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COMMUNITY WINDFALL

## Drilling pumps dollars into old neighborhood

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The five blocks of Greenway Place, a historic neighborhood of modest wood-frame homes occupied primarily by elderly African-Americans living on Social Security, sits in the shadows of the downtown Fort Worth office towers. Interstate 35W, Greenway's eastern border, is choked every day with commuters going in and out of the city center.

Yet, as close as Greenway Place is to the prosperity of downtown Fort Worth, the little neighborhood has struggled for survival. Built shortly after World War II, it was one of the first places in segregated Fort Worth where blacks could own their own homes. But hemmed in by freeways, railroad tracks and warehouses, Greenway Place has been isolated from the rest of Fort Worth. The neighborhood today lacks a single business, even a convenience store.

Most of the houses are less than 1,000 square feet and have an average appraised value of \$26,100, according to U.S. Census Bureau figures. The average income in Greenway Place is \$27,279.

So it was something of a surprise for 85-year-old Robert Bryant, who has lived in his Delga Street house for 45 years, when he went to a meeting at Greenway Church in April and learned that he owned the minerals under his home. More to the point, Dale Resources of Dallas was willing to give him a check on the spot for \$200 if he would sign a drilling lease that would give him a share of a 20 percent royalty that hopefully will yield \$50 to \$100 per month. Not a Texas-size oil fortune, but still a significant addition to the \$600 a month that Bryant gets in Social Security retirement benefits.

"I didn't even know there was gas under my house," said Bryant, a retired truck driver. "I heard their story and decided it was all right, so I signed. They wrote me a check right on the spot."

About 180 of Greenway's 240 residents had signed up as of last week. One, Eddie Bogar, has emphysema and needs constant care. "I used the lease money to pay my bills," he said.

Dale Resources President Larry Dale says he expects to soon begin drilling the well that will reach under Greenway Place from a pad site on East Fourth Street, about a mile east of downtown. Like most wells in the Barnett Shale natural gas field, the drill will go down about 8,000 feet, then 3,000 to 4,000 feet horizontally through the rock to extract the gas.

### Floods, exodus, rebuilding

The natural gas leases represent the latest twist in Greenway Place's long story, which began shortly after World War II when the small frame houses were built by developer Garland Ellis for returning black veterans eager to use their GI Bill housing benefits.

For a while, Greenway Place thrived. But it sat in the Trinity River bottoms and flooded frequently until the Trinity River was controlled. Then the freeway wiped out most of nearby Greenway Park, the longtime site of the annual Juneteenth celebration. The slow integration of Fort Worth's neighborhoods and businesses beginning in the 1960s gradually drew away many residents and accelerated Greenway's decline.

There was a flurry of activity a decade ago when Greenway got a \$1.8 million Model Blocks grant from the city to fix up some older houses. That spruced up the neighborhood considerably, but before the

work could be completed over all of Greenway Place, the money ran out and so, apparently, did Greenway's fortunes.

But the doughty Greenway Place has refused to accept defeat. Walk up and down the streets of the little community and you can see rebuilding jobs in progress at a number of houses. One is owned by Willie Lewis, 52, an Air Force veteran who is rebuilding the house on Carver Street where he was born and grew up. Lewis is old enough to remember when the kids of Greenway Place floated on the streets in inner tubes during seasonal floods.

Lewis, whose father was a civic leader in the neighborhood, was initially wary of the lease offer.

"Our people haven't gotten this kind of deal before," he said. "I was real careful about it. But it seemed like they were going to drill anyway, so I might as well get some of the money."

Not everybody is charmed by the lease offers. Lewis' neighbor declined to sign.

"I ain't signing nothing that an oil company puts in front of me," said the man, who declined to give his name, while taking a break from repair work on his own home.

More than half of Greenway's residents had signed by last week. Dale will be obliged to route the drilling around land owned by any Greenway resident who refuses to sign.

But spurning of the leases has been sporadic and unorganized. More typical is the reaction of Lula Doss, 85, who moved into her house on Glenmore Street in 1949. She and her husband were among the first home buyers in Greenway.

"I just thank the Lord," said Doss, a Sunday regular at the nearby Greenway Church that serves as the community meeting place.

Doss and her husband, who died in 1974, bought the little house for \$3,500 and had a monthly mortgage payment of \$29.50. They didn't even think about mineral rights when they made what 57 years ago was a rare purchase in Fort Worth of a home by African-Americans.

"We didn't know about minerals, and we had no idea there was gas down here," she said.

Another original resident is Mary Homer, who helped oversee the Model Blocks program for the city. She lives in the house on Portland Street where she grew up. The neat, well-appointed little house boasts a distinctive white picket fence.

"I took my lease to an attorney and he told me that they would drill whether I signed or not," she said. "So why not sign?"

## **Sharing the energy bounty**

Homer, whose family has lived in Greenway Place since the late 1940s, is mindful that African-Americans in Texas historically have shared little in the state's energy bounty, neither as employees, investors nor royalty owners.

"African-Americans haven't been much a part of the oil business," Homer said. "It's nice to see."

That sentiment is echoed by Apostle Michael Stevenson, who grew up on Greenfield Street. He is pastor of the nondenominational Greenway Church where Dale's leasing meetings were held. "African-Americans haven't had a chance to get anything from oil and gas, so I'm glad something is finally coming," he said.

Greenway Church's finance committee chairman, Charlie Darden, said the church also signed a lease to get the 20 percent royalty.

"This money won't make anybody rich," Darden said. "But it will help pay some bills and make it easier for the folks to buy gas. The way I look at it, we've become partners with the oil company."

The lease is an unexpected little windfall for one of Greenway's urban pioneers, Ida Frausto of Haltom City, a rare Anglo in Greenway who bought a house last year across Carver Street from Willie Lewis. She paid \$35,000 and spent \$30,000 rebuilding and renovating the dwelling. Her son, Stephen Lazar, rents the house from her.

"I don't have a drill, and if there's gas down there under my property and somebody wants to give me money so they can drill, then they're welcome to it," she said.

The \$200-per-resident offer for lease rights on lots that are one-tenth of an acre translates to \$2,000 per acre, which is generally the going rate for leases in northern Johnson and Tarrant counties where Barnett Shale drilling has become active in the past year. Greenway Place residents are then splitting a 20 percent royalty on any gas that comes out of the well.

## **Moving into the city**

Natural gas drillers who developed the Barnett Shale beginning in the late 1990s in Wise and Denton counties north of Fort Worth initially were reluctant to come into the city. Their minds have changed as they have learned what some veteran geologists long surmised: that the best yields from the 8,000-foot-deep shale are under Fort Worth.

The city thus joins Los Angeles, home to an oil-drilling boom in the early 1920s, and Oklahoma City, famous for the pump-jack rigs on the Capitol lawn, as a host to urban energy production.

Early yields in northern Johnson and southern Tarrant counties have shown some wells producing 5 million cubic feet per day or more, well above the 1 million cubic feet per day of initial production that most operators consider the benchmark for a successful well.

For that reason, almost 30 rigs are working in Tarrant County. Of the 12 counties over the Barnett Shale, only Johnson County, with 40, has more. Texas Railroad Commission figures show that during the first quarter of 2006, Tarrant ranked ninth among Texas' 238 counties in gas production.

The urban drilling has moved from outlying areas toward the city center. Four Sevens Oil Co. of Fort Worth, which was sold to Chesapeake Energy last month, drilled wells in the small town of Haslet three years ago. Ross Perot Jr. has set wells in his Hillwood real-estate development on the north side of Fort Worth.

Northeast Tarrant communities, notably Trophy Club, Roanoke and Keller, saw drilling in or near their city limits as early as 2003. Drillers are preparing sites now in North Richland Hills and Euless, and Southlake and Grapevine are being leased. The Dallas/Fort Worth Airport Board is expected to grant leases for drilling by the end of this summer. A dozen producers are vying for the airport lease.

To the south, drillers have edged northward from Johnson County into Burleson, Crowley and Mansfield. Those suburbs have seen heavy leasing activity in the past two years. The city of Fort Worth helped drillers move in last year when it approved leases for Dale to drill in Gateway and Tandy parks on the city's east side, which, to date, has seen the bulk of the inner-city gas production.

## **Neighborhood exploration**

The richness of the Tarrant County portion of the Barnett Shale was underscored late last year when Fort Worth leased Spinks Airport, just east of I-35W in the south part of the city, to Four Sevens for \$4,000 per acre and a 27.5 percent royalty. The Spinks lease is thought to be the richest yet in the Barnett Shale.

The pricey lease was not surprising in light of reports that operators were getting up to 9 million cubic feet per day from some wells in southern Mansfield and Kennedale along the Tarrant-Johnson county

line.

The 550 members of the White Lake Hills neighborhood association east of downtown last year pondered competing lease offers from Dale Resources, Four Sevens and North Texas Llano of Amarillo. The \$200 bonus for the lease and royalties of 18 percent to 20 percent per month appear to be standard, but some deals can be better. Peggy Terrell of White Lake Hills signed a lease for \$600 and a royalty of 23 percent for her quarter-acre lot with North Texas Llano after examining the offers of several companies.

"The companies were very aggressive," Terrell said. The White Lake Hills Neighborhood Association is bounded by Oakland and Woodhaven avenues.

The Rosemont neighborhood near La Gran Plaza shopping center is being leased, as are neighborhoods along Jacksboro Highway just north of downtown.

The Greenway area will be drilled from a site off Fourth Street just east of I-35W, less than a mile from the center of downtown Fort Worth. It won't be the only one. A pad site is being prepared for a Dale rig to go up within two months just north of the Mercado Juarez Mexican restaurant off Northside Drive. It will be plainly visible from I-35W.

"The Mercado rig will be seen by a lot of people," Larry Dale said. "We'll make it a model drilling site."

Not only will the popular restaurant get royalties, but so will Calvary Cathedral across I-35W and more than 500 members of the Oakhurst neighborhood perched in the hills overlooking I-35W to the east.

The Oakhurst neighborhood is gentrified, in contrast to Greenway Place. But its residents are just as longstanding. Lyndell Nelms has lived in her Oakhurst house since 1960. She thinks she'll probably sign a lease, which offers the standard \$200 bonus and 20 percent royalty.

"I haven't signed yet, but it looks like they'll drill whether I sign or not," she said.

Dale has focused exclusively on urban drilling. The privately held Dallas company began drilling on city property in Gateway Park on Fort Worth's east side last year. It has completed 10 wells and has two drilling rigs working full time.

"We have filled a niche," said Dale, who began his career as an independent in 1981 and drilled in South and East Texas before focusing on the Barnett Shale. Dale said that his company, working with 60 landmen and leasing agents, has signed more than 14,000 leases in Fort Worth.

Dale says that drilling in an urban area is painstaking and time-consuming. Every one of the 14,000 leases Dale has prepared needs a title opinion. The company also needs rights to dig and build the pipelines that will take the gas to market.

But Dale thinks the effort is worth it.

"The reservoir is very rich under the city," he said. "The gas is pure. It doesn't need processing. The wells are low-pressure, which makes them easier to produce and is safer."

Dale says that homeowners in most of the city's older neighborhoods still have the mineral rights.

"In most new subdivisions the developers have kept the mineral rights, so the homeowners have to live with the rigs and the wells and don't get lease bonuses or royalties," he said. "But in the older neighborhoods, like Greenway Place, the residents own the minerals and can get something."

## **A clash of interests**

Dale is mindful that some in Fort Worth are suspicious or outright opposed to drilling. Those concerns expanded in April when a valve on a casing head blew off and killed a contract worker at a new well in

Forest Hill just south of Fort Worth. The Fort Worth City Council now is studying additional drilling restrictions.

Dale says he is responding to the concerns about urban drilling by surrounding his rigs with noise mufflers, essentially fences made of cloth. Dale also will use rigs with hydraulic motors, which are quieter, and employ the "closed-loop" method of using trucks to haul away the water and broken rock that comes to the surface during drilling.

That may not be enough for community activists who have continued to press the city for stronger controls or even an outright ban on drilling. But Fort Worth already has become a player with the energy production industry by leasing its properties and receiving royalties from production.

Also, more than a half-century of legal precedent in Texas has granted mineral-rights owners near-absolute power regardless of who owns the surface land. So no matter what restrictions are imposed, natural gas drilling will likely be a part of Fort Worth's future for years. Most drillers have said they can live with the proposed new restrictions, which would require drilling rigs to be at least 600 feet from buildings.

Dale's strategy is to find relatively roomy sites, ranging from 5 to 10 acres, mostly along the Trinity River bottoms where he can drill as many as 25 horizontal wells with extensions going in all directions. The first such site was completed in an open field near the intersection of Beach and Gateway Park east of downtown, where two completed wells now are producing.

Other wells drilled on the Fourth Street site will extend in other directions, possibly under downtown. Dale is trying to put hundreds of property owners downtown into a lease for the city's commercial center.

"That will be a complicated one," he said.

Back in Greenway Place, Robert Bryant is worrying less about the complexity of deal-making than satisfying the need to buy birthday and Christmas gifts for his large family.

"When you have 11 grandkids, you need extra money," he said with a laugh. "Now it looks like I'll have a little extra coming in."