

A TALE OF TWO CITIES

EMERGING

Written By: Jason Spiess

It was the best of times, well, at least for those involved with the recent shale revolution. For others, it's been the worst of times. Headlines and talk shows focus on recovery rates and job growth, others cite outsourcing numbers, inflation and employment quality.

While the media and coffee shops focus on splitting hairs of blame, the energy industry was busy jumpstarting the nation's economy. Now the next layer of the energy economy kicks in. This is why communities like Belle Fourche, SD, and Kingman, AZ, are intriguing to investors and energy-related companies.

Belle Fourche is located just south of the Bakken oil fields in North Dakota. The state recently signed a \$1.2 billion dollar "surge funding" bill to get infrastructure projects rolling in order satisfy the growing population on the western side. This will ensure the next layer of the energy economy is played out.

"The Highway 85 corridor runs through Belle Fourche does on a daily basis have over 10,500 vehicles on it a day. That's a day," Stalder said. "Belle Fourche has been growing in size and interest ever since companies like Permian Tank opened."

Stalder is right on the money to suggest Belle Fourche has been the hot place in South Dakota over the past five years. Texas-based above ground storage tank and processing equipment manufacturer Permian Tank & Manufacturing, Inc. Back in 2013 when Permian Tank opened their doors, they said Belle Fourche was chosen as their location because of its geographical location to support the Bakken, Niobrara and Green River oil field activities, according to Lead (SD) native and corporate attorney for Permian Tank, Terry Jacobson in their public press documents.

Location is the best thing going for Belle Fourche, an agricultural town of 10,000. For years the town's main attraction was being the geographical center of the United States, well today, it is the center of several major shale plays.

Photo: Kingman and Belle Fourche have historically been agriculture towns and are changing due to the shale plays happening across America.



Stalder hears the same thing from others who want to know more about the gateway to the northern Black Hills. She added Belle Fourche has had an advantage over many other energy impacted communities have. Geography.

"We are surrounded by major energy plays and we have embraced what has come out of that. It's pretty much been all very positive," Stalder said. "Because we live far enough away and are not in the thick of the Bakken and what comes with that. Good and bad."

Stadler said they are still receiving calls and inquiries from businesses looking to set up shop in Belle Fourche.

"We are getting a number of inquiries and they are not all oil related, they are more location related," Stalder said.

Kingman on the other hand has the infrastructure already in place. Their challenge is a bit more difficult - change. Albert Einstein once said it was easier to split an atom than change a man's mind. The good news for Kingman is the major infrastructure is well established and a proposed six major highway projects in their has the town's economic future looking bright.

"Kingman has a lot of retirees from all over moving here as well as what I call equity-refugees from California," Kingman mayor Richard Anderson said. "Kingman doesn't have the high property taxes people are paying elsewhere and they like that, yet, at the same time they don't want to see change. Then after they've been here three or four years they complain about the roads and things like that."

This poses some challenges for growth for Kingman. In fact the 37-square-mile town has not received an increase in state gas taxes over the past 20 years, yet, Kingman appears to continue to grow and show positive signs of economic explosion.

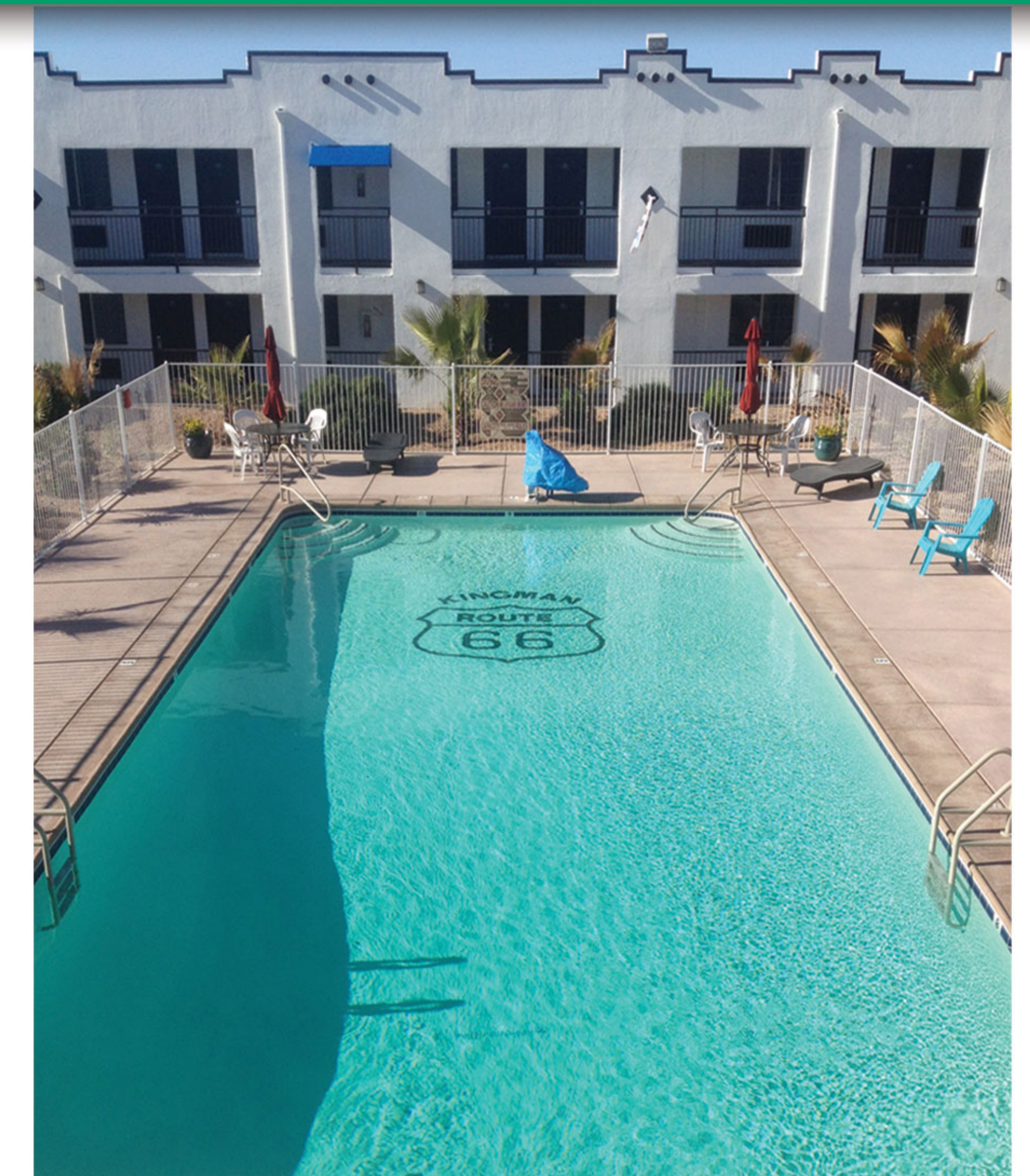


Photo: Kingman, AZ is located on the historic Route 66. The Kingman Ramada is located on the famous Andy Devine Drive and is home to many investors looking at Kingman's offerings. Photo by Jason Spiess



"The amount of tax the county and city gets from the state has not gone up in 20 years. It's not a percentage, its a flat amount," Kingman mayor Richard Anderson said. "Since I moved out here from Washington DC in 2008, the city's overall health, from a resource stance, has gone up. Now are we wealthy? No. We do not have a property tax in Kingman. There is a county property tax, but the city does not have one."

City manager John Dougherty arrived a little over a year-and-a-half-ago and sees Kingman as an economic center of activity one day, just no idea when that could happen.

"When I came here I saw a community that could explode at any moment because we have everything we need for economic development," Daugherty said. "We've got highways, rail and air. We are five hours by truck and even less by rail to go to the coast and get on ships. So we can go anywhere in the world in a very short amount of time."

According to Dougherty, for years, the railroad was coming through Kingman every 15 minutes. Today, it is getting closer to every 10 minutes and the word "bottleneck" is being heard more frequently around town.