

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

MOTRAN

TRANSPORTATION ALLIANCE, INC.



Annual Report 2019

TELLING THE STORY OF THE PERMIAN BASIN: PAVING THE WAY TO \$600 MILLION IN ADDITIONAL STATE FUNDING

In 2018, we entered a partnership with a large energy company. Their generous support came without strings, except for the simple request that we tell the story of the Permian Basin.

Since that time we have produced materials shared through media outlets and social media, and with the Governor, Lt. Governor, state legislators, agency heads, and members of commissions and executive staff for agencies that directly impact programs in the Permian Basin. In addition, through our efforts with the Permian Basin Coalition, we have also shared that material with city, county, chambers of commerce, and economic development professionals throughout the Permian Basin region, so they could use those same materials to help tell that same story.

We also held several meetings with the Governor's staff to talk about unmet needs in the Permian Basin. Specifically, that the lack of critical infrastructure had led to a devaluation of West Texas Crude, which had cost the state \$1.3 billion over the last biennium. And \$1.3 billion in lost state revenue really got a lot of folk's attention.



Those discussions culminated in a letter we sent in early February to the Transportation Commission members and Governor Abbot and Lt. Governor Patrick, laying out a plan to provide over \$500 million in additional Category 12 (discretionary) funding for the Permian Basin over the next 5 years, through the annual UTP revision process. Over 40 local leaders across our region signed that letter, including the Odessa Chamber of Commerce, and Governor Abbott and Lt. Governor Patrick endorsed that plan as a "reasonable approach to addressing infrastructure needs in the Permian Basin."



We reached out to industry leaders to support the plan, and while some refused to do so, the Permian Basin Petroleum Association agreed to help. In March we met with State Governmental Affairs staff from Exxon, Shell, Oxy, Chevron, Concho, Anadarko, Diamondback, and Pioneer, asking for their support and specifically to go by and visit with the Governor's office to show their support for the plan. PBPA helped follow-through on those efforts.

The recent UTP revision was the culmination of that effort. While most of you have heard about the \$600 million over the next two years that the Commission has committed to funding, those projects are programmed for 2024-2029, so instead of our original plan for \$105 million a year over 5 years, we will see \$100 million a year over 6 years.



Leading up to the vote by the Commission, we collected 12 resolutions from area entities and nearly 1000 individual comments in support of the additional \$600 million in strategic funds and asking for the continuation of the program beyond the initial 2 years. TXDOT staff announced during the recent commission meeting to approve the UTP, they had 10 times the normal public comments they generally receive during the public comment stage, and the majority of those comments came from many of you, right here in the Permian Basin!

Through our partnership with TXDOT on the Permian Basin Regional Freight Plan we also shared the individual responses we received detailing particular projects and needs for integration into the Regional Freight Plan for identifying future projects for planning and development.

We have also used the entire process to talk about the importance of completing Loop 338 in Odessa as a functional freeway, added capacity on the interstate, as opposed to just the conversion of the frontage roads, expansion of SH 302 from the Ector County/Winkler County Line all the way to US 285 as a four-lane highway, and the importance of more aggressive planning efforts to develop projects in the Odessa/Midland area which have fallen behind.



We are also committed to working to extend that funding. If the program is not continued, the only benefit to Odessa-Midland will have been to convert the frontage roads on I-20-without any additional capacity improvements for our growing communities.

PAVING THE WAY TO ADDITIONAL FEDERAL FUNDING

We have been working with US Senator Tom Udall (New Mexico) for much of the last year. During the late summer, we learned that this language was included to make energy traffic part of the federal definition for determining freight corridors in the Senate Environment and Public Works Committee's mark-up for the next surface transportation reauthorization bill. The amendment came from a Democrat and was supported by the Committee's Republican Chairman.

While most of us understand that energy traffic is freight traffic, this will place it firmly in federal law, and ensure TXDOT includes energy impacted roads as a critical part of the state freight plan, as well as making many local projects eligible for \$500 million in set-aside funding for freight at the discretion of the Secretary of Transportation.



CONNECTING THE PERMIAN VIA AIR TO EVERYWHERE

The following responses were part of a Commercial Air Survey of local companies conducted by MOTRAN in early 2019. The survey was part of an on-going effort to expand commercial flights to the area and were provided to Southwest Airlines during a meeting with Southwest officials in April hosted by Nadine Craddick, Lorraine Perryman, and MOTRAN. In addition, Dr. Ray Perryman presented his model for projected passengers for the return of a direct flight from Midland-Odesa to Austin.

COMMERCIAL AIR SERVICE SURVEY

- 48 Respondents
- 236,555 Commercial Flights Annually Represented

Top Destinations:

- Dallas Aggregated (66,936)
- Houston Aggregated (57,600)
- Austin (39,730)
- Albuquerque (12,780)
- Denver (10,201)
- Phoenix (857)

DRIVE OR FLY

- 8,089 vehicular trips detailed by respondents
- 6,925 would be converted to air travel if destinations were better served

Top Destinations:

- Austin (2,534)
- Dallas (999)
- Albuquerque (757)
- San Antonio (538)
- El Paso (440)

CORPORATE/PRIVATE AIR SERVICE

- 22 Respondents reported frequent or regular use of private aircraft
- 2,284 Corporate/Private Flights
- 21,289 Passengers

Top Destinations:

- Austin (918)
- Houston (673)
- San Antonio (160)
- Colorado Springs (96)
- Denver (61)





HIGHLIGHTS OF THE PERRYMAN GROUP REPORT

- Exports continue to grow dramatically, facilitated by the lifting of the oil export ban, new liquified natural gas production facilities, and other factors.
- 75% of the world's economic growth is occurring in emerging countries and dominated by energy-intensive sectors.
- Global demand for oil and gas will double in the next 25 years.

Projected Population Growth 2018-2025

United States	5.1%
Texas	10.5%
South Plains	7.8%
Permian Basin	27.3%



Expected Gross Product Growth 2018-2025

United States	19.5%
Texas	29.2%
South Plains	22.8%
Permian Basin	79.1%



Expected Employment Growth 2018-2025

United States	10.9%
Texas	14.7%
South Plains	13%
Permian Basin	31%



72% of Texas Crude Oil Production



32% of U.S. Crude Oil Production

SIMULATION OF DEMAND FOR NON-STOP FLIGHTS BETWEEN MIDLAND AND AUSTIN

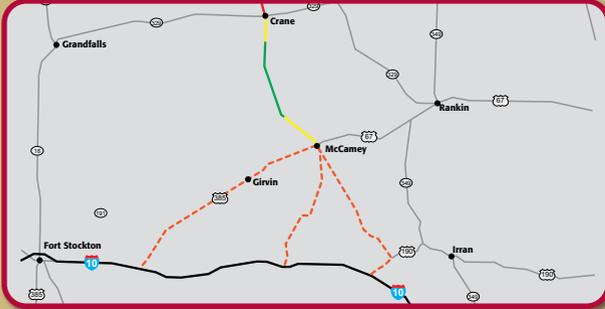
2019 Projected Annual Passengers

Low Case:	49,200 passengers
High Case:	56,700 passengers

2025 Projected Annual Passengers

Low Case:	96,300 passengers
High Case:	106,400 passengers





FIXING US 385



Over the years, we have worked to expedite the build-out of US 385 to a four-lane divided roadway between Odessa-Midland and I-10. US 385 serves as a critical backbone for connected I-10 and I-20, in an area heavily impacted by energy production. And that's not just oil

and gas, but solar and wind energy as well.

In the 2020 UTP approved earlier this year, an additional \$35 million in funding was provided for the last of the 3 segments, to upgrade the entire segment of US 385 from Crane to McCamey at US 67. Construction is already underway on previous phases of the project.

In addition, work is beginning on the connecting segment of US 67. This project includes rehab for the existing roadway and the addition of passing lanes.



SH 349/US 87 CONNECTOR COMPLETED

The final piece of our effort to improve SH 349 between Midland-Odessa and Lamesa was completed this year. The connector between SH 349 and US 87 just south of Lamesa, more commonly known as the Southern Cross was completed and opened to traffic in September.

WE NEED TO FIX SH 302

One of the top priorities for MOTRAN moving forward is the expansion of SH 302 to four-lane divided all the way from Odessa to US 285. This is a major corridor for the energy industry and a project that is long overdue. We have visited with local officials, TXDOT, and even worked on some of the initial ROW issues to make this project a reality!





PERMIAN BASIN COALITION



Over the last year, we have held 6 meetings for participants of the Permian Basin Coalition. The PBC serves as a more regional arm of MOTRAN. It's part of our commitment to share information and data and get even more folks from our region to help tell the story of the Permian Basin. Governor Greg Abbott's office even asked for us to host their property tax reform roundtable discussion in the Permian Basin.

Despite the ups and downs of our energy-based economy, we know there will continue to be growth in the region and we want to do our part to make sure that all of the Permian Basin is prepared!





PERMIAN BASIN FREIGHT PLAN

Over the last few years, MOTRAN has raised concerns that the Permian Basin has suffered from back-dated and incorrect data on trucking, traffic, and demographics. This year saw the kick-off of a Freight Plan by TXDOT specifically for the Permian Basin. MOTRAN expended considerable resources to facilitate a survey of regional energy producers and service companies to provide to TXDOT and TTI (Texas Transportation Institute) to serve as a baseline for these efforts. Ector County Judge Debi Hays serves as the chair for the Permian Basin Freight Plan and we look forward to the eventual findings and recommendations which can help alleviate current problems and begin the planning process for future needs.

RAIL SAFETY

This year we held a press conference on rail safety. While our area has seen a lot of improvement in rail-related fatal crashes, the last few years have seen an enormous increase in overall rail related crashes. From 2016 to 2018 the TXDOT Odessa District saw a 91% increase in rail-related crashes, with increases in the entire district outside of Martin and Pecos Counties.

RAIL CRASHES IN THE TXDOT ODESSA DISTRICT (2016-2018)				
County	2016	2017	2018	Total
CRANE	0	0	2	2
ECTOR	9	10	14	33
LOVING	0	0	2	2
MARTIN	2	5	1	8
MIDLAND	15	20	17	52
PECOS	2	2	0	4
REEVES	3	9	11	23
UPTON	2	0	2	4
WARD	2	8	16	26
WINKLER	0	2	2	4
Total	35	56	67	158



INTERSTATE 14 and 27

We continue our efforts to bring I-14 and I-27 to the Permian Basin. This year we hosted and attended meetings in Austin, Temple, Alexandria, Louisiana, and Natchez, Mississippi, building a multi-state coalition to improve connections between the Permian and the Gulf Coast. The best part of that process is meeting people from different states, who have heard about the Permian Basin, our economic potential, and are just as excited about connecting to what has become the economic engine of Texas.



We are committed to addressing the problems of today, but we also know that given the lengthy planning process, whether it is about connecting from north to south or east to west, we need to be just as committed to creating a vibrant transportation system that addresses the long term needs of the Permian Basin.



Late this year, we also attended the first meeting on the feasibility of extending I-27. While that study is focused on extending I-27 from Lubbock to Laredo, our hope is that ultimately, we can make the case to extend I-27 to I-20 here in the Midland-Odessa area.

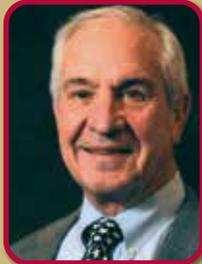


NEW FACES ON THE MOTRAN BOARD

TOM SPRAWLS – City of Odessa

Tom Sprawls was elected to serve on the Odessa City Council in November and was sworn in on November 28, 2018.

He received a Bachelor of Business Administration from Texas Tech. After several years in the material handling and trucking business, he came to Odessa as the General Manager of a truck dealership, which he managed for 24 years. Tom was awarded the Peterbilt Dealer of the Year twice. He retired in May of 2018.



Tom admits he is blessed to be part of Odessa and believes in its opportunities for continued growth. His beliefs led to his desire to contribute to the community, friends and neighbors for 25 years. Tom's civic involvement includes serving on the Ector County Appraisal District, Disciples Village (a HUD project) and Southwest 66 Credit Union. He has been active in MOTRAN and the Texas Trucking Association. He is a past board member of the Rainbow's End Emmaus Community, and Past President of the Odessa Rotary Club. Tom and his wife, Patti, are proud of their three adult children and three lovely grandchildren.

PEGGY DEAN – City of Odessa

Peggy Dean was elected to the Odessa City Council At-Large position on last November, and sworn into office on November 28, 2018.

Peggy received her BBA Accounting from the College of the Southwest, Hobbs, New Mexico. Peggy began as a supervisor for Johnson, Miller & Co. CPA's in 1985. In 1990, she transferred to Odessa, Texas, to open their regional office which has grown to be the largest accounting firm in Odessa. She has successfully facilitated over fifty mid-size company mergers and acquisitions, and has 35 years of



experience in Public Accounting in various sectors including Oil and Gas, Retail, Medical, Service and Construction, and Tax-Exempt organizations.

Her professional associations include the American Institute of Certified Public Accountants and Institute of Certified Public Accountants. She has been a board member of the Odessa Chamber of Commerce, Junior League of Odessa, Rotary Club of Odessa and the Education Foundation. Peggy is passionate in Education Initiatives including her involvement with the UTPB Development Board, Odessa College Bond Election and the ECISD Bond Election.

Her accolades include Citizen of the Year-Odessa 2003, Odessa Business Hall of Fame 1999, Athena Award and Woman of Distinction-PB Council of Girl Scouts. Peggy has three children, including local District Judge Sara Kate Billingsley.

R. SHAUN RAINEY – Midland Chamber of Commerce

Shaun Rainey is a shareholder and attorney with Cotton Bledsoe Tighe & Dawson, PC in Midland, Texas.



He works in the firm's Estate Planning and Probate Section and is licensed to practice in Texas and New Mexico, as well as, United States District and Bankruptcy Courts for the Western District of Texas.

He received his bachelor's degree from Rice University in 2008 and graduated from Texas Tech University School of Law in 2011. He is a member of the College of the State Bar of Texas, Midland County Bar Association, and the Texas Young Lawyers Association. He is also a member of and served as President from 2014-2015 of the Midland County Young Lawyers Association, and, currently, as Vice President of the Midland-Odessa Business and Estate Council.



CATEGORY 12 (COMMISSION STRATEGIC FUNDING)

The new Unified Transportation Plan (UTP) dedicates \$600 million to the Permian Basin over the next 2 years, and obligates \$364,590,000 of that \$600,000,000, as follows, leaving a balance of nearly \$250 million unobligated to be programmed in the next annual revision.

HWY	COUNTY/COUNTIES	DESCRIPTION	AMOUNT
FM 2185	Culberson	New Road Construction	\$10,000,000
US 180	Gaines/Dawson	Passing Lanes on US 180	\$38,000,000
Relief Route	Reeves	New Construction Relief Route for Pecos	\$10,000,000
FM 1053	Pecos	Relocation of FM 1053	\$30,000,000
I-20	Midland-Ector	Convert Frontage Roads and Reconstruct Interchanges	\$243,050,000
SL 88	Lubbock	Construct New Outer Loop for Lubbock	\$33,540,000

As a note, FM 2185 in Culberson County has a cost estimate of \$100,000,000, with only \$10,000,000 currently committed from these Category 12 funds and funding for the Pecos Reliever Route was reduced by \$100 million, pending further planning and project development. If other funding isn't found for these two projects, they will consume (based on previous estimates) the majority of unobligated funds.

CATEGORY 4 (REGIONAL CONNECTIVITY)

The new UTP provides an additional \$78.7 million to the Odessa District for use on Regional Connectivity projects.

HWY	COUNTY/COUNTIES	DESCRIPTION	AMOUNT
LP 250	Midland	Additional Connectivity Dollars for CR 1140 Interchange	\$9,900,000
US 285	Pecos	Passing Lanes from .3 mi S of FM 1776 to 1.5 mi N of I-10	\$19,000,000
US 67	Upton	Passing Lanes from Reagan County Line to SH 329	\$14,800,000
US 385	Upton	Widen to 4 Lane Divided from Crane County to McCamey	\$35,000,000

THANKS, SONDRA!

We are thankful for the leadership of this year's Chair, Sondra Eoff. It has been a busy year for Sondra and her husband Toby, with completion of the construction of the new Downtown Odessa Marriott Hotel and Convention Center. But through it all she has been right there, helping tell the story of the Permian Basin and serving as a great ambassador for MOTRAN and the region.



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Odessa Chamber of Commerce

Peggy Dean and Tom Sprawls
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Courtney Sharp
City of Midland

Judge Debi Hays
Ector County

Shaun Rainey
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A Special Thank You to Our 2019 MOTRAN Business Members!

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PLATINUM

Sewell Family of Companies

DEW Investment

Jones Brothers Dirt and Paving

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GOLD

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