Welcome. I’m Tryon D. Lewis, Chairman of the Texas Transportation Commission.

Thank you for the opportunity to be here today.

I am honored to be among this group of speakers today and to have the opportunity to visit with you.

I want to give you an overview of the challenges TxDOT faces in the energy sectors of Texas, discuss transportation funding and then talk a little bit more about what we are doing to meet and overcome these challenges.

But first, I want to talk about the most important mission TxDOT has – safety!
First priority: keep roads safe for Texans and employees who work on them.

Displaying year-to-date traffic deaths – 700 dynamic message signs across the state – reminds Texans that safety is also their responsibility

Work with law enforcement, other safety groups to increase safety belt/child safety seat use, reduce drunk driving incidents, improve school bus safety

Improved online Drive Texas highway conditions map – real-time traffic conditions, traffic/weather feeds – more information drivers have, safer they will be on the roads

Safest DOT in the country, of DOTs that report

Best safety numbers in TxDOT’s history – lowest number of injuries, lost-time injuries, lost-production days
When we asked employees from Houston to Tyler, from Corpus to Waco, and points in between to marshal their forces and move to, live in and work with other districts to help their TxDOT co-workers in addressing excessive energy related road damage, their response was nothing short of magnificent!

For three months, 300 employees from 15 districts and six divisions worked tirelessly to make our roads safer for Texas.

We repaired 70 miles of heavily damaged roads in seven counties on nine roadways. And we did it all without a single injury.

Together, as a family, helping one another, we met the challenge.
Let’s put that damage into real numbers.

It takes more than 1,110 loaded trucks to bring one well into production. And oil and gas wells are being developed across the state – more every day. So the number of trucks are multiplied.

And if we translated that truck traffic in terms of cars, the volume of truck traffic for a single gas well is the same as putting about 8 million cars on the road. That’s 8 million cars on rural roads that are designed to carry anywhere from 200 to 2,000 cars a day.

The pictures that you’re seeing were of roads in those production areas. As you can see, the pavements have taken a literal pounding from the traffic.
The red areas indicate counties where roadway conditions have deteriorated greater than 5%. You can see that these areas correspond with the shale formations also identified on the map.
One of the most significant plays is right here in West Texas. Fields in the Permian Basin are among the most active and beneficially helpful to the nation and world’s energy production over time.
As mentioned the Spraberry/Wolfcamp play is said to have the greatest possibility for oil production in the country. As indicated by this Pioneer Resources graph, it’s currently the largest oil field in the U.S.
What’s more impressive is that this same field is the second largest in the world. So, even as oil prices have dropped in past 6-8 months, the long term prospects are here. With that potential, and what we have seen in the past few years, heavy production has taken its toll on roadways in the area. Not just the Permian Basin, but the Eagle Ford shale in south central Texas as well.
On this map, the red areas include over 90,000 active gas wells and the green areas include over 140,000 active gas wells.

I know it’s hard to see and is cluttered, but that’s the point. There is tremendous gas drilling activity happening in our state.

If you remember the previous slide, you’ll see a pattern between these activity zones and the deterioration of pavement condition.
Texas has almost one-third of the U.S. total crude oil reserves.

Texas is also the leading crude oil-producing state in the nation, exceeding even the federal offshore areas. (Source: [http://www.eia.gov/state/analysis.cfm?sid=TX](http://www.eia.gov/state/analysis.cfm?sid=TX))

Texas oil production bottomed out in 2008, along with just about everything else in our economy. As you can see from this chart, however, we’ve been on a sharp increase in production since then. Even still, we have not exceeded our 1990 levels of production, but we’re close.
The uptick in production per well in 2010 is attributed to new drilling methods and technologies such as fracking.
Texas leads the nation in crude oil reserves and production. 
(Source: [http://www.eia.gov/state/analysis.cfm?sid=TX](http://www.eia.gov/state/analysis.cfm?sid=TX))
In the past couple years, the legislature has begun to address the need with HB 1025 and the department in collaboration with local partners garnering around $900 million more to address roads impacted by energy activity.
West Texas Energy Sector Highway Projects

WEST TEXAS DISTRICTS

Of the $1.17 billion:

- Abilene: $99.8 million
- Amarillo: $54.4 million
- Childress: $25.6 million
- Lubbock: $51.9 million
- Odessa: $138.9 million
- San Angelo: $75.4 million

2015 Prop 1 funds:

- Abilene: $36.3 million
- Amarillo: $45.4 million
- Childress: $16.3 million
- Lubbock: $46.9 million
- Odessa: $70.6 million
- San Angelo: $30.4 million

This is the West Texas perspective on energy sector highway projects. Again, each colored line represents a project to widen, repair or otherwise maintain energy sector roads in these areas.
Eagle Ford Energy Sector Highway Projects

SOUTH TEXAS COUNTIES

Of the $1.17 billion:

- Atascosa $68 million
- Live Oak $55 million
- Gonzales $26 million
- Wilson $24 million
Prop 1 is one of the most significant new sources of additional transportation funding, providing an infusion of $1.74 billion into the State Highway Fund this year.

It is important to note that many TxDOT districts plan to use Proposition 1 funding allocated for maintenance needs to repair or rehabilitate highways affected by energy sector development activities. These maintenance-related expenditures, coupled with the additional Proposition 1 funds specifically allocated for energy sector needs, means that projects in areas affected by energy sector development activities actually received 33 percent of total FY 2015

Proposition 1 funding.
Energy Sector Allocation = $261 Million (15% of $1.74 Billion)
Additional Investment within Energy Sector Impacted Areas = $312 Million (18% of 1.74 Billion)
Total = $573 Million (33% of 1.74 Billion)
Since Prop 1 funding is derived from oil and gas tax revenues, it will not be a predictable transportation funding source in the future. Deposits of tax revenue into the Rainy Day Fund have tracked closely with the fluctuations of oil prices.
In the current session, both the House and Senate have proposed additional transportation funding in their respective budget bills. Among other things, both chambers have proposed ending “diversions” from the State Highway Fund.
The duo of SB 5/SJR 5 is one of the Senate’s most significant pieces of legislation to establish a new, dedicated source of revenue for the State Highway Fund. It would redirect motor vehicle sales tax from the General Revenue Fund.
HJR 13 is one of the House's most significant pieces of legislation to establish a new, dedicated source of revenue for the State Highway Fund. It would redirect general sales tax from the General Revenue Fund.
The current revenue forecast is $5 billion. To just maintain our system at its current condition, we need $10.5 million. To bring our roads and bridges up to a state of good repair and economic competitiveness, we need $14.7 billion. And then, in a perfect world, where we brought all modes of transportation to good condition, we would need $21 billion.

But let’s focus at the second line of the chart. This is the $5 billion funding gap you’ve undoubtedly heard TxDOT refer to.

TxDOT has identified $5 billion in funding needs.
- $1 billion for maintenance
- $3 billion for mobility
- $1 billion for energy sector roads.
Thank You