

How this Fortune 500 energy company put The Woodlands on the map



Anadarko's two towers, Allison Tower (right) and Hackett Tower (left), make an unmissable mark on The Woodlands' skyline. They are named after two former Anadarko CEOs, Jim Hackett and Robert Allison.

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The Woodlands remained a community nestled entirely beneath the trees for about 20 years after its founding, until Anadarko came and built a 439-foot tower — still the tallest structure for more than 25 miles — and opened the door for an influx of commercial growth.

Anadarko wasn't the first company to come to The Woodlands, but it was the biggest at the time of its 2002 move. Many of the power and petroleum companies based there now arrived in its wake, said Gil Staley, CEO of The Woodlands Area Economic Development Partnership.



Gil Staley is the CEO of The Woodlands Area Economic Development Partnership.

MICHAEL STRAVATO

“That time period was a pivotal year for The Woodlands,” Staley said. “And Anadarko led the way.”

Anadarko picked The Woodlands in 1998 and broke ground on its first tower the next year. Chevron Phillips Chemical Co. LP broke ground on its own Woodlands headquarters shortly thereafter in 2001, and Chicago Bridge and Iron Co. NV moved its administrative headquarters to The Woodlands the same year. A few years later, [Huntsman Corp.](#) (NYSE: HUN) moved its own headquarters to The Woodlands, too.

Anadarko's move from Greenspoint, where it was based before moving to The Woodlands, opened the door not just for other energy companies, but for growth in other sectors as well, including the health care industry, which is still a major part of the community, said Roger Galatas, who was CEO of The Woodlands Operating Co. in the late '90s when initial Anadarko negotiations happened. The Woodlands Operating Co. would later become The Woodlands Development Co., which is now owned by Howard Hughes Corp. (NYSE: HHC).

“The need for medical services was really driven by the population growth, and that was fueled in part by Anadarko and the other major companies that moved here,” Galatas said.

Anadarko later added a second tower, completed in 2014, that once again made an unmissable impact on the skyline.

“Thirty-story buildings are kind of easy to identify, especially when you have two of them,” Galatas said.

At the time, Anadarko employed about 3,500 globally, according to filings with the U.S. Securities and Exchange Commission. That number has since grown to about 4,500, according to more recent filings. The company has a headcount of 2,500 in The Woodlands now, including contractors.

Anadarko’s decision to move to The Woodlands was pretty simple: Anadarko had outgrown its space in Greenspoint at the time of its move, and it was drawn to The Woodlands for a number of reasons, said Anadarko spokesman John Christiansen. Its brand new office space was less expensive than its old headquarters, and the surrounding area was a big draw for its employees, Christiansen said.

Anadarko had considered locations downtown and in Kingwood, but Christiansen said The Woodlands was a better spot for the HQ based on where most of its employees at the time already lived.

The community didn’t win Anadarko’s presence or the growth it brought with it for free, though. Four taxing entities abated the entire value of Anadarko’s first tower until 2010, and they won’t tax the second tower until after 2022, according to documents filed at the time and records from the Montgomery Central Appraisal District.

In total, Anadarko has been exempt from \$13.29 million in property taxes on its first tower, and about \$7.64 million so far on the second, according to the MCAD records.

Abated property taxes for the second tower were about \$1.46 million in 2017, according to records from the Montgomery Central Appraisal District, though that number fluctuates each year with the tax rates and property value. Those four taxing entities will continue to abate the full value of the second tower until after 2022.

Staley, whose organization facilitated the tax agreements, said that while abatements are a tool to be used, they “are not handed out indiscriminately.”

[The Woodlands Operating Company](#) LP, the developer that owned and planned The Woodlands, also had to agree to build a hotel and convention center nearby — now The Woodlands Waterway Marriott Hotel and Convention Center — as part of the deal, Galatas said.

“It required an investment to get Anadarko here,” Galatas said. “The investment, in my judgment, has paid off handsomely.”



Roger Galatas is the former CEO of The Woodlands Operating Co.

COURTESY

There were a handful of other concessions to be made — the tower Anadarko wanted to build was taller than The Woodlands allowed at the time, and Anadarko wanted to buy, not lease, the land under it, Galatas said.

“There was pushback among people who lived and worked here, concern that a building that tall would somehow interfere with the concept of building an entire community within the trees,” Galatas said.

The Woodlands and its residents debated the changes and exceptions long and hard, Galatas said, before coming to what he maintains was the right decision.

J.J. Hollie, president and CEO of The Woodlands Area Chamber of Commerce, didn’t want to over-attribute The Woodlands’ success to Anadarko, though.



J.J. Hollie is the president and CEO of The Woodlands Area Chamber of Commerce.

COURTESY

“I wouldn’t want to diminish their importance to the community, but there’s a lot of pieces to that puzzle,” Hollie said.

Galatas agreed, and said the Woodlands would have still have been a success even had it not managed to snag Anadarko’s headquarters, Galatas said.

“Maybe a little more challenging or delayed, but certainly I think George Mitchell’s vision would have prevailed,” he said.

Ultimately, Anadarko did pick The Woodlands and Christiansen said it intends to stay there. Its two existing towers have plenty of room to grow, and the company also owns an adjacent plot of land that it could develop in the future if it needs to.

“We expect The Woodlands to be the home of our headquarters for years to come,” Christiansen said.

Closer look: [Anadarko Petroleum Corp.](#)

HQ: The Woodlands

Founded: 1959 by Panhandle Eastern Corp., spun off as own company in 1986

Top executive: Al Walker, president, CEO and chairman

Revenue: \$7.87 billion in 2016

Employees: 1,760 in The Woodlands, plus about 740 contractors

What it does: Exploration and production of oil and gas

NYSE: APC