

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

MOTRAN

TRANSPORTATION ALLIANCE, INC.



Annual Report 2016

GROWING THE BASIN'S ECONOMY

For the last two years, it has been my pleasure to serve as the Chairman of MOTRAN.

During that time, we have played a major role in bringing additional funding and projects to the area. We have also spent countless hours fulfilling the work of building a major trade corridor to Mexico, through projects like the expansion of US Highway 385 and the expansion of the Presidio-Ojinaga International Bridge.

In addition to our efforts to build and improve corridor roadways, a simultaneous effort is underway to construct a new natural gas line paralleling our route which, when completed, will open up new export markets for Permian Basin producers and continue the growth of our entire region's economy.

While many people have come to know MOTRAN as an organization dedicated to improving transportation in the Permian Basin, the real goal of improving our infrastructure has been to create new jobs and economic growth.

Even with the successes we have been a part of, we know there is a lot of work left to do, and hope we can count on your continued support.

Trey Crutcher



Outgoing Chairman



NEW INTERSTATES AND NEW INFRASTRUCTURE

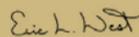
The year ahead promises to be an exciting one for MOTRAN. As the new Chairman, I look forward to helping guide our organization and helping prioritize and bring energy to our efforts to re-designate Interstate 14 to the Midland-Odessa area.

While MOTRAN has worked hard to bring about additional funding for the area, we still believe there is more that we can do, and those of us who drive area roadways and rely on the transportation infrastructure for business and commerce in the Permian Basin, understand just how important that task is.

We have already begun discussions with cities, counties, and development corporations to lay the framework for a plan that will allow us to better compete for funding and increase transportation infrastructure in the area by 25 to 50% over the next 10 years.

The support of the Midland and Odessa Development Corporations and our MOTRAN business members has been paramount to pursue this important work and we hope you will consider joining with us. I look forward to working with you to make Midland, Odessa, and the entire Permian Basin a great place to call home.

Eric West



Incoming Chairman



MOTRAN's efforts in 2015-16 resulted in over **\$71 million** in additional investment in our regional transportation infrastructure.



US 385

This year saw another important leap forward for MOTRAN with the expansion of US 385 announced by TXDOT.

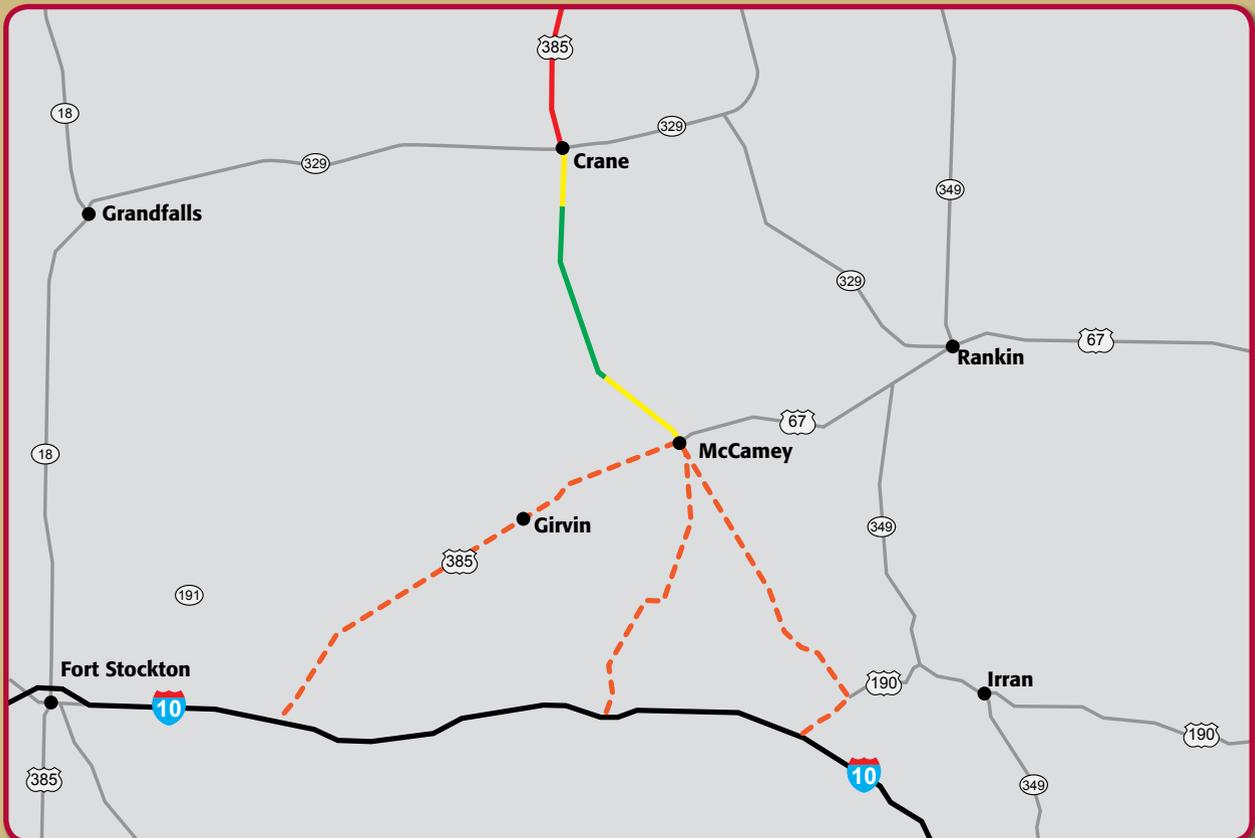
The move came as part of a Unified Transportation Plan revision which authorized the department to update previous planning work on the 2 lane stretch between Crane and McCamey, as well as provide funding for the first phase of construction on the project.

MOTRAN Chairman Trey Crutcher stated, "Completing this segment of the trunk system is critical to Odessa and the Permian Basin. This will help us continue our efforts on La Entrada al Pacífico, as well as provide a 4 lane divided route between I-20 and I-10, to facilitate the needs of the energy sector."



The Odessa District is working with consultants to update the topography and right-of-way maps, and construction on the first phase of the project is slated to begin in January of 2018, with a projected cost of \$30 million.

Remaining federal earmarks are being used to offset local participation costs for right-of-way acquisition and utility adjustments.



TRANSPORTATION COMMISSION UPDATES FUNDING LEVELS FOR THE NEXT DECADE

Late this summer, after months of work, the Texas Transportation Commission approved the statewide transportation plan for 2017-2026. Updated funding levels for the decade include \$167 million in programmed funds for the Midland-Odessa metropolitan area, which is approximately a 300% increase in programmed funding compared to the last decade.

In addition, the Commission added over \$6 billion in funding back to the connectivity category, which can be used for projects like Loop 250 and Loop 338, trunk system projects that provide better statewide connectivity, and improvements to the interstate. In addition, just over \$70 million will be available in the Odessa District for projects aimed at reducing congestion.

Incoming MOTRAN Chairman Eric West noted, "Action by the legislature, and passage of recent propositions by statewide voters, has brought some much needed resources to the table. Those of us in the Permian Basin understand just how important these funds are to improve our local transportation systems, as well as providing for the connectivity and safety issues we see throughout the region and in energy impacted areas."

I-14 to MIDLAND-ODESSA

Earlier this year, MOTRAN joined with the Gulf Coast Strategic Highway Coalition to begin work on the task of re-designating the western segment of I-14 from its current path of Brady to I-10 along US 190, to San Angelo and Midland-Odessa via US 87 and SH 158.

"Congressman Conaway played a big role in helping facilitate the initial discussions," said MOTRAN President James Beauchamp, "His support as a committee chairman and as part of the leadership will also be critical to helping get this done."

"The Midland-Odessa route via San Angelo will dramatically increase the population served, freight usage, and will more than triple the initial traffic as opposed to the US 190 route, so we think the change just makes good sense," added MOTRAN Chairman Trey Crutcher.

MOTRAN and the Gulf Coast Strategic Highway Coalition have had numerous discussions and are both working with congressional and state leaders to draft language and build support for the effort. The effort could move forward in technical corrections to the federal highway bill or could be considered as part of stand-alone legislation.

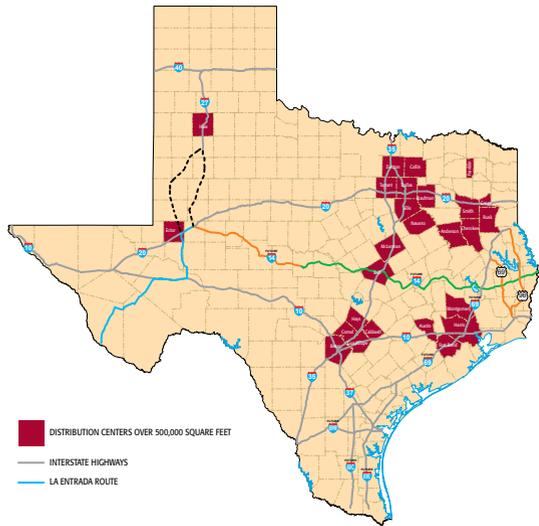
Incoming MOTRAN Chairman Eric West stated, "The re-designation of this segment of I-14 to the area will be a top priority for MOTRAN. Building out this connection to so many other vital markets in Texas is vital to the energy sector, agriculture production, distribution opportunities, and to accommodate the population and workforce growth we have seen here in the Permian Basin."



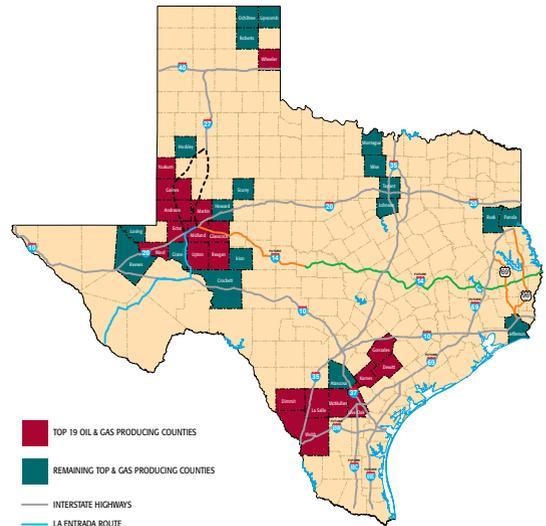
Special thanks to the Midland and Odessa Development Corporations for their continued support for improving our area infrastructure.



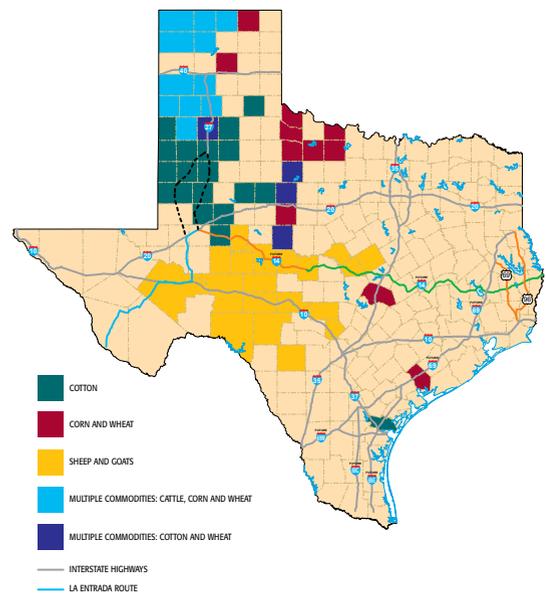
DISTRIBUTION CENTERS OVER 500,000 SQUARE FEET



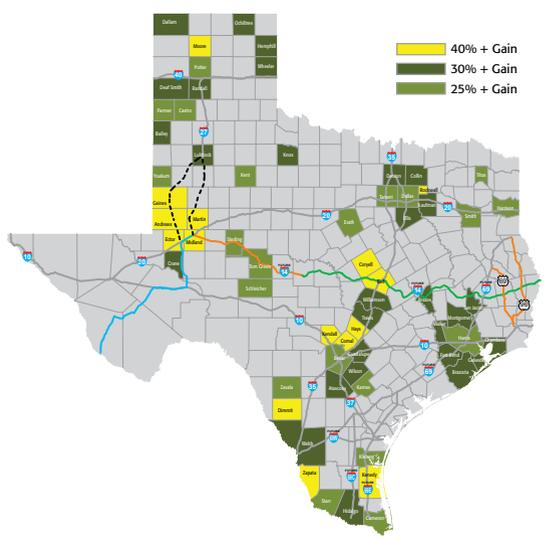
TEXAS TOP OIL & GAS PRODUCING COUNTIES



TOP AGRICULTURE PRODUCING COUNTIES



TEXAS COUNTY POPULATION GROWTH BY 2030



EXPANSION OF THE PRESIDIO-OJINAGA INTERNATIONAL CROSSING

This year marked the beginning of several significant developments for the La Entrada al Pacifico trade corridor.

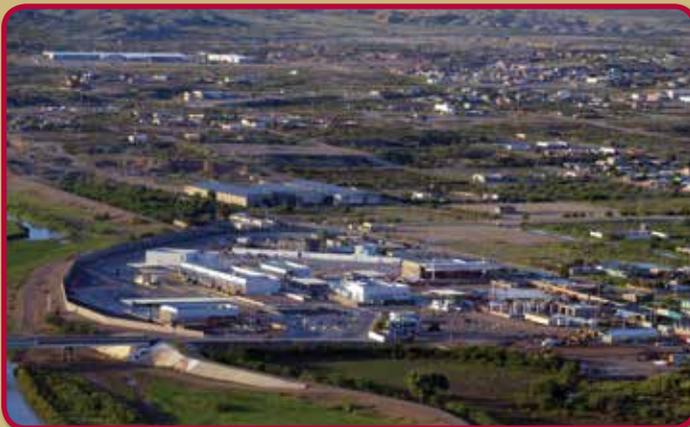
During a revision of the Unified Transportation Plan, the Texas Transportation Commission voted to include funding for expansion of the international bridge at Presidio-Ojinaga. The bridge is currently the only state owned international roadway bridge on the Texas-Mexico border. The move to provide funding means that the expansion will be completed without tolling, which will continue to set the Presidio crossing apart as the only free/non-tolled international road bridge on the border.



MOTRAN President James Beauchamp said, "We appreciate the Commission's decision. While the toll option had been explored, the majority of the toll revenues would have been utilized to cover the costs of collecting tolls. The expansion from 2 to 4 lanes of traffic will help accommodate traffic increases, and oversized loads at the port of entry."

The current 2 lane bridge will remain, with a new 2 lane bridge built alongside the existing structure. The new bridge will also include a larger pedestrian walkway. Currently, the entire bridge has to be shut down twice daily to accommodate freight crossings by Solitaire Homes.

TXDOT recently completed application for the Presidential Permit and upon approval, construction could begin very quickly with an estimated completion time of just under a year.



In addition to the bridge expansion, the federal government in Mexico recently completed work on an expanded port facility in Ojinaga. The port facility was expanded from 2 lanes to 7 lanes, with dedicated northbound and southbound lanes for freight, and 5 lanes for vehicular traffic.

Under the Paisano Program in Mexico, southbound traffic has seen significant increases, and this year has shown the frequent utilization of all 4 lanes on the U.S. side.

The recently completed new Port of Entry in Ojinaga, Mexico.



NEW GOVERNORS FOR CHIHUAHUA AND SINALOA

October of 2016 kicked off the terms of two new governors along the corridor. Javier Corral Jurado has become the new Governor of Chihuahua, while Quirino Ordaz Coppel begins his service as Governor of Sinaloa. Governor Corral is a former reporter from Juarez, who has served as a state legislator and senator, and received a degree from the Universidad de Occidente in Los Mochis, Sinaloa.

Governor Ordaz is a hotel owner and has served in the Mexican Congress. He graduated from the Universidad Autonoma in the State of Mexico.

On September 5th, the two met in Chihuahua to discuss priorities and joint endeavors, including continued work on the Copper Canyon roadway.



Work is progressing rapidly on the natural gas line paralleling the La Entrada al Pacifico Trade Corridor, with completion expected in late 2017. The line will open new markets and export opportunities for Permian Basin producers and allow for additional energy sector growth.

MOTRAN ALLIANCE, INC. BOARD OF DIRECTORS

FOUNDING DIRECTORS

Renee Henderson Earls
Odessa Chamber of Commerce

Richard Morton
City of Odessa

Courtney Sharp
City of Midland

Judge Ron Eckert
Ector County

Jay Isaacs
Midland Chamber of Commerce

Robert R. Donnelly
Midland County

FOUNDING ORGANIZATIONS

Mayor David Turner
City of Odessa

Mayor Jerry Morales
City of Midland

Renee Henderson Earls
Odessa Chamber of Commerce

Judge Ron Eckert
Ector County

Bobby Burns
Midland Chamber of Commerce

Judge Mike Bradford
Midland County

DIRECTORS AT LARGE

Eric West • J.D. Faircloth • Tom McMinn • Trey Crutcher • Sondra Eoff • Stephen Robertson

ECONOMIC DEVELOPMENT PARTNERS

Pam Welch, Midland Development Corporation • Wesley Burnett, Odessa Development Corporation

PAST CHAIRS

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

MOTRAN ALLIANCE, INC. 2016 BUSINESS CONTRIBUTORS

A Special Thank You to Our 2016 MOTRAN Business Members!

PLATINUM

DEW Investments, LLC

GOLD

J.D. Faircloth, CPA
Union Pacific Railroad
Presidio Municipal Development District
RCS, Inc.
Community National Bank
Shell Exploration & Production Company
Parkhill, Smith & Cooper, Inc.
Pioneer Natural Resources

SILVER

Navigator Oil & Minerals
Frost Bank
Odessa Pumps & Equipment, Inc.
Texas Pacifico Transportation, Ltd.
Fasken Oil and Ranch, Ltd.
First Capital Bank
LCA, Inc.

SUPPORTING

Southwest 66 Credit Union
Cowboys Resources

Trey Crutcher, Attorney
The Eastland Oil Company
Weaver and Tidwell, LLP
Latigo Petroleum, LLC
Gulf Coast Authority
SBC, LP
Pinkie's, Inc.
McMinn's Furniture
Oncor
City of Lamesa
Rush Truck Center
Medical Center Health System
Younger Properties
L.D. Sipes, Jr.
CVA Advertising and Marketing

STANDARD

SouthWest Bank
James B Goates, DDS, Inc.
City of McCamey
Perry Management, Inc.
Permian Basin Petroleum Association
Lamar Advertising
Purvis Oil Corporation