand for and use of oil?

6. Writing and Critical Thinking

myWriteSmart

Supporting a Point of View Write a letter to a member of Congress supporting a position for or against taxation and government regulation of the oil industry.

Consider the following:

- wildcatters and the spirit of free enterprise
- the Permanent University Fund and taxes collected on oil production