

1514 S COUNTY RD 1309, MIDLAND, TX

Investment Offering Memorandum



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INVESTMENT SUMMARY



INVESTMENT HIGHLIGHTS

- Multi-Building Industrial Service Facility
- Long-Term Lease With 62 Months Remaining & (2) Renewal Options
- Triple-Net Lease With Minimal Landlord Responsibilities
- Strategic Location between Midland & Odessa, TX
- Occupied by Drilling Tools International – a leading provider of downhole tools to the land and offshore drilling markets

Tenant	Property Type	Address	Building SF	Acreage	Year(s) Built
Drilling Tools International	Industrial	1514 SCR 1309, Midland, TX	52,246	10.99	2012, 2013, 2016

This Single Tenant Net Lease (STNL) industrial investment opportunity features a specialized facility leased to Drilling Tools International, Inc. (DTI), a premier provider of downhole drilling tools and services to the oil and natural gas industry. Located at 1514 S. County Road 1309, Midland, TX, in the heart of the Permian Basin, this property is strategically positioned to serve the most active oil-producing region in the United States. The specialized facility aligns with the tenant's operational needs, ensuring a mutually beneficial arrangement and a stable income stream for the investor.

DTI, established in 1984 and headquartered in Houston, Texas, is publicly traded on the NASDAQ under the ticker symbol DTI. The company specializes in the manufacturing, rental, inspection, and refurbishment of essential tools for horizontal and directional drilling operations, both onshore and offshore. DTI operates from 16 service centers across North America and 11 international locations, providing comprehensive support to the global drilling and wellbore construction industry.

The lease agreement commenced on April 18, 2019, with an expiration date of April 17, 2031, offering a remaining term of 62 months as of February 17, 2026. The fixed monthly rent is \$87,254.72, equating to an annual rent of \$1,047,056.64. The NNN lease structure stipulates that the tenant is responsible for property taxes, insurance, management fees (including a 3% property management fee), and roof repairs, all billed monthly. The landlord's obligations are limited to maintaining the roof, structure, foundation, concrete floors, and exterior walls.

The property encompasses 52,246 square feet of industrial space across 4 buildings, approximately 10% of which is office space, situated on a 10.99-acre lot. Built in 2012, 2013, & 2016 with durable metal construction, the facility boasts a 29.7' to 31.8' warehouse eave height, multiple bridge and jib cranes, eight grade-level drive-in doors, and multiple wash bays, making this an ideal property for most industrial operations.



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PRICING DETAILS

Lease Abstract	
Tenant Name	Drilling Tools International, Inc. (f/k/a Directional Rentals, Inc.)
Property Address	1514 S. County Road 1309, Midland, TX
Effective Date	April 18, 2019 (Lease) April 15, 2020 (Amendment)
Commencement Date	4/18/2019
Expiration Date	2/28/2031
Security Deposit	\$166,387.96
Term Remaining (as of February 17, 2026)	62 Months
Current Monthly Rent	\$87,254.72
Current Annual Rent	\$1,047,056.64
Property Management Fee	3% of gross rental payments
Annual Rent Escalations	Fixed rent with no annual escalations per amendment
Tenant Renewal Options	Two (2) five (5) year renewal options, Tenant must provide 6-month notice
Renewal Rent	Greater of previous years Base Rent or 95% of then FMV
Estoppel Certificate	Required upon request
Tenant Financial Reporting	Upon request of Landlord (Tenant is currently publicly traded)
Operating Expenses:	Taxes, Insurance, Management Fees, including roof repairs billed to Tenant monthly

Pricing Summary	
Sales Price	\$10,998,494
Cap Rate	9.52%
Average NOI Over the Term	\$1,047,057
Blended Cap Rate	9.52%
Price/SF	\$210.51
Price/SF Land	\$22.97

Lease Year	Annual Rent	Monthly Rent	Cap Rate
4/1/2025 to 3/31/2026	\$1,047,056.64	\$87,254.72	9.52%
4/1/2026 to 3/31/2027	\$1,047,056.64	\$87,254.72	9.52%
4/1/2027 to 3/31/2028	\$1,047,056.64	\$87,254.72	9.52%
4/1/2028 to 3/31/2029	\$1,047,056.64	\$87,254.72	9.52%
4/1/2029 to 3/31/2030	\$1,047,056.64	\$87,254.72	9.52%
4/1/2030 to 4/17/2031	\$1,047,056.64	\$87,254.72	9.52%



TENANT OVERVIEW **DRILLING TOOLS**[®] INTERNATIONAL

Drilling Tools International, Inc.

(f/k/a Directional Rentals, Inc.)

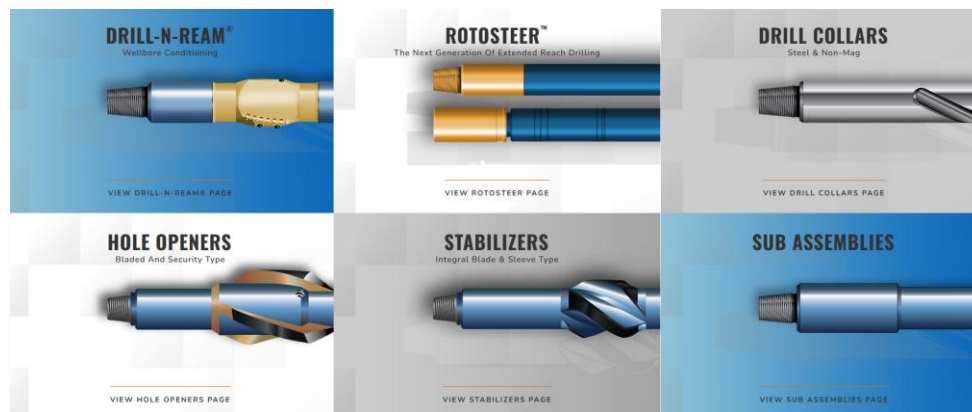
Drilling Tools International (DTI) is a leading provider of downhole tools and services for the oil, gas, and geothermal industries. Founded in 1984, DTI has built a robust and diverse inventory of tools, technology, and solutions, with strategically located facilities across major global markets to ensure timely and efficient supply to customers. The company's greatest strength lies in its dedicated employees, who are committed to delivering quality and service excellence. DTI emphasizes continuous improvement and innovation, actively developing, acquiring, and deploying cutting-edge technologies to meet the evolving needs of its customers and enhance industry standards.

DTI's services range from directional tool rentals, to wellbore optimization, to downhole inspection services & more.

(Source: <https://www.drillingtools.com/aboutus>)

Tenant Highlights

Founded	1984
Headquarters	Houston, TX
Website	www.drillingtools.com
Financial Profile – For Nine Months Ending 9/30/2025 (in thousands)	
Revenue	\$121,100
Adjusted EBITDA	\$29,200
Total Assets Current Assets	\$227,400 \$64,700
Total Liabilities Current Liabilities	\$106,200 \$31,700



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PROPERTY OVERVIEW

1514 S County Rd 1309, Midland, TX



Site Description

Property Type	Industrial
Total Square Feet	52,246 SF
Number of Buildings	4
Office Size	10%
Parcel Size	10.99 Acres
Building to Land Ratio	10.91%
Parking	Surface, Paved
Year(s) Built	2012, 2013, 2016
Years Expanded	NA
Number of Stories	1
Dock-High Doors	NA
Grade-Level Doors	(8) Various Heights
Clear Heights	29.7' – 31.8'
Crane(s)	Multiple Bridge & Jib Cranes
Wash-Bay	Multiple
Entrances	2 Gated Entrances

Construction

Basic Construction	Metal
Foundation	Slab
Framing	Steel
Floors	Concrete
Exterior Walls	Metal
Roof Type	Metal



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SUBJECT PROPERTY

1514 S County Rd 1309, Midland, TX

PROPERTY DESCRIPTION

The property encompasses 52,246 square feet of industrial space across 4 buildings, approximately 10% of which is office space, situated on a 10.99-acre lot. Built in 2012, 2013, & 2016 with durable metal construction, the facility boasts a 29.7' to 31.8' warehouse eave height, multiple bridge and jib cranes, eight grade-level drive-in doors, and multiple wash bays, making this an ideal property for most industrial operations.

LOCATION DESCRIPTION

The property is located on S County Rd 1309 in Midland, TX. This is an industrial neighborhood right off of TX-191, a major thoroughfare connecting Midland & Odessa.

PROPERTY HIGHLIGHTS

- 52,246 SF total on 10.99 Acres
- Built in 2012, 2013, & 2016
- 10% Office Space
- 29.7' to 31.8' Eave Heights
- Multiple Bridge & Jib Cranes
- Multiple Wash-Bays
- Various Overhead Doors & Drive-In Bays
- Outside of any Flood Zone
- Occupied Through 2/28/2031
- NNN Lease Structure
- 2 Renewal Options



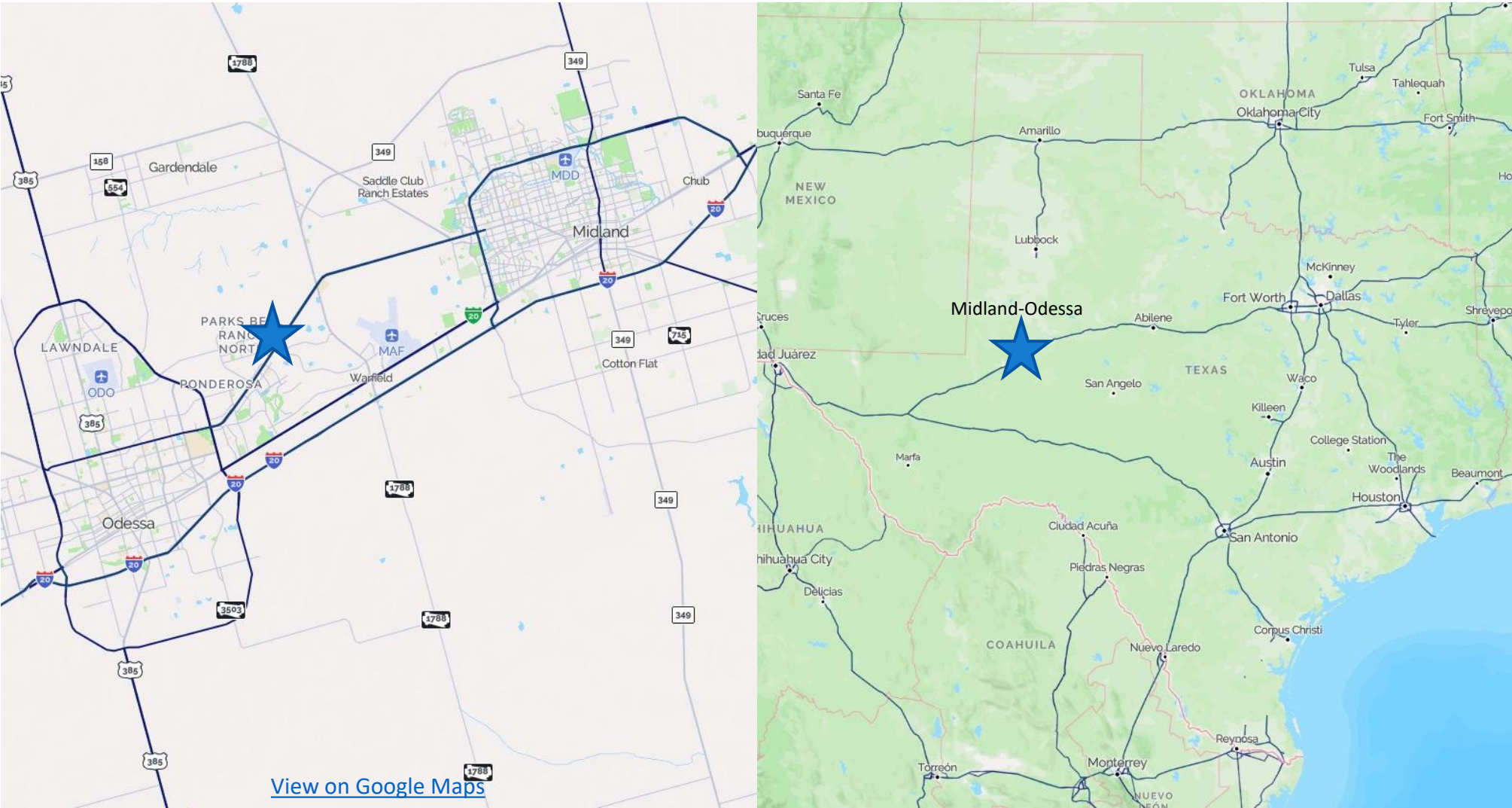
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PROPERTY MAP

1514 S County Rd 1309, Midland, TX



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MARKET OVERVIEW

Permian Basin

Named after the Permian Period 299-251 million years ago, the Permian Basin is one of the largest and most active shale plays in North America. It is approximately 250 miles wide and 300 miles long spanning across Western Texas and Southeastern New Mexico including bustling cities such as Midland, TX; Odessa, TX; Hobbs, NM; and Carlsbad, NM. The Permian Basin is comprised of multiple formations; the largest two being the Delaware and Midland Basin. This basin accounts for nearly 40% of oil production in the United States.

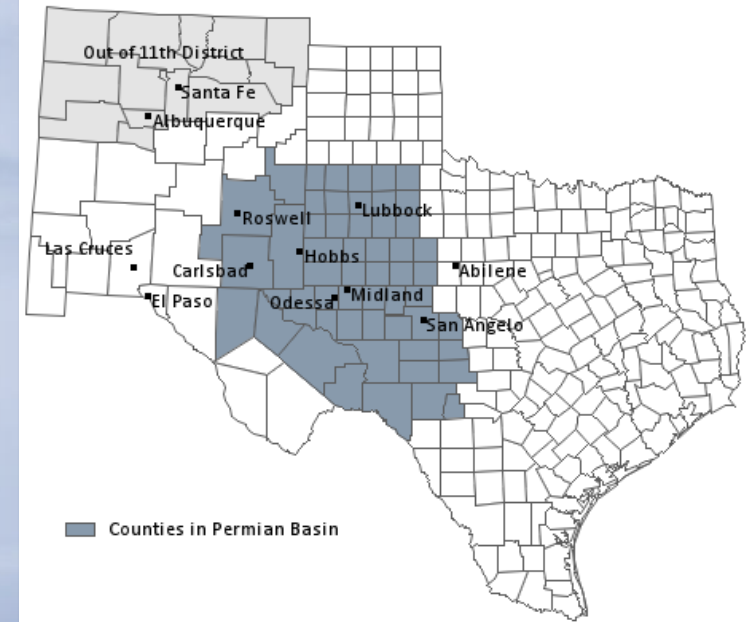
After reaching an annual record of 13.2 million b/d in 2024, U.S. Energy Information Administration (EIA) forecasts U.S. crude oil production will increase to 13.5 million b/d this year. The EIA expect crude oil production to grow less than 1% in 2026, averaging 13.6 million b/d as operators slow activity due to price pressures. WTI prices average \$62 per barrel in 2026 in the forecast, down from \$70 per barrel in 2025. The Permian region's share of U.S. production will continue to increase accounting for more than 50% of all U.S. crude oil production in 2026. The expected production growth in the Permian in 2026 will be offset by contraction in other regions.

The EIA continues to forecast the Permian region will be the largest source of U.S. production growth in both years and the only major source of production growth in 2026. Permian production will rise nearly 300,000 b/d in both years, averaging 6.6 million b/d in 2025 and 6.9 million b/d in 2026. The forecast for continued increase in production in the Permian region is supported by improving well productivity and added pipeline takeaway capacity.

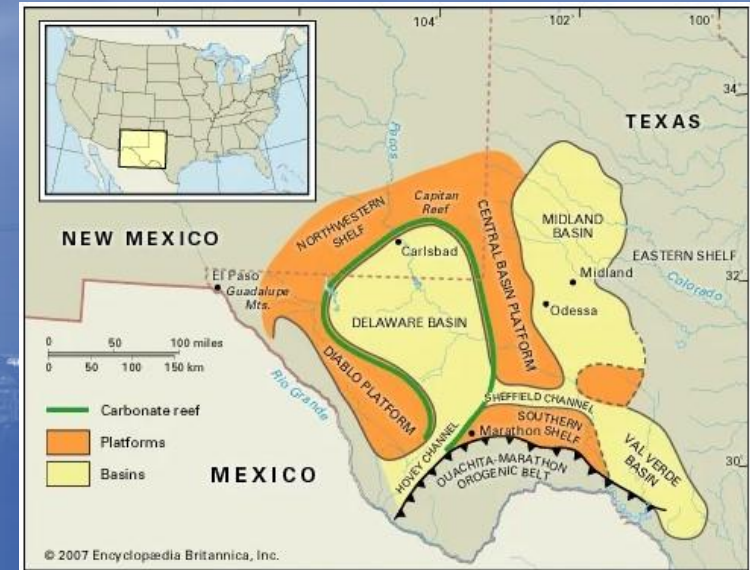
View the full report here:

https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

Location of Permian Basin



SOURCE: Railroad Commission of Texas.



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MARKET OVERVIEW

Permian Basin – Activity & News

Chevron to boost Permian oil production as demand for reliable energy grows - [LINK](#)

Chevron's Permian Basin project overview - [LINK](#)

Rising Demand | Chevron's Permian Basin Ad - [LINK](#)

Net-Zero has Chevron investors laughing all the way to the bank - [LINK](#)

Upstream (drilling) oil investments are well below the required levels to satisfy our global oil demand. Chevron is one of the largest producers of oil and natural gas in the Permian, currently holding approximately 2.2 million net acres. Chevron has raised its 2022 production forecast in the Permian Basin to between 700,000 and 750,000 barrels of oil equivalent per day, a more than 15% year-over-year increase, and expects to reach 1 million barrels of oil equivalent per day in the region by 2025.

Warren Buffett's company has bet \$47B on the oil sector - [LINK](#)

Warren Buffett's Berkshire Hathaway Cleared to Buy as Much as Half of Occidental's Shares - [LINK](#)

Warren Buffett's company has bought up more than \$11 billion worth of Occidental Petroleum stock this year, giving Berkshire Hathaway control of more than 20% of the oil producer. The Warren Buffet position is unique in that OXY has such an enormous position in the Permian. For Warren Buffet to increase his position so aggressively, he's making a direct bet on the Permian.

Venezuela Halts Oil Shipments To Europe, Demands New Concessions - [LINK](#)

As seen in the above article, the world may run out of pumping capacity, something that has never occurred in the 160 years of oil history. A shortage of pumping capacity means that demand exceeds the total capacity of the world to pump oil. With natural gas imports from Russia [cut by 80%](#) along with the majority of oil shipments, the rest of the world will be seeking other outlets such as the US and the Permian Basin, the highest producing oil field in the world.

The Permian Basin produces more oil per day, in both quantity and marginal profitability, than all but two countries outside of the United States (Saudi Arabia & Russia). New technologies have transformed the region in the last decade, and its oil production has grown from less than one million barrels per day in 2011, and is forecasted to average 5.3 million barrels per day in 2022 and 5.7 million in 2023 ([eia.gov](#)).

Given current geo-political tensions and threats of disruption to supplies - global oil markets are exceptionally tight. In line with the wider increased energy production of the Permian Basin, The Portfolio stands to benefit significantly from these market dynamics. In-place rents are approximately 20% below market across the Portfolio. NOI across the Portfolio is anticipated to increase by approximately 24% over the next 3 years and 43% over the next 5 years.



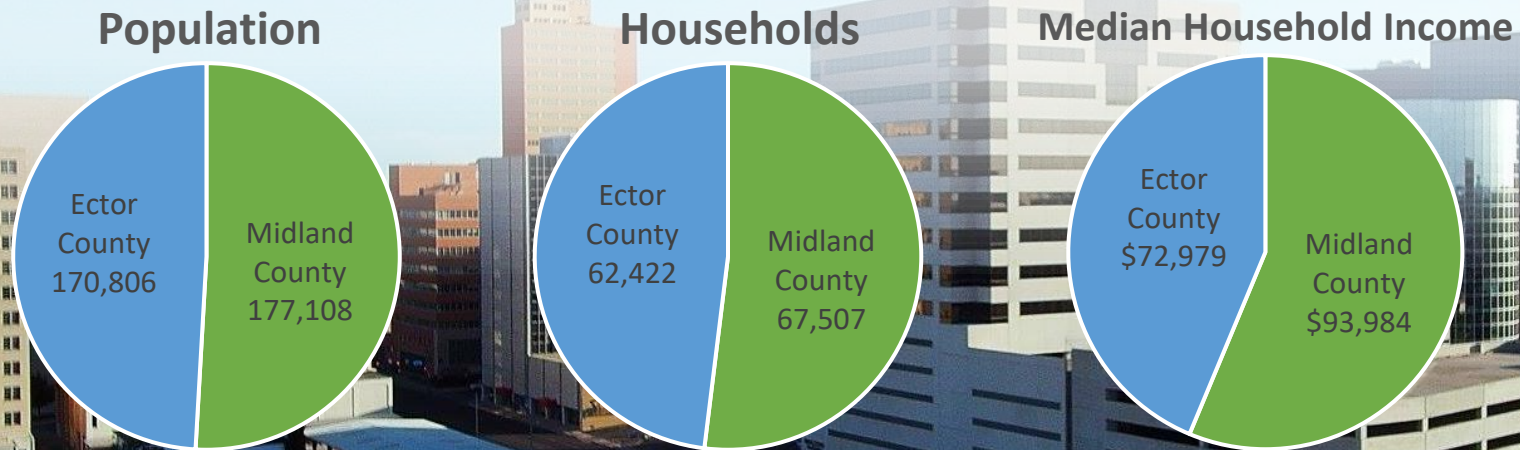
MARKET OVERVIEW

Midland-Odessa



Midland & Odessa are the heart of the Permian Basin. The major thoroughfare, Interstate 20, runs right through these cities providing great access throughout West Texas & Southeastern New Mexico. Midland & Odessa are a combined statistical area with an estimated population of 347,914. From April 2020 to July 2023, Midland County experienced a 4.4% increase in population reaching 177,108 total residents according to the [Midland MSA 2023](#) estimates. Odessa also experienced a population growth of 5.68% when comparing the 2020 census to [2024 ESRI data](#).

Midland, TX is the county seat of Midland County. Midland is known as “The Tall City” with the tallest buildings between Fort Worth, TX & Phoenix, AZ. Midland became an oil & gas hub through the multiple energy booms of the Permian Basin. Odessa, TX is the county seat of Ector County which borders Midland County. Odessa is known as the city that inspired *Friday Night Lights*.



	2024 Average Unemployment Rate	Labor Force (Dec 2024)	Employment (Dec 2024)
Midland County	2.65%	118,304	115,507
Ector County	3.57%	88,649	85,732



BROKER PROFILE



Justin founded NRG Realty Group in February of 2015 to fill the need of a professional commercial real estate company that specializes in the shale play markets. Since founding NRG, Justin has brokered over 400 office and industrial deals for energy-related clients in every major US shale play valued at over \$300,000,000. Prior to NRG, he worked for a turnkey brokerage, development, and construction company that focused on the energy sector. His primary roles were business development and brokerage, but also managing client's projects through the acquisition, design, and construction scope.

Justin is a lifelong Texan whose experience in the oilfield started from day one. His father worked in exploration and production and would often take him to visit well sites during his youth. These trips to rural locations started the passion for the oil and gas industry that Justin carries with him today. He is a graduate of Baylor University with a degree in Real Estate & Finance (Sic'Em Bears!) and enjoys spending time with his wife and four kids.

JUSTIN DODD

President & Managing Broker

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ABOUT NRG

“The Commercial Focused Realty Group”

NRG was formed to provide individuals and companies who operate in the tertiary shale plays a single point of contact for each of their real estate transactions and facility needs throughout the United States.

We have spent years building relationships with corporate real estate directors, energy executives, local brokers, developers, general contractors, municipalities, and investors in each of the major basins.

These relationships allow us to effectively provide a variety of transaction options based on our client's needs.

We have represented clients on existing office and industrial facilities for lease, purchase, build to suit, unimproved land for development, and direct sales, subletting existing space, sale-leaseback transactions, and sale of land for commercial purposes.



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EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third-party independent professionals selected by such party.

All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. NRG Realty Group makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. NRG Realty Group does not serve as a financial advisor to any party regarding any proposed transaction. All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property.

Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by NRG Realty Group in compliance with all applicable fair housing and equal opportunity laws.



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Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- # **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- # **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- # Put the interests of the client above all others, including the broker's own interests;
- # Inform the client of any material information about the property or transaction received by the broker;
- # Answer the client's questions and present any offer to or counter-offer from the client; and
- # Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- # Must treat all parties to the transaction impartially and fairly;
- # May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- # Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- # The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- # Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
<u>Justin Dodd</u>	<u>0601010</u>	<u>Justin@NRGRealtygroup.com</u>	<u>(214)534-7976</u>
Designated Broker of Firm	License No.	Email	Phone
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
<u>Justin Dodd</u>	<u>0601010</u>	<u>Justin@NRGRealtygroup.com</u>	<u>(214)534-7976+</u>
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission

TXR-2501

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IABS 1-0 Date

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Total Directional



The Energy Focused Real Estate Company

BROKERAGE & SITE SELECTION

DEVELOPMENT & DUE DILIGENCE

BUILD TO SUIT

INVESTMENTS

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