

M I D L A N D - O D E S S A

# MOTRAN

TRANSPORTATION ALLIANCE, INC.



**Annual Report 2020**

## 2019-2020

Between a world-wide pandemic and oil prices, 2020 has presented the Permian Basin with a lot of challenges. Yet, despite those challenging times there has been some good news, too!

In 2019 and 2020, an additional \$600 million was allocated to Permian Basin roads and highways through revisions to the Unified Transportation Plan. Both years also saw additional federal allocations through BUILD grants from the United States Department of Transportation.

In addition, many new projects started being planned and developed this year, like improving Loop 338 in Odessa to a freeway design, expanding SH 302 from Odessa to US 285 and SH 349 from I-20 in Midland down to Rankin as four lane divided highways.

The Texas Department of Transportation wrapped up their Permian Basin Freight Plan, which indicates that 30% of all freight tonnage in the state is generated in the Permian Basin, and several new pipelines are now coming online which will dramatically reduce the transport costs to Permian producers, which will help keep our economy strong.

One commonality to these events is that behind the scenes, MOTRAN has been involved in these and many other efforts. During my time as MOTRAN Chair, I have had the question of what does MOTRAN do exactly? It is not an easy question to answer because we are involved in a lot of efforts, sometimes leading the charge, and sometimes as an integral participant.

This year, MOTRAN helped generate and submit over 50% of all statewide responses for the Unified Transportation Plan that came from the Permian Basin, to show support for additional roadway funding.

We have been leading the way in several studies to address broadband issues and helping bring new technology companies to town and improve services to consumers. We also conducted surveys, collected data, and submitted important information that led to a freight study for the Permian Basin that helps justify additional Permian Basin funding.

We have packaged data for airlines to help bring additional flights, educated the region on pipeline projects that would reduce truck traffic and provide better economic returns, and continued to push, year after year, for the development of important projects for the region, until they got done.

MOTRAN is the Permian Basin's version of "Special Teams", comprised of a small staff, and volunteer board members, who are all committed to a single goal, a better and brighter future for the Permian Basin.

It is my honor to be a part of this team and my privilege to serve as the Chair for the last two years.

– Sondra Eoff



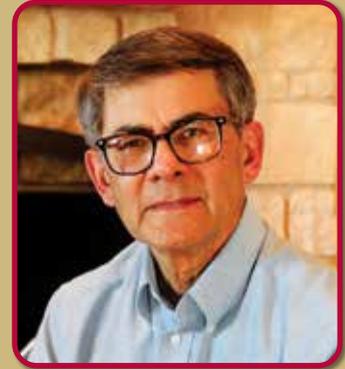


## 2020-21

The last few years at MOTRAN have been filled with lots of activity and many substantial wins for the Permian Basin, and as we head into 2021, I expect nothing less.

It is my privilege to serve as the new MOTRAN Chair for the coming year. My involvement with MOTRAN dates back to its earliest days, during my service on the board as Mayor of Midland. The need then, for a unified and cooperative effort between our two communities, is just as true today.

This past year, MOTRAN worked with others from Texas, Louisiana, Mississippi, Alabama, and Georgia to win committee support in the United States Congress for the designation of Interstate 14, through the Permian Basin. That route helps connect our energy production to other energy plays in the south and the Gulf Coast, while also making strategic connections between critical national defense installations.



This year it is imperative that we get that designation passed, so we can continue our efforts to better connect the Permian to the rest of the state and nation through our national highway system.

MOTRAN has also been helping lead the charge to improve internet connections in the Permian Basin and that is an important charge that we will continue to push.

While many people think about MOTRAN from a road and highway perspective, we have always been about making connections. Sometimes those connections are roads and highways, sometimes it's supporting critical pipelines that help move energy production or even utility lines to get us more reliable electric power.

MOTRAN is made up of business and community leaders, and the one thing we realized a long time ago, whether it is growing our existing economic base, diversifying our economy, or just reducing costs to improve business margins and make our region more competitive, improving our ability to move goods, products and services in and out of the Permian Basin in a safe and efficient manner is paramount to our success.

There is a lot of work ahead of us and none of it is ever really easy, but I am committed to accomplishing this work and can tell you we have a very dedicated board of directors who along with our staff are also deeply committed to seeing our area prosper and grow.

As always, this work would never be possible without our MOTRAN members and strong support from citizens and community leaders throughout the region. We appreciate your support and look forward to great things to come in the year ahead.

– J.D. Faircloth

## PERMIAN BASIN FREIGHT STUDY

Over the course of the year, MOTRAN participated in multiple studies regarding the impact that the Permian Basin has on the region, state, and nation. One of these studies was the Permian Basin Freight Study commissioned by TXDOT. MOTRAN began in 2017 advocating for a Permian Basin based freight study to be conducted which culminated in this effort, Chaired by MOTRAN Member and Ector County Judge Debi Hays.

Along the way, MOTRAN also played a critical role in providing data sets to quantify freight movement in the Permian Basin, including an area trucking survey for the Texas Transportation Institute (TTI).

The finalized Permian Basin Freight Study solidified what MOTRAN has long expressed, that Permian Basin freight, especially in terms of daily trucks, has long been undercounted in TXDOT modeling and that our economic and freight impact is much greater than previously imagined.

**Perhaps the most significant finding is that a total of an additional 106,625 daily truck trips in the Permian Basin have not been counted as freight by TXDOT.**

This finding helps to explain the disconnect that we, here in the Permian Basin, have long felt, that our roadways are not being funded at a level that matches the impact that this freight has on our system.

The freight study also found that the Permian Basin was responsible for 895 million tons of freight in 2018 with an average freight tonnage per capita of 1,705. All of Texas was responsible for 2,965 million in freight tonnage in 2018 with an average per freight tonnage per capita of 104.

**This means that the Permian Basin was responsible for over 30% of all freight tonnage in the state of Texas in 2018. Additionally, the Permian Basin citizens are responsible for 16 times more in freight tonnage per capita than their fellow citizens throughout Texas.**

When examining the Permian Basin's Gross Regional Product, or how much of an economic impact our region has on our economy, **the study found that the impact is greater than that of 12 entire state economies in the United States**, including New Hampshire, Idaho, West Virginia, Delaware, Maine, Rhode Island, North Dakota, Alaska, South Dakota, Montana, Wyoming, and Vermont.

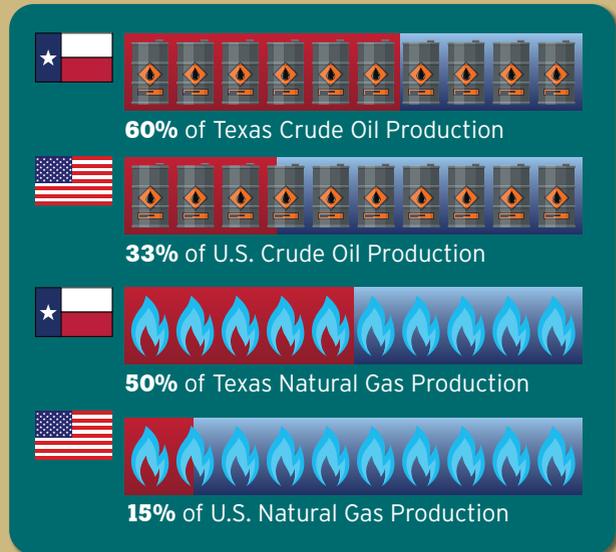
These findings among the many others throughout the study will be given to TXDOT Commissioners and staff to better allocate, plan, and complete road projects here in the Permian Basin.





## ENERGY PRODUCTION

- Produces more than 4 million barrels of oil per day (2.6 million in TX & 1.53 million in NM.) That's nearly 33% of total US Oil Production
- The Texas portion of the Permian Basin produces 2.6 million barrels of oil each day or 60% of all Texas Oil Production
- Produces 50% of all natural gas in Texas, 15% in the U.S.
- Oil Production in the Permian Basin doubled from 2013 to 2020
- Natural Gas Production in the Permian Basin has increased by over 250% since 2011



## ALTERNATIVE ENERGY

- The Permian Basin is the number one wind energy producing region in the U.S.
- The majority of the solar power production capacity for Texas is located in the Permian Basin

## FREIGHT TONNAGE

- Estimate for sand is 36.8 million tons (Over 3 million total truck trips)
- Estimate for fresh water is 243 million tons (Over 3 million total truck trips)
- Estimate for produced water is 642 million tons (Over 32 million truck trips)
- Freight tonnage per capita in the Permian Basin is 16 times greater than the statewide average
- Average freight tonnage per capita in Texas is 104 tons compared to 1,705 tons per capita in the Permian Basin
- In 2018, an estimated 1.1 billion tons of freight valued at \$38.3 billion was transported into, out of, and within the Permian Basin region.
- These volumes are expected to grow by 51% to 1.6 billion tons of freight valued at \$76.9 billion by 2050.



## UNITED TRANSPORTATION PLAN PUBLIC SUPPORT

A couple of years ago, we began communications with several state leaders and the Texas Department of Transportation about the need for additional funding and floated a plan that would utilize allocations from the Unified Transportation Plan (UTP) to expedite strategic objectives here in the Permian Basin.

**53% of all state public comments came from the Permian Basin supporting additional Permian Funding**

The Commission dedicated \$600 million in Category 12 (Strategic Funding), to the Permian over a two-year period with \$365 million programmed in the initial year. This year (2020), the Commission programmed the remaining \$235 million.

While much of that funding is programmed for future years (2024-29) and the impact will not be immediate, the funding serves a couple of critical purposes. First, it provides \$600 million new funds in addition to programmed amounts over that 5 year-year period. Second, it is helping to expedite planning and development of several projects that might not have been planned for another 10 to 15 years otherwise.

To show strong Permian Basin support for this initiative, we asked for your help. In the initial year of the program we had hundreds of individual comments of support that were submitted to the Transportation Commission, and they, along with other statewide leaders were blown away by the number of residents of the Permian Basin who spoke up for better roads.

This year, we submitted another 785 individual comments of support. Those 785 comments made up nearly all the 786 comments received by the Commission in support of Permian Basin funding. However, those comments also made up 53% of all comments received statewide related to the UTP.

The long and short of it is, your support made a huge difference. Just like improvements to SH 349, SH 158, Loop 250, or efforts underway for SH 302, Loop 338, and the Pecos Reliever Route, when residents of the Permian Basin have made their voices heard it has resulted in dramatic improvements.

We are a long way from our state and national capitols, but when 2% of our state's population make up 53% of the statewide comments they hear, that turns a lot of heads.

Thank you for making your voice heard and being an integral part of bringing more funding to our Permian Basin roadways!



**\$600 Million**  
in Category 12 Strategic Funding



## FUNDED

### UTP REVISIONS

In January of 2019, MOTRAN began communications with several state leaders about the need for additional funding and floated a plan that would utilize allocations from the UTP to accomplish strategic objectives here in the Permian Basin. At the time, we had a hard time finding support from several prominent local groups, but the support of so many individuals here in the Basin made a tremendous difference.

Earlier this year, MOTRAN submitted 785 individual public comments in support of continued funding for the Permian Basin and programming the remaining \$235 million in Permian dedicated highway funding for critical infrastructure here in the Permian. That constitutes an additional \$600 million in the last 2 years. Those public comments submitted accounted for 53% of all public comments received by the state.

“We appreciate the leadership of the Transportation Commission and in particular, Chairman Bugg,” said James Beauchamp, MOTRAN President. “We also need to thank the support we have had from the beginning from Governor Greg Abbott and Lt. Governor Dan Patrick,” added Beauchamp. “They have been long-time supporters of the Permian and this plan would never have moved forward without their strong support.”

“Our real champions have been our fellow citizens here in the Permian Basin,” said Beauchamp. “Too many times, the Permian Basin gets overlooked. There is a lot of economic impact, but not a lot of people out here. But to have 53% of all statewide comments come from our area and show such strong public support for these funds is amazing. It also helps send a message to the commission to continue future funding for this program. We know our economy is struggling, but the Permian Basin makes up over 10% of our overall state economy and our economic recovery has an exponential impact on our state revenues.”

### PROPOSED PERMIAN PROJECTS FOR 2021 UTP FUNDING ALLOCATIONS (\$235 MILLION TOTAL)



From SH 115 to FM 1788 (Andrews) - Widen existing roadway



From SH 18 to the Winkler county line (Winkler/Ward) - Widen existing roadway



From FM 1165 to FM 3541 (Culberson) - Rehab of existing roadway



From JBS Parkway (Odessa) to SH 349 (Midland) Convert frontage roads to one-way, reconstruct and update interchanges, and increase main lanes from 4 to 6.

### PREVIOUS PERMIAN PROJECTS FOR 2020 UTP FUNDING ALLOCATIONS (\$364.5 MILLION TOTAL)

**I-20:** From FM 1936 (Ector) to FM 1208 (Midland)

**US 180:** Addition of passing lanes in Gaines and Dawson counties

**PECOS RELIEVER ROUTE:** New construction reliver route from Pecos (Reeves)

**FM 2185:** New road construction in Culberson county

**FM 1053:** Relocation of FM 1053 in Pecos county

**SL 88:** New construction of another loop in Lubbock

## US 385 PROGRESS

Construction continues on the expansion of US 385 between Crane and McCamey as a four-lane divided highway. This project has been a priority of MOTRAN to achieve a freeway connection between Interstate 10 and 20 in the Permian, to support energy sector activity and build stronger connections between Midland and Odessa, as well as, major I-10 markets on the Gulf Coast.



### PLANNING STATUS (UNDERWAY)

#### SH 302 Expansion to 4 Lane Divided (from Ector/Winkler Co Line to US 285)

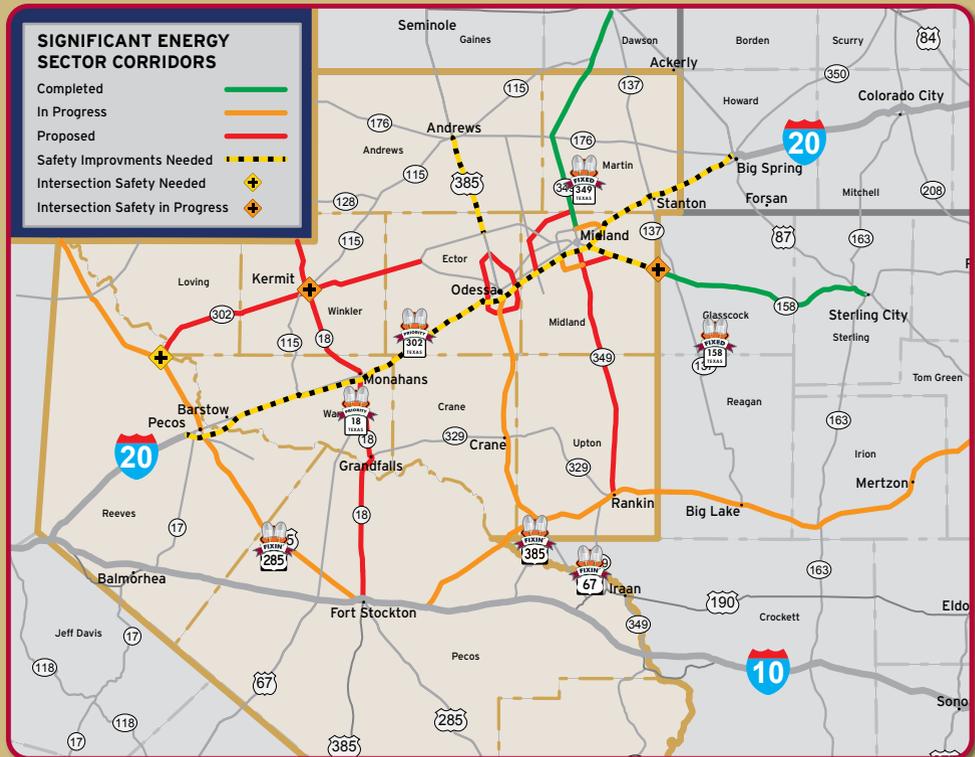
Study has started and is in the initial stages of general data collection.

#### SH 349 Expansion to 4 Lane Divided (South of Midland to Rankin)

Contract has just been signed, but work has not been started.

#### Development of Loop 338 to Freeway Design in Odessa

The feasibility study / preliminary schematic development has been underway for about a year. We have received interim work products.



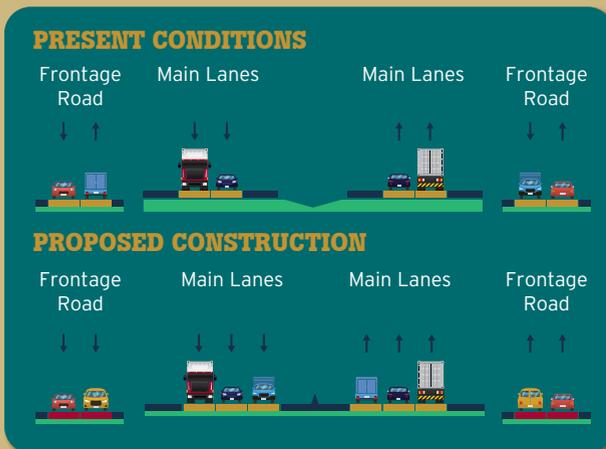
#### 9x9 Project Package (Planning for 4 lane divided segments for segments of US 285 from NM State Line to I-10, SH 176 from Big Spring to Andrews, SH 18 from NM State Line to Monahans, SH 115 from Andrews to Pyote, and FM 2185 in Culberson County)

Contracts have just been signed, but work has not been started.



## INTERSTATE 20 IN MIDLAND-ODESSA

Several years ago, the Texas Department of Transportation began pushing a plan to convert the frontage roads of I-20 in Midland-Odessa from two to one way. MOTRAN pushed back and wanted to see a more robust plan that would also address capacity issues along the I-20 corridor. Ultimately, the Department crafted a more comprehensive plan and due to several UTP revisions, local leveraging, and additional state funding, that more expansive plan is moving forward. The work will convert the frontage roads, rebuild overpasses that will have the main lanes of I-20 going over intersections, helping streamline those intersections and reduce delays, and expand I-20 in Midland and Odessa from 4 lanes to 6 lanes.



Consultants are developing construction documents for the entire corridor. Projects 1 and 2 (interchange reconstruction at Midkiff, \$37 million) and new interchange at CR 1250, \$50 million) are going to contract in February and January of 2021, respectively.

The BUILD Grant project at Cotton Flat Rd. will be built as part of Project 3 (JBS Parkway to SH 349, \$340 million), which is tentatively scheduled to begin in the late summer of 2022.

## PLANNING PROJECTS AUTHORIZED

### Craddick Reliever Route Expansion West to Loop 338 in Odessa

Study the feasibility of extending Craddick Highway from its current termination at FM 1788 westward to Loop 338 on the northeast side of Odessa

### Craddick Reliever Route Expansion East

Study the feasibility of extending the Craddick highway from SH 349 north of Midland eastward to Interstate 20

### South Loop from South Odessa to East Midland

Study the feasibility of a corridor from the south leg of Loop 338 in Odessa eastward to ultimately intersect at Interstate 20 east of Midland

### SH 158 in Midland County and Ector County

Study operational improvements, needed interchanges, and capacity improvements on SH 158 South of Midland as well as heading westward to its termination at SH 302 in Ector County to accommodate current and future traffic growth and development along the corridor

### SH 191 Between Midland and Odessa

Study operational improvements, needed interchanges, and capacity improvements on SH 191 between the cities of Midland and Odessa to accommodate current and future traffic growth and development along the corridor

### US 385 Direct Connection with Interstate 10

Study the feasibility of a more direct connection from US 385 in McCamey south to I-10

### West Odessa Corridor Improvements

Analyze the primary east-west corridors in West Odessa from 42<sup>nd</sup> street southward to I-20 as well as north-south corridors from FM 866 to FM 1936

## HEIDELBERG HIGHWAY



Over the course of the last year, MOTRAN worked with the Midland Police Department, Midland County, and the Texas Department of Transportation-Odessa District to designate a portion of FM 307 in Greenwood as the Officer Hayden Heidelberg Memorial Highway.

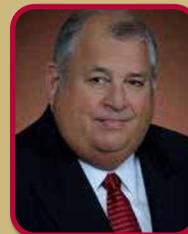
## NEW MOTRAN BOARD MEMBERS

The MOTRAN Alliance saw the addition of several new board members this year. Joining as the new representatives of the City of Midland are Councilwoman Lori Blong and Councilman Jack Ladd, Jr.



### Lori Blong

Lori Blong is a native Midlander, and along with her husband Mark, founded Octane Energy. Lori has been a Vice President of Midland Habitat for Humanity and serves on key economic development boards. As a former teacher and a mother of three, she is also involved in education and currently volunteers with Midland schools.



### Charles "Choc" Harris

Charles "Choc" Harris is the newest At-Large Director on the MOTRAN Board. Choc has had a long history in law enforcement and currently serves as the Odessa Plant Manager for GCA (Gulf Coast Authority), and was an active participant in the MOTRAN Trucking Survey. He and his wife Betty reside in Midland County.



### Jack Ladd

Jack Ladd is a fourth generation Midlander and a local attorney. He has previously worked for Odessa State Representative Tryon Lewis and was Senator Kay Bailey Hutchison's staff assistant in her Washington, DC office.



## BROADBAND IN THE BASIN

In 2018, MOTRAN was tasked by the Odessa Development Corporation with studying broadband connectivity in Ector County, particularly the areas of South and West Odessa. Since then, MOTRAN has published an initial, as well as a follow-up study, that have been utilized by various entities, including the school districts and the municipalities of both Midland and Odessa.

### Some of those initial findings included:

#### Broadband Availability

- 99.3% of homes in Ector county
- 97.85% of homes in West and South Odessa
- Roughly 400 homes in Ector County do not have access available to any kind of internet service
- Midland County has 99.7% broadband availability
- 34% of West and South Odessa households stated a mobile device was how they connected to the internet
- 15% stating it was their primary device
- 19% stating it was their only connection



#### Homes Opting not to Adopt Broadband

- 33% or 17,319 homes in Ector county
- 47% or 3,883 homes in West and South Odessa
- 17% of homes in West and South Odessa do not subscribe to any fixed internet service (these individuals are generally part of the 1/3 of respondents who are utilizing only a mobile device)

In the initial effort it became clear that while many, if not most residents, had access to broadband (25 mbps download, 3 mbps upload), nearly a third did not adopt that level of service.

#### Ector County Online Business Interactions

- 68% Weekly
- 80% Monthly

#### Average Annual Online Purchases

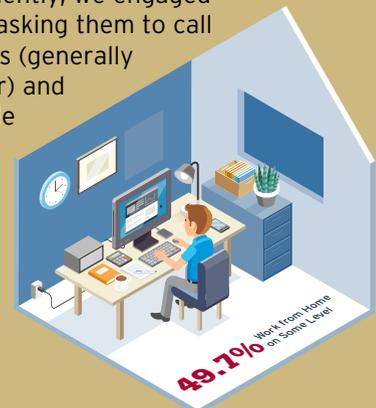
- \$1350 With Local Businesses
- \$2900 With Non-Local Businesses

#### Ector County Residents Working From Home

- 49.7% Work from Home on Some Level
- 34% Report Daily
- 62% Report Once a Week or More

In a subsequent survey and speed test for Midland and Ector Counties, we found that over 65% of respondents currently pay on average \$45 to \$50 more for their current plan than other available plans, often without contracts, and usually with higher levels of service available at a lower price.

Since our initial study we began working to inform area residents about this issue and becoming better consumers. Subsequently, we engaged with 10 respondents, asking them to call their service providers (generally their existing provider) and ask to look at available plans. Of those 10, all ended up with a lower price and a higher level of service with monthly savings ranging from \$42 to \$108.



## **MOTRAN ALLIANCE, INC. BOARD OF DIRECTORS**

### **FOUNDING DIRECTORS**

Renee Henderson Earls  
Odessa Chamber of Commerce

Peggy Dean and Tom Sprawls  
City of Odessa

Lori Blong and Jack Ladd, Jr.  
City of Midland

Judge Debi Hays  
Ector County

Shaun Rainey  
Midland Chamber of Commerce

Robert R. Donnelly  
Midland County

### **FOUNDING ORGANIZATIONS**

Mayor David Turner  
City of Odessa

Mayor Patrick Payton  
City of Midland

Renee Henderson Earls  
Odessa Chamber of Commerce

Judge Debi Hays  
Ector County

Bobby Burns  
Midland Chamber of Commerce

Judge Terry Johnson  
Midland County

### **DIRECTORS AT LARGE**

Eric West • J.D. Faircloth • Tom McMinn • Trey Crutcher • Sondra Eoff • Stephen Robertson • Choc Harris • Collin Sewell

### **ECONOMIC DEVELOPMENT PARTNERS**

John Trischetti, Midland Development Corporation • Wesley Burnett, Odessa Development Corporation

### **PAST CHAIRS**

Bob Barnes • Betsy Triplett-Hurt • Buddy Sipes • Don Wood • Kyle Womack • Danny Jones • Steve Castle  
Trey Crutcher • Robert R. Donnelly • Drew Crutcher • Leldon Hensley • Susie Hitchcock-Hall • David Boutin

## **MOTRAN ALLIANCE, INC. 2020 BUSINESS CONTRIBUTORS**

*A Special Thank You to Our 2020 MOTRAN Business Members!*

### **PLATINUM**

DEW Investment  
Jones Brothers Dirt and Paving  
Odessa Marriott Hotel and Conference Center  
Pioneer Natural Resources  
Reeves County  
Wellsite Navigator

### **GOLD**

Shell Oil Company  
Parkhill, Smith, and Cooper  
JD Faircloth  
Community National Bank  
Presidio Municipal Development District  
MCM Properties  
RCS, Inc.  
Southwest 66 Credit Union  
Faskin Oil and Ranch  
Permian Basin Petroleum Association

### **SILVER**

Upton County  
Permian Basin Board of Realtors  
Frost Bank  
Henry Resources, LLC  
Gulf Coast Authority  
Union Pacific Railroad  
Atkins, Hollman, Jones, Peacock, Lewis & Lyon, Inc.

Atmos Energy  
J & S Services  
West Texas National Bank

### **SUPPORTING**

David Boutin  
Texas Pacifico Transportation  
Younger Partners, Ltd.  
Eastland Oil Company  
Cowboys Resources Corp.  
The Havens Group, Inc.  
LCA, Inc.  
Oncor Electric Delivery Co.  
Big Bend Telecom, LTD.  
Austin Keith  
Bonifay & Associates

Hayes Insurance

Monahans Economic Development Corporation  
AGC of Texas, Gossett Oil & Gas Properties  
Southwest Bank  
EL Farmer & Company  
Texas Tech University Health Science Center

### **STANDARD**

Dr. James B. Goates, DDS, Inc  
Monahans Chamber of Commerce  
McMinn's Furniture  
Ramsey Petroleum, LP  
Chisos Operating, Inc.  
Brandon Hodges  
Andrews Economic Development Corporation  
Dean Combs, CPA