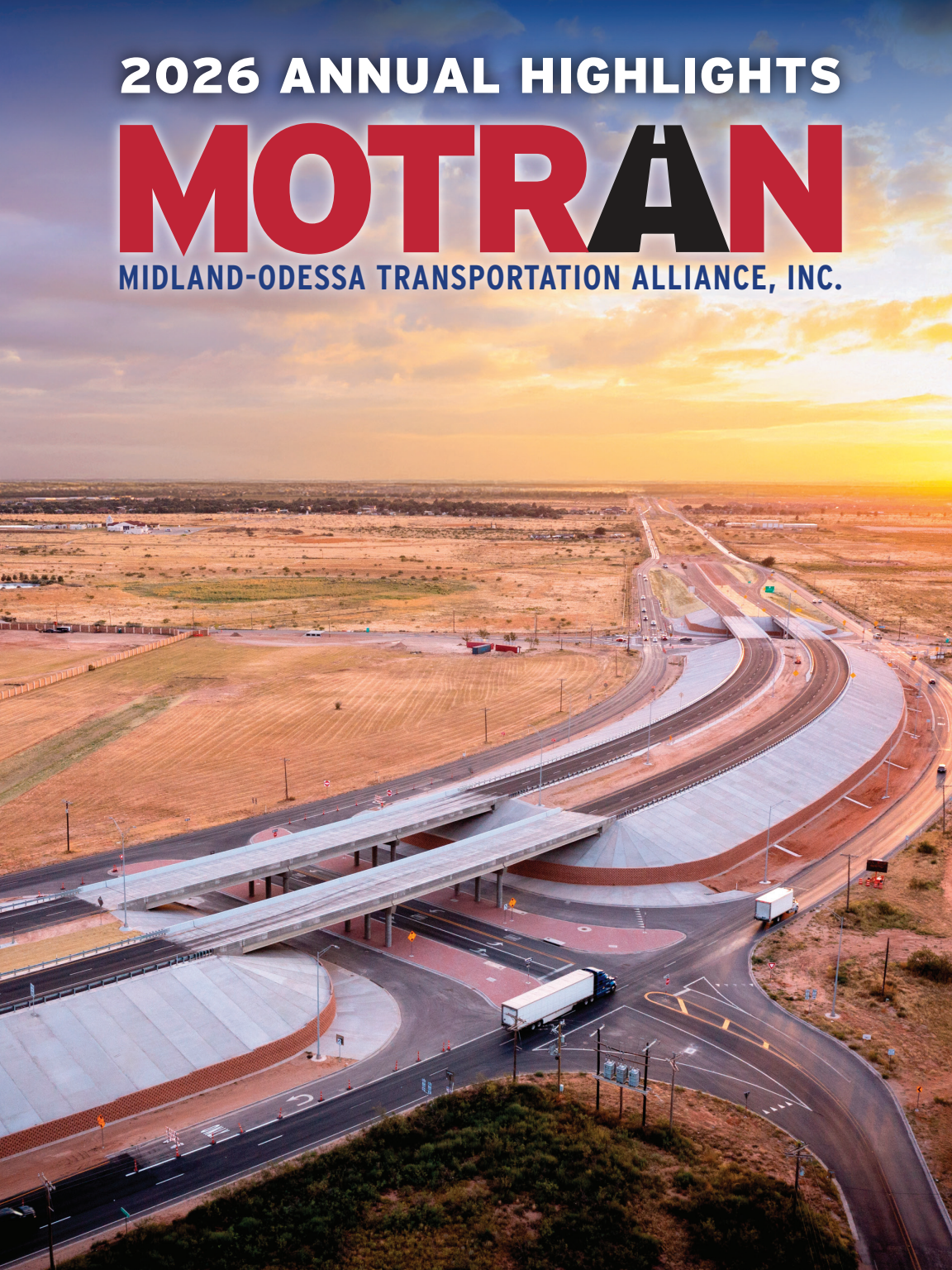
2026 ANNUAL HIGHLIGHTS

MOTRAN

MIDLAND-ODESSA TRANSPORTATION ALLIANCE, INC.



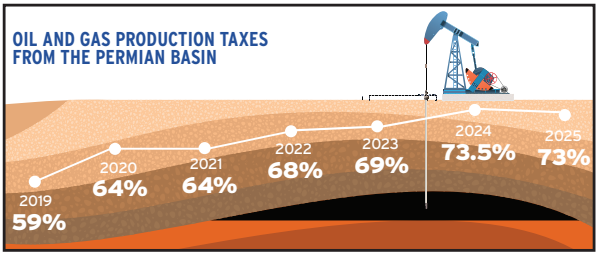
THE RISE OF PERMIAN SEVERANCE TAXES IN TEXAS

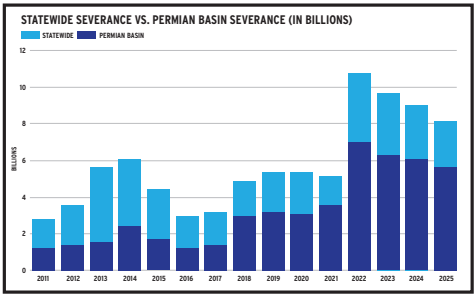
Since 2003, and the beginning of the recent shale revolution in oil and gas here in the Permian, no one has benefitted more than the State of Texas.

PERMIAN DIVIDENDS FOR TEXAS

Just a few years back in 2019, the Permian Basin made up 59% of State Severance-that was nearly 60% all severance revenues and oil and gas production in the State of Texas. But over the last few years, that number has continued to rise to an average of 73% over the last two years.

That increase in Permian Production was most dramatic seen between 2021 and 2022 when severance taxes doubled (a $5 billion increase) and since then have remained between $3 to $4 billion higher than the pre 2021 revenues. The long and short of it is that new activity in the Permian Basin doubled state severance taxes and gave the state an extra $5 billion in revenue to spend, annually.





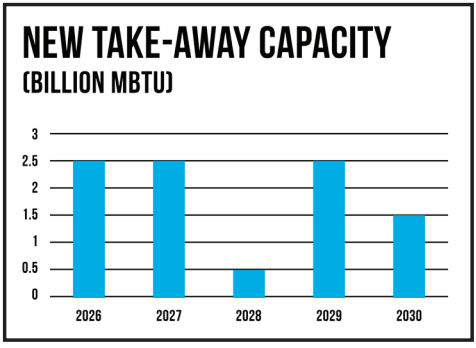
NEW PIPELINES ARE GROWING PERMIAN IMPACT

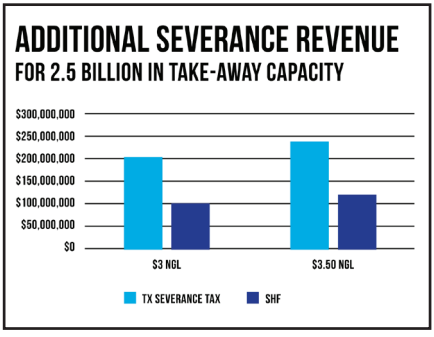
That growth is going to happen again over the remainder of our current decade.

A series of new natural gas pipelines are creating the same severance tax growth we previously saw in oil production. The majority of natural gas hitting the WAHA hub in far West Texas has generally seen negative pricing, whereas gas exported on the Texas Gulf Coast has seen significant export pricing, leading to these new pipelines.

New pipeline projects, designed to move Texas produced natural gas to the coast will mean higher pricing and additional severance revenue for the State of Texas.

Between 2026 and 2030, those major Permian pipeline projects will create enough additional take-away capacity to provide all the power for over 24 million new homes (gas and gas for electric generation).





That increased take-away capacity is important to domestic energy security, making the world less reliant on some really bad dictators around the world, and great for American consumers.

However, one of the biggest benefits will be to the State of Texas. An average natural gas price between $3 and $3.50 per thousand cubic feet would create an additional $205 to $239 million in severance tax revenues for each 2.5 billion MBTU's of daily take-away capacity, with $102 to $119 million of that amount going to the state highway fund to fund roads across Texas.

Between 2026-2030, new natural gas pipeline infrastructure from just the Permian Basin to TX Gulf Coast will conservatively generate the State of Texas over 2.44 billion in new severance revenues. And more importantly, that revenue continues for the State of Texas for decades to come.

PERMIAN BARES THE BURDEN- STATE REAPS THE WINDFALL

The additional revenue for the State of Texas provided by increased production in the Permian has been a huge benefit to the State's finances, but the sort of activity that fuels that increase comes at a cost. It requires huge investments and capital expenditure by businesses and individuals and locally, it creates a burden on taxpayers within cities and counties.

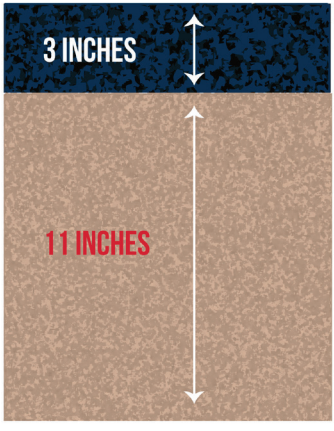
SOMEBODY HAS TO PAY THE COST

For most counties, there is a fairly standard design for roadways. Six to eight inches of base material and two inches of hot mix or asphalt. In energy impact areas like Midland and Odessa, that standard tends to be very different. Here Midland and Ector Counties tend to have at least 11 inches of base material and 3 inches of asphalt.

In addition, in many rural counties there is little to no shoulder, but shoulders have to be wider in the Permian to address drive access at many remote wellsite locations and to help prevent edging failures of the primary roadway. While most counties in our area are utilizing a full eight-fooa others have had to go to at least six, to provide to help delineate heavy truck traffic entering and exiting area roadways. This width, couple with a higher design standard, escalates costs.



STANDARD
COUNTY ROAD DESIGN

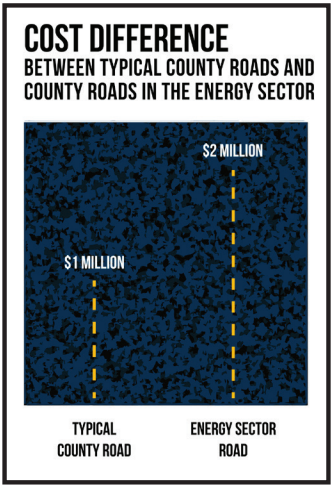


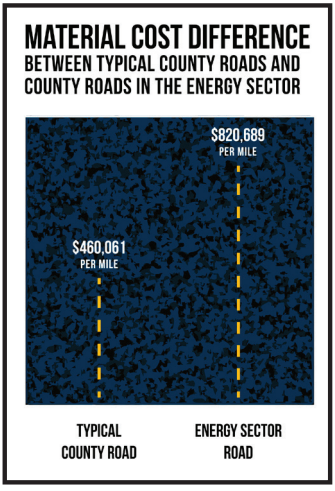
PERMIAN BASIN
COUNTY ROAD DESIGN

That increased standard, necessary to support heavy trucks and additional traffic, comes at a tremendous cost. The cost of a roadway designed with 8 inches of base and 2 inches of asphalt is currently (Fall 2026) at around $460,061 per mile. On the other hand, the cost for a more common Permian Basin design with 11 inches of base and 3 inches of asphalt, necessary to accommodate energy sector traffic volumes and weights, is approximately $820,689. That's a difference of 78% per mile of roadway.

More materials, deeper bases, and wider roads also translate to higher labor costs, meaning that an average cost of $1 million per mile in other areas, translates to roughly $2 million a mile in the energy sector.

Due to increases in population, workforce, and industrial traffic, new roadways become a pressing concern coupled with the need to rehab existing roadways. The increased cost to build and repair roadways creates a breaking point for most energy impacted communities, where increased tax base fails to keep pace with the immediate needs to increase necessary roadway funding before many roads are beyond the point of repair.





A FORGOTTEN PEOPLE

As mentioned above, the energy activity brings needs for additional workforce and in the end more population. Both the United States Census and the State of Texas, issue population counts annually. However, while there is additional population, much of it is missed by governmental agencies.

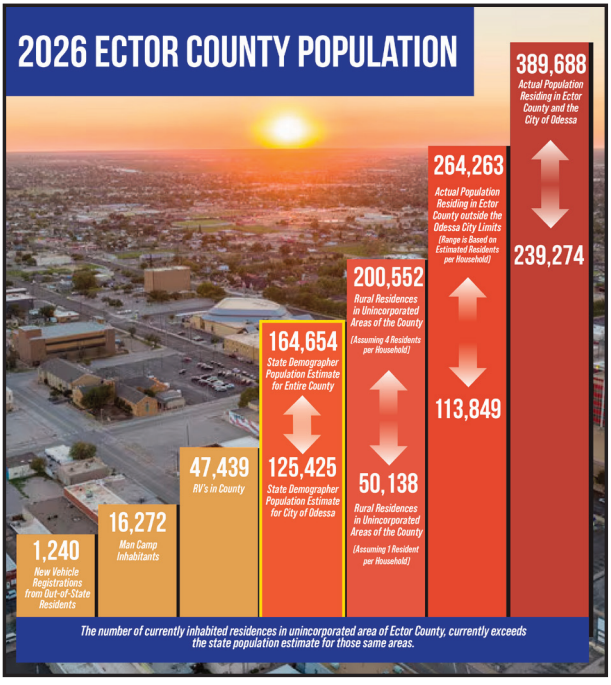
The sudden growth of energy sector activity and instant need to fill positions means that not everyone moves to a place, buys and house and brings their family. A lot of people serve as commuters coming to work a set number of days per week or month, and then travel home before returning. Some reside in man camps and even more reside in in travel trailers or RV's, often on private property.

Ector County, which sits between the Midland and Delaware Basins, is a perfect example of this. Based on county registration and septic system records, there are approximately 47,439 individuals residing in RV's in Ector County. In addition the county conducted research on local man camps and has determined an additional 16,272 workers currently residing in those facilities. Together that comes to an additional 63,711 additional people residing in the County either in RV's or man camp housing. That's more people than live in 198 of the 254 counties in Texas.

While those people often go overlooked in the respective counts by the US Census or State Demographer, that population creates a huge demand on roads, water, wastewater, and other utility and retail services. In Ector Counties case, with a State Demographer estimated population of 164,654, the additional 63,711 people constitutes nearly 40% in additional population.

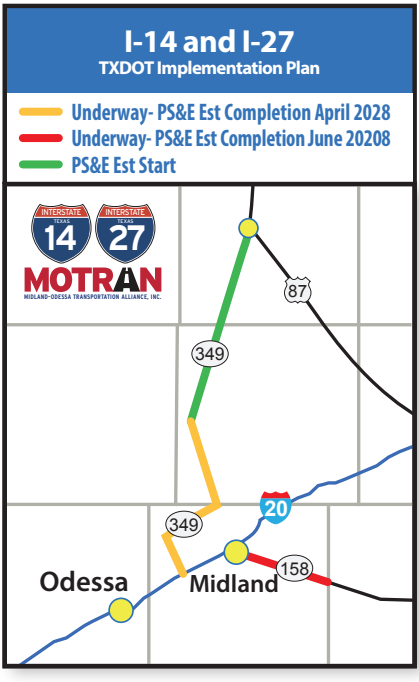
While residents of man camps and RV lots don't necessarily qualify under the state or federal definition of a counted population estimate, they do require services from the community and when in higher quantities can strain resources without adding back to the local property tax base.

However, when you look only at the defined population of rural Ector County (outside of the Odessa City Limits) there are currently more addresses currently inhabited than the State Demographer has estimated population, outside the city limits. If you look at just one resident per residence, that is a significant increase. If you look at 4 residents per residence the number becomes overwhelming. Based on our experience, it is likely there is an average of approximately 2.7 residents per household.



Last year, Ector County saw over 1,200 new vehicle registrations from those moving into the county from out-of-state. While population growth may not be on par with what we saw a few years back, we are still seeing significant growth, that has largely gone unrecognized, both then and now. That unrecognized growth, coupled with high levels of employees working and spending significant time in our area, but claiming a domicile in an other area, further compounds the strain on local governments in the Permian to provide services to larger numbers of people than are accurately reflected in both state and federal population estimates.

I-14 AND I-27 DEVELOPMENT



Work kicked off this year on two segments of the I-14 and I-27 Corridors in the Midland-Odessa area.

In April, the first segment of SH 349 (FM 1788) from I-20 up through the Craddick Reliever Route to SH 176, saw the beginning of work on preliminary engineering, environmental clearance, and schematic development. That segment should be completed in April of 2028.

In addition, work is simultaneously moving forward on the SH 349/FM 1788 interchange, which will immediately proceed to final design on completion of schematics. Currently this project is funded in the 2027 UTP and could go to letting and begin construction in FY 2031, as part of I-27. Currently the department is evaluating the design of the SH 349/BH 349 interchange just north of Midland. This project will also be moving forward as part of the schematic development set for April 2028.

In June of this year, the same project for preliminary engineering, environmental clearance, and schematic development began on SH 158 from I-20 to the Midland/Glasscock County Line. This corridor is an overlapping segment of I-14 and I-27. Development of the PS&E on other portions from the Midland/Glasscock County line to the existing segment of I-14 in Killeen are also beginning and will be completed in 2029.

The final segment of I-27 in the Odessa District (SH 349 from SH 176 to US 87) for PS&E development is estimated to kick-off in FY 2028.

2027 Anniversaries

30 YEARS 1997 2027
MOTRAN

2027 marks the 30th Anniversary of the Midland-Odessa Transportation Alliance. Formed by local business leaders, the groups has successfully advocated for billions of dollars in infrastructure improvements and 2 new interstates serving the Permian Basin. 2027 will also mark the 80th Anniversary of American Airlines in Midland-Odessa, which has literally connected us to the rest of our nation and the world!



MOTRAN
MIDLAND-ODESSA TRANSPORTATION ALLIANCE, INC.

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Odessa Chamber of Commerce

Judge Dustin Fawcett
Ector County

Councilmen Eddie Mitchell and Craig Stoker
City of Odessa

Jerry Morales
Midland Chamber of Commerce

Councilman John Burkholder
and Mayor Lori Blong
City of Midland

Commissioner Steven Villela
Midland County

FOUNDING ORGANIZATIONS

Mayor Cal Hendrick
City of Odessa

Judge Dustin Fawcett
Ector County

Mayor Lori Blong
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