Drills chew through the earth toward this good fortune, aka the Fayetteville Shale Play, a rich natural gas deposit that stretches 100 miles long and 20 miles wide. (Shale is a rock that yields gas after being put under extreme pressure. “Play” is an energy industry term that describes a portion of the exploration and production cycle after companies identify an area with potential oil or gas reserves.)

“Conway seems to be the heart” of the play, says John Thaeler, senior vice president of SEECO Inc., a subsidiary of Houston-based Southwestern Energy Co., which holds about 1 million acres in mineral leases throughout the state. “This is going to be a huge boost to the economy.”

A recent study conducted by the University of Arkansas College of Business and paid for by Southwestern Energy concluded that the play will add $1.6 billion to the state economy this year, employ more than 6,600 workers and generate nearly $106 million in state and local tax revenue.

“The play’s greatest benefit to the state of Arkansas is that it will provide an economic stimulus and will diversify the employment base, reducing the dependence on manufacturing and retail, and providing many jobs with above-average pay,” economist Jeff Collins predicted when the study was released. Collins served as director of the Center for Business and Economic Research at the University of Arkansas and now runs a consulting firm.

In Conway, the play benefits a city long noted as an education center (see sidebar), but one that also boasts a strong manufacturing sector. This Little Rock suburb features a blend of traditional and high-tech businesses.

The natural gas boom began in Arkansas after Southwestern Energy successfully drilled test wells in the Conway area in 2004. Chesapeake Energy, based in Oklahoma City, followed Southwestern to Conway, as did natural gas company suppliers like National Oilwell Varco (NOW) and Schlumberger.

Southwestern opened a Conway office in 2005 with 12 people. Now, the firm has more than 400 employees working in Conway. Southwestern plans to invest nearly $1 billion in the shale play this year, in part by building between 400-450 horizontal wells, which drill down to the gas reservoir and then move horizontally through the gas-bearing zone.

Landowners who allow energy companies to explore for gas on their property get a part of the cut—one-eighth to one-fifth of the sales profit once the gas goes to market.

Companies usually expect about 20 years of production from a working well, but that estimate is subject to considerable uncertainty. “You really don’t know how much these wells will produce, or how the technology might advance and let you produce even more,” Thaeler says. “We have wells in Texas that have been pumping out gas for more than 30 years.”

Conway, Ark.

BY THE NUMBERS

Population ................................ City 51,999 (2005)
County 87,739 (2005)
County Labor Force .................... 25,761 (January 2007)
County Unemployment Rate ......... 4.6 percent (January 2007)
County Per Capita Income ............ $25,534 (2004)

TOP FIVE EMPLOYERS

Acxiom ........................................ 2,000
University of Central Arkansas ........ 2,000
Conway Regional Medical Center ...... 1,300
IC Corp ........................................ 1,279
Conway Human Development Center .... 1,200

ABOVE: Curtis Henry operates a drill at a SEECo Inc. rig site in the middle of a hayfield 30 miles north of Conway.

RIGHT: Workers put the finishing touches on a school bus at IC Corp.

MIDDLE: A network engineer works in the Network Operations Center at Acxiom.

FAR RIGHT TOP: At Hendrix College, a covered swimming pool goes up at the new Wellness and Activities Center. Hendrix plans to build a mixed-use community with shops, restaurants and apartments in the wooded area behind the pool.

School Bus Capital

Long before energy firms began drilling in Conway, workers here built school buses. IC Corp. makes more school buses than any other company in the United States, says IC’s plant manager,
Ed Hartung. In 2007, the company expects to complete as many as 8,000 school buses, plus some prison buses and tour buses.

With more than 1,200 employees, IC is the largest manufacturer in town. (Other large manufacturers include Virco, with 821 employees; Kimberly-Clark, 481; and Snap-on tools, 472.)

Founded as Ward School Bus Manufacturing in Conway in 1933, IC is a wholly owned subsidiary of International Truck and Engine, which, in turn, is part of Navistar, based in the Chicago area.

A typical wage for IC assembly-line workers, who are represented by the local United Auto Workers union, is $15.75 an hour. “For the person in Conway who has a high school education and who is looking for a good wage and great benefits, we fill that niche,” Hartung says.

Conway High-Tech

Axiom, founded in 1969, grew out of the bus builder’s data processing department. The company manages data for an international clientele, helps companies analyze and build on their customer base, and identifies the best strategies for information management. Axiom has branch offices in the United States and in 10 countries around the globe, with 7,000 employees worldwide.

In late May, a private equity firm announced that it wanted to buy Axiom. Because the deal won’t close until mid-September, it’s hard to tell what impact the buyout will have on the company or Conway, says Jerry Adams, Axiom’s economic development chief and director of community relations.

Adams also serves as chairman of a statewide economic development group, Accelerate Arkansas. He says that Axiom is a model for the type of high-tech, white-collar businesses that Arkansas wants to attract.

Brad Lacy, head of the Conway Development Corp., agrees. “The natural gas industry has gotten big here over the last couple of years, but that’s like a present given to us,” Lacy says. “We’ve shown that we can grow a major technology firm here, and we want more of that.”

Hendrix College Embraces the City Life

Hendrix College is one of a handful of colleges and universities across the country that hope to attract more students by adding a bit of the city life to their rural or suburban campuses.

That’s the idea behind The Village at Hendrix, a retail and residential space that the liberal arts school is developing in Conway. Hendrix College plans to break ground late this year or early next year on the approximately 93-acre development, which will be located on the edge of campus.

Plans call for 170,000 square feet of retail space, plus 190 single-family houses, 130 townhouses, 160 apartments and 30 loft-style units. The development should appeal to students, but also to faculty, senior citizens and anyone else who prefers to walk, not drive, to the dentist or supermarket.

“The Village at Hendrix is one of the new urban communities that put amenities within walking distance,” says Scott Schallhorn, the vice president and general counsel for Hendrix and the CEO of The Village at Hendrix LLC.

A combination of special improvement district bonds and private financing will pay for the $235 million project. Hendrix will contribute about $10 million in Phase 1, which includes much of the infrastructure work. Individual home-building firms will finance much of the project, Schallhorn says.

Hendrix, with an enrollment of about 1,100 students, is one of three colleges in Conway, along with Central Baptist College, which has about 500 students, and the University of Central Arkansas, which has approximately 12,400.

Central Arkansas’ enrollment has risen by almost 5,000 since 2001, says Warwick Sabin, the school’s vice president of communications. He credits this dramatic rise to an aggressive marketing campaign begun by Lu Hardin, president since 2001. Hardin has done several TV ads and other promotions as a way to attract more students to UCA.

The school is also making more scholarships available to incoming freshmen, Sabin says, and interest is up in the school’s health sciences programs, such as nursing, physical therapy and occupational therapy.

Roger Lewis, an economist at Central Arkansas, says that the three Conway schools help keep the local economy strong. Graduates help fill jobs at Axiom (see main article) and other firms. Students never seem to run out of money, Lewis adds.

“The kids seem to spend, spend, spend,” Lewis says. “Because there are so many schools here, we have so much to do. We even have a symphony in town.”

Glen Sparks is an editor at the Federal Reserve Bank of St. Louis.

1 See http://cber.uark.edu/data/FayettevilleShaleEconomicImpactStudy.pdf.