



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

November 28, 2016

Dr. Paul Clore
Superintendent
Gregory-Portland Independent School District
608 College Street
Portland, Texas 78374

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Gregory-Portland Independent
School District and SABIC US Projects, LLC, Application 1154

Dear Superintendent Clore:

On October 26, 2016, the Comptroller issued written notice that SABIC US Projects, LLC (applicant) submitted a completed application (Application 1154) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 31, 2016, to the Gregory-Portland Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1154.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 26, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of SABIC US Projects, LLC (project) applying to Gregory-Portland Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of SABIC US Projects, LLC.

Applicant	SABIC US Projects, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Gregory-Portland ISD
2014-2015 Average Daily Attendance	4,311
County	San Patricio
Proposed Total Investment in District	\$1,081,375,000
Proposed Qualified Investment	\$1,081,375,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	85
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,142.48
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,142.48
Minimum annual wage committed to by applicant for qualified jobs	\$59,408.80
Minimum weekly wage required for non-qualifying jobs	\$895.75
Minimum annual wage required for non-qualifying jobs	\$46,579
Investment per Qualifying Job	\$12,722,058.82
Estimated M&O levy without any limit (15 years)	\$90,131,487
Estimated M&O levy with Limitation (15 years)	\$32,301,299
Estimated gross M&O tax benefit (15 years)	\$57,830,188

Table 2 is the estimated statewide economic impact of SABIC US Projects, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	322	1,589	1911	\$21,556,994	\$172,443,006	\$194,000,000
2022	1066	5,503	6569	\$71,420,981	\$629,579,019	\$701,000,000
2023	535	3,485	4020	\$35,424,748	\$423,575,252	\$459,000,000
2024	85	1,141	1226	\$5,049,748	\$159,950,252	\$165,000,000
2025	85	706	791	\$5,049,748	\$119,950,252	\$125,000,000
2026	85	443	528	\$5,049,748	\$91,950,252	\$97,000,000
2027	85	307	392	\$5,049,748	\$75,950,252	\$81,000,000
2028	85	249	334	\$5,049,748	\$65,950,252	\$71,000,000
2029	85	239	324	\$5,049,748	\$62,950,252	\$68,000,000
2030	85	255	340	\$5,049,748	\$62,950,252	\$68,000,000
2031	85	285	370	\$5,049,748	\$65,950,252	\$71,000,000
2032	85	320	405	\$5,049,748	\$69,950,252	\$75,000,000
2033	85	357	442	\$5,049,748	\$75,950,252	\$81,000,000
2034	85	387	472	\$5,049,748	\$80,950,252	\$86,000,000
2035	85	417	502	\$5,049,748	\$86,950,252	\$92,000,000

Source: CPA REMI, SABIC US Projects, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Tax Levy	Gregory-Portland M&O Tax Levy	Gregory-Portland M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1800	1.1200		0.4600	0.5407	
2022	\$50,152,500	\$50,152,500		\$90,275	\$561,708	\$651,983	\$230,702	\$271,160	\$1,153,844
2023	\$239,549,362	\$239,549,362		\$431,189	\$2,682,953	\$3,114,142	\$1,101,927	\$1,295,172	\$5,511,240
2024	\$583,972,500	\$583,972,500		\$1,051,151	\$6,540,492	\$7,591,643	\$2,686,274	\$3,157,364	\$13,435,280
2025	\$575,508,413	\$575,508,413		\$1,035,915	\$6,445,694	\$7,481,609	\$2,647,339	\$3,111,601	\$13,240,549
2026	\$566,875,786	\$566,875,786		\$1,020,376	\$6,349,009	\$7,369,385	\$2,607,629	\$3,064,927	\$13,041,941
2027	\$558,372,650	\$558,372,650		\$1,005,071	\$6,253,774	\$7,258,844	\$2,568,514	\$3,018,953	\$12,846,312
2028	\$549,997,060	\$549,997,060		\$989,995	\$6,159,967	\$7,149,962	\$2,529,986	\$2,973,669	\$12,653,617
2029	\$541,747,104	\$541,747,104		\$975,145	\$6,067,568	\$7,042,712	\$2,492,037	\$2,929,064	\$12,463,813
2030	\$533,620,897	\$533,620,897		\$960,518	\$5,976,554	\$6,937,072	\$2,454,656	\$2,885,128	\$12,276,856
2031	\$525,616,584	\$525,616,584		\$946,110	\$5,886,906	\$6,833,016	\$2,417,836	\$2,841,851	\$12,092,703
2032	\$517,732,335	\$517,732,335		\$931,918	\$5,798,602	\$6,730,520	\$2,381,569	\$2,799,223	\$11,911,313
2033	\$509,966,350	\$509,966,350		\$917,939	\$5,711,623	\$6,629,563	\$2,345,845	\$2,757,235	\$11,732,643
2034	\$492,122,765	\$492,122,765		\$885,821	\$5,511,775	\$6,397,596	\$2,263,765	\$2,660,760	\$11,322,121
2035	\$474,903,574	\$474,903,574		\$854,826	\$5,318,920	\$6,173,746	\$2,184,556	\$2,567,661	\$10,925,964
2036	\$458,286,927	\$458,286,927		\$824,916	\$5,132,814	\$5,957,730	\$2,108,120	\$2,477,820	\$10,543,670
2037	\$442,251,739	\$442,251,739		\$796,053	\$4,953,219	\$5,749,273	\$2,034,358	\$2,391,122	\$10,174,753
2038	\$426,777,660	\$426,777,660		\$768,200	\$4,779,910	\$5,548,110	\$1,963,177	\$2,307,459	\$9,818,746
			Total	\$14,485,418	\$90,131,487	\$104,616,905	\$37,018,289	\$43,510,171	\$154,608,196

Source: CPA, SABIC US Projects, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Tax Levy	Gregory-Portland ISD M&O Tax Levy	Gregory-Portland M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.1800	1.1200		0.4600	0.5407	
2022	\$50,152,500	\$50,152,500		\$90,275	\$561,708	\$651,983	\$230,702	\$271,160	\$1,153,844
2023	\$239,549,362	\$239,549,362		\$431,189	\$2,682,953	\$3,114,142	\$1,101,927	\$1,295,172	\$5,511,240
2024	\$583,972,500	\$30,000,000		\$1,051,151	\$336,000	\$1,387,151	\$2,686,274	\$3,157,364	\$7,230,788
2025	\$575,508,413	\$30,000,000		\$1,035,915	\$336,000	\$1,371,915	\$2,647,339	\$3,111,601	\$7,130,855
2026	\$566,875,786	\$30,000,000		\$1,020,376	\$336,000	\$1,356,376	\$2,607,629	\$3,064,927	\$7,028,932
2027	\$558,372,650	\$30,000,000		\$1,005,071	\$336,000	\$1,341,071	\$2,568,514	\$3,018,953	\$6,928,538
2028	\$549,997,060	\$30,000,000		\$989,995	\$336,000	\$1,325,995	\$2,529,986	\$2,973,669	\$6,829,650
2029	\$541,747,104	\$30,000,000		\$975,145	\$336,000	\$1,311,145	\$2,492,037	\$2,929,064	\$6,732,246
2030	\$533,620,897	\$30,000,000		\$960,518	\$336,000	\$1,296,518	\$2,454,656	\$2,885,128	\$6,636,302
2031	\$525,616,584	\$30,000,000		\$946,110	\$336,000	\$1,282,110	\$2,417,836	\$2,841,851	\$6,541,797
2032	\$517,732,335	\$30,000,000		\$931,918	\$336,000	\$1,267,918	\$2,381,569	\$2,799,223	\$6,448,710
2033	\$509,966,350	\$30,000,000		\$917,939	\$336,000	\$1,253,939	\$2,345,845	\$2,757,235	\$6,357,020
2034	\$492,122,765	\$492,122,765		\$885,821	\$5,511,775	\$6,397,596	\$2,263,765	\$2,660,760	\$11,322,121
2035	\$474,903,574	\$474,903,574		\$854,826	\$5,318,920	\$6,173,746	\$2,184,556	\$2,567,661	\$10,925,964
2036	\$458,286,927	\$458,286,927		\$824,916	\$5,132,814	\$5,957,730	\$2,108,120	\$2,477,820	\$10,543,670
2037	\$442,251,739	\$442,251,739		\$796,053	\$4,953,219	\$5,749,273	\$2,034,358	\$2,391,122	\$10,174,753
2038	\$426,777,660	\$426,777,660		\$768,200	\$4,779,910	\$5,548,110	\$1,963,177	\$2,307,459	\$9,818,746
			Total	\$14,485,418	\$32,301,299	\$46,786,716	\$37,018,289	\$43,510,171	\$127,315,176
			Diff	\$0	\$57,830,188	\$57,830,188	\$0	\$0	\$27,293,020

Source: CPA, SABIC US Projects, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that SABIC US Projects, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2021	\$0	\$0	\$0	\$0
	2022	\$561,708	\$561,708	\$0	\$0
	2023	\$2,682,953	\$3,244,661	\$0	\$0
Limitation Period (10 Years)	2024	\$336,000	\$3,580,661	\$6,204,492	\$6,204,492
	2025	\$336,000	\$3,916,661	\$6,109,694	\$12,314,186
	2026	\$336,000	\$4,252,661	\$6,013,009	\$18,327,195
	2027	\$336,000	\$4,588,661	\$5,917,774	\$24,244,969
	2028	\$336,000	\$4,924,661	\$5,823,967	\$30,068,936
	2029	\$336,000	\$5,260,661	\$5,731,568	\$35,800,503
	2030	\$336,000	\$5,596,661	\$5,640,554	\$41,441,057
	2031	\$336,000	\$5,932,661	\$5,550,906	\$46,991,963
	2032	\$336,000	\$6,268,661	\$5,462,602	\$52,454,565
	2033	\$336,000	\$6,604,661	\$5,375,623	\$57,830,188
Maintain Viable Presence (5 Years)	2034	\$5,511,775	\$12,116,436	\$0	\$57,830,188
	2035	\$5,318,920	\$17,435,356	\$0	\$57,830,188
	2036	\$5,132,814	\$22,568,169	\$0	\$57,830,188
	2037	\$4,953,219	\$27,521,389	\$0	\$57,830,188
	2038	\$4,779,910	\$32,301,299	\$0	\$57,830,188
Additional Years as Required by 313.026(c)(1) (10 Years)	2039	\$4,612,665	\$36,913,963	\$0	\$57,830,188
	2040	\$4,448,815	\$41,362,779	\$0	\$57,830,188
	2041	\$4,293,131	\$45,655,910	\$0	\$57,830,188
	2042	\$4,142,896	\$49,798,806	\$0	\$57,830,188
	2043	\$3,997,918	\$53,796,724	\$0	\$57,830,188
	2044	\$3,798,022	\$57,594,745	\$0	\$57,830,188
	2045	\$3,608,121	\$61,202,866	\$0	\$57,830,188
	2046	\$3,427,715	\$64,630,581	\$0	\$57,830,188
	2047	\$3,256,329	\$67,886,910	\$0	\$57,830,188
	2048	\$3,093,513	\$70,980,422	\$0	\$57,830,188
		\$70,980,422	is greater than	\$57,830,188	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, SABIC US Projects, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in SABIC US Projects, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per SABIC US Projects, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Project is still in an evaluation stage; only very preliminary development activities have begun. No engineering, procurement or construction contracts have been negotiated or signed to support the Project. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the Project is technically viable and can be cost-competitive in the global marketplace.”
 - B. “The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes.”
 - C. “Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas.”
 - D. “Property tax incentives, including the appraised value limitation, will allow the Applicant to tackle these long range requirements to make the Project viable in this community. The petrochemicals market is very competitive. Without the Chapter 313 value limitation, siting the project in San Patricio County is less attractive.”
- A July 29, 2016 *The Coastal Bend Chronicle* article states that “[t]hough nothing has been set in stone or put to paper, the new steam cracking plant proposal brought forth jointly by the Exxon Mobil Corp. and Saudi Arabia Basic Industries Corp., a Riyadh-based petrochemical company, is already in motion on the municipal level. According to Gregory City Manager City Administrator Robert Meager, a move by Portland City Officials to expand their Certificate of Convenience and Necessity (CCN) zone to encompass a 1000-acre area just West of Gregory is proof that Portland Officials are making plans to provide water and sewer to the new plant.”

- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.
- Attached City of Portland Certificate of Convenience and Necessity zone 2016 expansion map.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☒ Yes ☐ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☒ Yes ☐ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

TAB 5**Documentation to assist in determining if limitation is a determining factor.**

Ranked among the world's largest petrochemicals manufacturers, SABIC is a public company based in Riyadh, Saudi Arabia. 70% of the Company's shares are owned by the Saudi Arabian government, with the remaining 30% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council. SABIC's 2015 revenues were over \$39 billion.¹

SABIC began in 1976 by Royal decree and is now rated by Forbes magazine as the 3rd largest diversified chemical company in the world. Today, the company has operations in over 50 countries with a global workforce of over 40,000 talented individuals.

SABIC has chemical manufacturing operations in 21 countries including the United States, Canada, Mexico, Brazil, Argentina, Austria, Germany, Bahrain, United Kingdom, Northern Ireland, Spain, Italy, the Netherlands, Belgium, Saudi Arabia, China, Japan, Thailand, Singapore, South Korea, and India. SABIC has the option to invest capital in manufacturing plants on a worldwide basis.

SABIC is now evaluating the economics of this Project. SABIC owns and operates petrochemical manufacturing facilities around the world as well as in the United States. SABIC is also considering investing in Louisiana. Please see the attached press release regarding competitive siting decisions in the following press releases and news articles.

The Project is still in an evaluation stage; only very preliminary development activities have begun. No engineering, procurement or construction contracts have been negotiated or signed to support the Project. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the Project is technically viable and can be cost-competitive in the global marketplace.

The site requires a tremendous amount of infrastructure to support the proposed development that is not currently available. Water supply is crucial and will require millions of gallons by pipeline into the site daily. Moving products to and from the site require more investment than at other proposed locations. Property tax incentives, including the appraised value limitation, will allow the Applicant to tackle these long range requirements to make the Project viable in this community.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without the Chapter 313 value limitation, siting the project in San Patricio County is less attractive.



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TUE, JUL 26, 2016

Exxon, Sabic Poised to Green-Light US Cracker

Exxon Mobil Chemical and Saudi Arabian chemical giant Sabic are close to green-lighting a proposal to develop a jointly owned, world-scale, ethane-fed steam cracker on the US Gulf Coast, Exxon officials tell *Oil Daily*.

If the two companies proceed, the plant will be located in either Texas or Louisiana to access the ample supplies of shale-sourced ethane, the most abundant natural gas liquid (NGL), and natural gas to serve as feedstock and fuel for the facility.

The proposed plant will produce ethylene, a primary petrochemical intermediate that goes into the manufacture of many consumer products, notably packaging materials such as polyethylene. Several derivative plants that produce products further down the value chain are part of the project.

If built, the Exxon Chemical-Sabic project will be the 10th new steam cracker since the shale gale began blowing through the US petroleum sector almost a decade ago. All but one, a Royal Dutch Shell project in Pennsylvania, are located on the Gulf Coast ([OD Jun.8'16](#)).

The two companies are among the world's largest in terms of chemicals production and sales. In 2014, Sabic came 4th, with Exxon Chemical 5th, in a ranking by the *Chemical & Engineering News* magazine.

The partners have not disclosed the project cost. But based on similar greenfield facilities now being built, it would likely carry a price tag of \$6 billion-\$7 billion as it is not associated with a refinery or existing chemical complex.

Exxon is building a similar-sized facility at its Baytown, Texas, refining and chemical complex, east of Houston, where it benefits from existing utilities and links to fuel and feedstock lines as well as export facilities ([OD Jun.4'12](#)).

The Baytown unit is believed to be in the \$4 billion-\$5 billion range, although the cost has not been officially disclosed. The plant will use about 90,000 barrels per day of ethane feedstock and 90 million cubic feet per day of natural gas fuel. The proposed Exxon Chemical-Sabic project would use similar volumes.

Baytown will have a capacity of 1.5 million tons/yr and will be Exxon's fifth cracker on the Gulf Coast with completion slated for 2017. The company has two other plants at Baytown and one each at refineries in Beaumont, Texas, and Baton Rouge, Louisiana.

Exxon Mobil Chemical Chief Executive Neil Chapman told *Oil Daily* that the companies have worked together for 35 years and operate two crackers in Saudi Arabia's Jubail Industrial City complex. "This is an extension of our existing Kemya joint venture," he said.

The two companies said in a statement that they would undertake studies and work with state and local officials in Texas and Louisiana to help identify a potential site with adequate infrastructure access.

Chapman said the project's output would be designated for the international market as US needs are generally satisfied from existing facilities. Consequently, access to docks and other shipping facilities are needed.

Miles of NGL and natural gas pipelines cross the Texas-Louisiana coastal area, including Enterprise Products' Aegis Pipeline, which delivers ethane to every existing cracker in the region. In addition, the project would have access to billions of cubic feet per day of natural gas from multiple basins within a few hundred miles, including Exxon equity production.

Industry sources have said previously that Sabic has been seeking an opportunity to invest in a US steam cracker project for several years, as have other Mideast interests.

"We are focused on geographic diversification to supply new markets," Sabic Chief Executive Yousef Abdullah al-Benyan explained. "The proposed venture would capture competitive feedstock and reinforce Sabic's strong position in the value chain."

Despite Sabic's global size, it has a relatively small footprint in the US, where its assets include about a dozen specialty chemicals facilities and a technology center outside Houston.

Barbara Shook, Houston



SABIC and ExxonMobil Evaluating Petrochemical Joint Venture on U.S. Gulf Coast

- Potential new complex would be located in Texas or Louisiana near natural gas feedstock
- Project would include a steam cracker and derivative units
- Plans in early stages, final investment decision to follow study completion

July 25, 2016 08:35 AM Eastern Daylight Time

HOUSTON--(BUSINESS WIRE)--SABIC and an affiliate of Exxon Mobil Corporation (ExxonMobil) (NYSE:XOM) are considering the potential development of a jointly owned petrochemical complex on the U.S. Gulf Coast.

If developed, the project would be located in Texas or Louisiana near natural gas feedstock and include a world-scale steam cracker and derivative units.

Before making final investment decisions, the companies will conduct necessary studies and work with state and local officials to help identify a potential site with adequate infrastructure access.

"We are focused on geographic diversification to supply new markets," said Yousef Abdullah Al-Benyan, SABIC vice chairman and chief executive officer. "The proposed venture would capture competitive feedstock and reinforce SABIC's strong position in the value chain."

Neil Chapman, president of ExxonMobil Chemical Company, said: "We have the capability to design a project with a unique set of attributes that would make it competitive globally. That is vitally important as most of the chemical demand growth in the next several decades is anticipated to come from developing economies."

ExxonMobil and SABIC have worked together for 35 years in major chemical joint ventures in Saudi Arabia.

About SABIC

SABIC ranks among the world's top petrochemical companies, and is among the world's market leaders in the production of polyethylene, polypropylene, advanced thermoplastics, glycols, methanol and fertilizers. SABIC manufactures on a global scale in Saudi Arabia, the Americas, Europe and Asia Pacific. The company operates in more than 50 countries across the world with 40,000 employees worldwide. To learn more, visit www.sabic.com

About ExxonMobil Chemical Company

ExxonMobil Chemical Company is one of the largest petrochemical companies worldwide. The company holds leadership positions in some of the largest-volume and highest-growth commodity petrochemical products in the world. ExxonMobil Chemical Company has manufacturing capacity in every major region of the world, serving large and growing markets. More than 90 percent of the Company's chemical capacity is integrated with large refineries or natural gas processing plants. To learn more, visit www.exxonmobilchemical.com.

CAUTIONARY STATEMENT: Statements of future events or conditions in this release are forward-looking statements. Actual future results, including project plans, schedules, and outcomes and future market positioning could differ materially due to changes in market conditions affecting the oil, gas and petrochemical industries or long-term price levels for oil, gas, refined products and petrochemicals; political or regulatory developments, including the granting of required permits and any changes in environmental laws; the occurrence and duration of economic recessions; the actions of competitors; technical or operating factors; the outcome of commercial negotiations; and other factors discussed under the heading "Factors Affecting Future Results" in the Investors section of our website (www.exxonmobil.com) and in Item 1A of our most recent Form 10-K.

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Sabir, ExxonMobil eyeing USGC sites for potential PE, MEG projects

Houston (Platts)--25 Jul 2016 250 pm EDT/1850 GMT

Sabir and ExxonMobil Chemical are considering a pair of locations near Corpus Christi in South Texas and another pair near Baton Rouge, Louisiana, for a potential 1.8 million mt/year ethylene plant that would feed two polyethylene units and a monoethylene glycol facility, the companies said Monday.

If the decision is made to move forward, it would mark Saudi Arabia-based Sabir's entrance into the North American market as a major producer for both derivatives.

The companies are working with state and local governments regarding potential sites in St. James Parish and the Parish of Ascension in Louisiana, and in Victoria, Texas, and in San Patricio County, Texas, ExxonMobil spokeswoman Margaret Ross and Sabir spokeswoman Susan LeBourdais both said.

"ExxonMobil and Sabir must complete their respective studies and obtain project permits before a final investment decision can be made," Ross said. "We are very early in the process and cannot speculate on timelines."

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Any new facility would take several years to complete, but potential timeframes would call for the new ethylene and derivatives to come online during the next decade following the first wave of ethane-fed petrochemical expansions in North America.

"If they can time this project to come online in 2023, they would be in a position to capitalize on a more than million metric ton global polyethylene deficit we're anticipating in 2024," said Jim Foster, director of analysis, petrochemicals, for S&P Global. If there is an economic turnaround globally before 2023, this unit might be needed sooner."

Based on Platts Analytics forecasts, ethylene run rates in the US would be between 85% and 90% in the period between 2021-2023. If the project dedicates 60% of the ethylene produced to polyethylene production, Platts Analytics anticipates it would provide an additional 890,000-940,000 mt of material to the global market.

NEEDED FOR LONGER TERM

With the polyethylene surplus in the Americas -- including all of North and South America -- expected to already be at 6.7 million mt in 2021, the project's output would either displace that of other North American producers in the region, or would be exported to meet global demand. Either way, there would be nearly 1 million mt more polyethylene coming out of North America once the unit is built, Foster said.

"Based on current announcements, we expect the global polyethylene deficit will reach 5.75 million mt in 2025," Foster said. "New projects such as these are definitely needed toward the tail-end of our 10-year forecast."

"I do have concerns in the short-term though. As these new units come online, we are expecting global PE surpluses globally to grow to more than 7 million mt by 2018 -- which is nearly 8% of total worldwide demand."

Earlier Monday, Sabic and ExxonMobil said they were considering a joint petrochemical complex on the US Gulf Coast that would attempt to capitalize on cheaper ethane feedstock in North America.

"We are focused on geographic diversification to supply new markets," Yousef Abdullah Al-Benyan, Sabic vice chairman and chief executive officer, said in a statement. "The proposed venture would capture competitive feedstock and reinforce Sabic's strong position in the value chain."

ExxonMobil and Sabic have worked together for 35 years in major chemical joint ventures in Saudi Arabia.

"We have the capability to design a project with a unique set of attributes that would make it competitive globally," Neil Chapman, president of ExxonMobil Chemical Company, said in the statement. "That is vitally important as most of the chemical demand growth in the next several decades is anticipated to come from developing economies."

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OUR OIL

San Patricio in running for Exxon steam cracker facility



Contributed photo San Patricio County is one of three communities in the running to become home to an Exxon Mobil steam cracker.

By *Chris Ramirez* of the *Caller-Times*

July 27, 2016

San Patricio County is on the shortlist of communities to become home to the world's largest steam cracker plant.

Exxon Mobil Corp. and Saudi Arabia Basic Industries Corp., a Riyadh-based petrochemical company, announced in a joint statement Tuesday they plan to build a complex together on the U.S. Gulf Coast.

Victoria and St. James Parish, Louisiana also are in the running.

The companies say the region interests them because of its abundant supply of natural gas, and that their planned facility intends capture competitive feedstock of the commodity.

"We're trying very hard to get that project to come here," said Foster Edwards, president/CEO of the San Patricio County Economic Development Corp. "We've got a lot of vacant land they could use. There's a lot of good qualities they could take advantage of here."

Edwards hoped the community's close ties with the Port of Corpus Christi and the efforts made in recent years to improve the LaQuinta Terminal would help it stand apart from its competitors.

In a statement, Exxon and SABIC said the facility, when finished, would be capable of producing 1.8 million tons per year of ethylene and would feed a monoethylene glycol plant and two polyethylene plants.

Monoethylene glycol can be used to make polyester for clothing and polyethylene terephthalate for beverage bottles and containers. Polyethylene can be used in a range of applications, including packaging, consumer and industrial products, agricultural film, and building and construction materials.

A common thread shared by each community is their availability of undeveloped land and water access. The parcel St. James Parish is offering is in an unincorporated area along the banks of the Mississippi River. Victoria, which has had relationships with petrochemical companies for more than six decades, recently

added liquid and dry bulk cargo docks and improved roads at its port.

It also has beefed up industrial training programs at Victoria College in hopes of building up its workforce.

"Projects of this scale are transformational for any community," said D. Dale Fowler, president of the Victoria Economic Development Corp.

Margaret Ross, an Exxon Mobil spokeswoman, said officials are in the early stages of the process and plan to study each area extensively before making a final decision.

San Patricio County's proximity to the Eagle Ford Shale, along with its growing industrial workforce and the infrastructure the port provides, may be among its greatest advantages, energy expert Ray Perryman said.

Many believe the 3,000-square-mile Eagle Ford Shale energy play contains about 20 trillion cubic feet of natural gas and more than 3 billion barrels of oil.

The port also is in the final stages of a \$28 million expansion of its railroad system and is building several new docks. Last year, the port authority also issued \$115 million in revenue bonds both to buy land and to help finance a variety of capital projects over the next decade.

"Corpus Christi offers the right combination of nearby feedstocks and the right infrastructure and should definitely be considered for the ... project," said Perryman, CEO of The Perryman Group, an economic and financial analysis firm in Waco. "The area has attracted billions of dollars of similar

investments in recent years, which is a testament to its competitiveness."

Twitter: @Caller_ChrisRam



About Chris Ramirez

Chris Ramirez is the Business reporter for the Caller-Times and is the team leader for our Energy Effects coverage.

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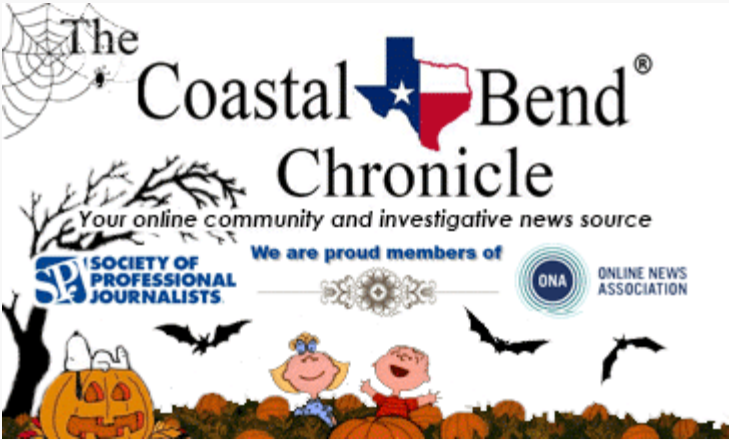
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Proposed EXXON Plant To Be Located Outside Portland-Gregory; Says City Administrator



July 29, 2016 | By Staff Correspondent

WEEKLY NEWS HIGHLIGHTS



A Few Words For National Night Out On Behalf Of South Texas Cops



GREGORY, Texas- A proposed project to place the world's largest steam cracker plant in San Patricio County is now believed to be going just two miles outside of the City of Portland and West of The City of Gregory, a move that has Gregory ~~City Manager~~ City Administrator Robert Meager

concerned.

In a press release issued on July 25, by EXXON Mobile, the company has confirmed that Texas and Louisiana are in the running for a proposed steam cracking plant and reports indicates that San Patricio County is believed to be one of the proposed locations. Victoria, Texas and Saint James Parrish in Louisiana are considered to be the two other sites identified.

In an interview with the Caller-Times, San Patricio County Economic Development Corporation President-CEO Foster Edwards stated "We're trying very hard to get that project to come here," said Edwards. "We've got a lot of vacant lands they could use. There's a lot of good qualities they could take advantage of here."

Edwards told the Caller that he hoped the community's close ties with the Port of Corpus Christi and the efforts made in recent years to improve the LaQuinta Terminal would help it stand apart from its competitors.

Though nothing has been set in stone or put to paper, the new steam cracking plant proposal brought forth jointly by the Exxon Mobil Corp. and Saudi Arabia Basic Industries Corp., a Riyadh-based petrochemical company, is already in motion on the municipal level.

According to Gregory ~~City Manager~~ City Administrator Robert Meager, a move by Portland City Officials to expand their Certificate of Convenience and Necessity (CCN) zone to encompass a 1000-acre area just West of Gregory is proof that Portland Officials are making plans to provide water and sewer to the new plant.



Early Morning Cry For Help Leads To Arrest Of Man For Felony Assault



Boy Scout Earns Eagle After Completing Ambitious Project For Kids



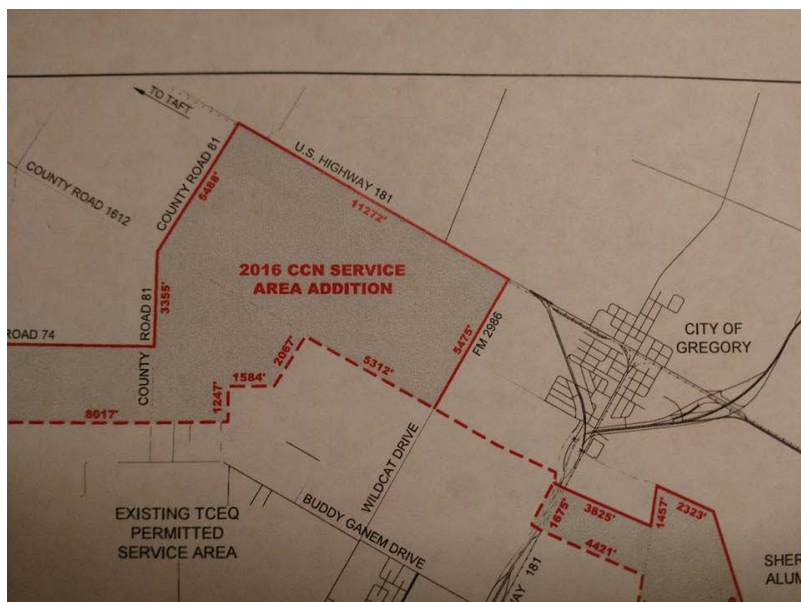
Student At Large: Who Doesn't Truly Enjoy Seafair?



Alert Officers Arrest Man For Evading And DWI After Domestic Dispute



Required Physical Fitness Assessment for the 2016-2017 School Year



Meager confirmed reports that a landowner and resident in the area has told many people that he is in negotiations to sell property located Northwest of FM 2986 and Highway 181 to the EXXON Corp. for the production of the new plant. Meager says that once he learned of the plans he questioned Portland City Officials after they moved to expand their CCN so far outside of the Portland City Limits.

"The fact that they moved to expand their zone of control to provide city sewer and water to the area was a sign that something big was coming, but what was coming was my question," said Meager.

According to Meager, a dialog was opened, and a meeting occurred between himself, Portland City Manager Randy Wright, Portland Mayor David Krebs, and Assistant City Manager DeLatte last month. During that meeting, Portland City Officials were close to chest about the reasoning why the move was being done, and would not discuss future development plans with Meager.

"They said they could not discuss it, and told me they were under non-disclosure agreements," stated Meager. "Everyone is talking about the project, and I would have to say I'm 99% positive that is where it's going when it happens," he said.

According to Portland City Officials, the move is only routine and was done as part of an area-wide expansion of the city's CCN, not to accommodate anything in particular.



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SAN PATRICIO COUNTY ATTORNEY PAGE

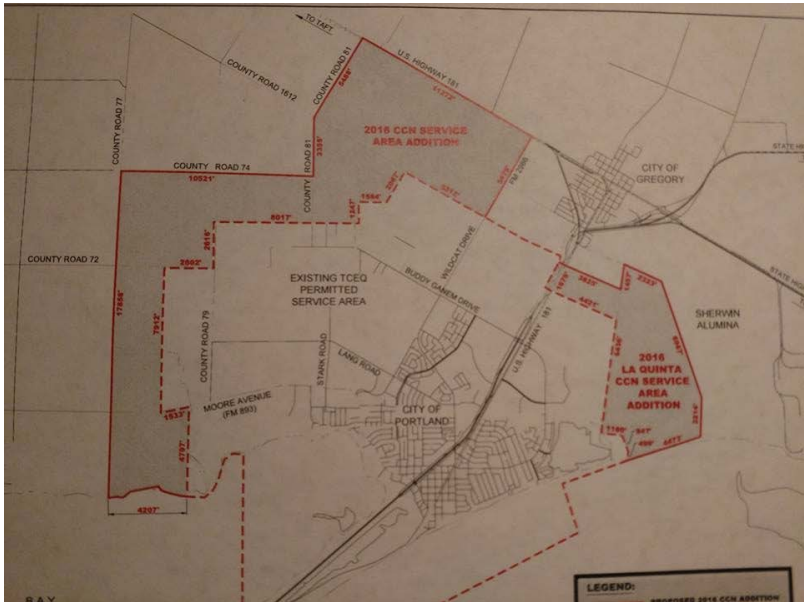
**Who Do You Plan To Vote
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May

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"A CCN is a way that a government entity guarantees its returns on capital investments by assuring that infrastructure built inside the city deliver a return on investment," stated Portland Assistant City Manager Brian DeLatte.

DeLatte showed that at least three areas were part of the expansion and that though there is some debate on exactly what will be encompassed in the move that all sides will discuss options to reach a mutual understanding.

"What we are dealing with are overlapping map issues about the CCN of the surrounding areas, and we will be working with all the parties to assure that things are worked out," stated DeLatte.

As for specifics of the area Northwest of FM 2986 and Highway 181, DeLatte said that he was under a non-disclosure agreement and could not comment on this subject.

Meager agreed with DeLatte, and said that currently the City of Gregory is in the process of acquiring a CCN and is waiting for approval, but that what is already in place for services being provided to residents by Gregory will overlap with the new move by Portland, an issue that will have to be addressed according to Meager.

"Their plans call for expanding into areas that we intended to cover, so if they are going to move in that direction they will have to take responsibility for those who are already receiving services from us," stated Meager.





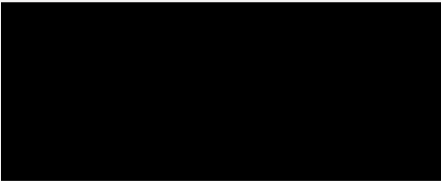
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In prior interviews, San Patricio County Judge Terry Simpson and Portland City Manager Randy Wright also refused to comment saying that they too were under non-disclosure agreements in regards to projects concerning that tract of land or the EXXON Corporation.

According to Meager, he is positive that the location Northwest of FM 2986 and Highway 181 is slated for the new project once it is approved, but has grave concerns about the effect it will have on Gregory.

Meager pointed out that to the North of the city wind farms are already taken claim to the land, and that to the East, TPCO has built its operations, leaving only the South and the West for Gregory to grow.

"Where is the City of Gregory going to grow?" stated Meager. "To the South is Portland, now to the West you are going to put an EXXON facility, so where do we grow when all surrounding directions have been developed?", he said.

Meager pointed out that not only would there be nowhere to grow for the City of Gregory but that the proposed project has been negotiated with no input from Gregory Officials what-so-ever.



"Not once did anyone approach us about this project and its plan to be placed right next door to us and block our ability to grow," stated Meager. "We had to find out about the project from the land owners, not those who are involved in the project," he said.

Meager says that he is all for industry and growth in the area, but believes it shouldn't come at such grave costs to the residents in Gregory that he serves.

"I asked Randy (Wright) how would he feel if all of a sudden Corpus Christi just decided to put a 1000-acre industrial facility right next door to Portland and how would he feel?" said Meager. "He agreed that he wouldn't be happy..so no one should be surprised that we are not for this project if it means boxing us in," he said.

Meager believes that the negotiations of the proposed project should have been done with Gregory and that Gregory should have the same ability to offer city sewer and water services to the project once it is completed.

As for Portland, Meager says he enjoys a good relationship with Portland City Officials, but that he believes more work needs to be done to address the concerns of the residents of Gregory in the future.

"We have always had a good relationship with Portland, and this will continue," stated Meager. "I think it's pretty obvious though that this project is in fact slated for this particular area, as all the signs point this way..and we cannot approve unless the concerns of Gregory are met," he said.

Meager would not further elaborate why is was so certain that the proposed project was slated for that particular area, only saying that he was certain it was, but wasn't at liberty to say exactly how he knew, just that he did know.

If approved and the project moves forward, the new EXXON Plant operation

will encompass approximately 1000-acres and be approximately two miles outside the Portland City Limits, and situated within a half mile of the City of Gregory.

Below is the exact wording of the EXXON Press Release, as well as a photo of an EXXON Stem Cracking Plant already in operation.

SABIC and ExxonMobil Evaluating Petrochemical Joint Venture on U.S. Gulf Coast

- Potential new complex would be located in Texas or Louisiana near natural gas feedstock
- Project would include a steam cracker and derivative units
- Plans in early stages, final investment decision to follow study completion

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About SABIC

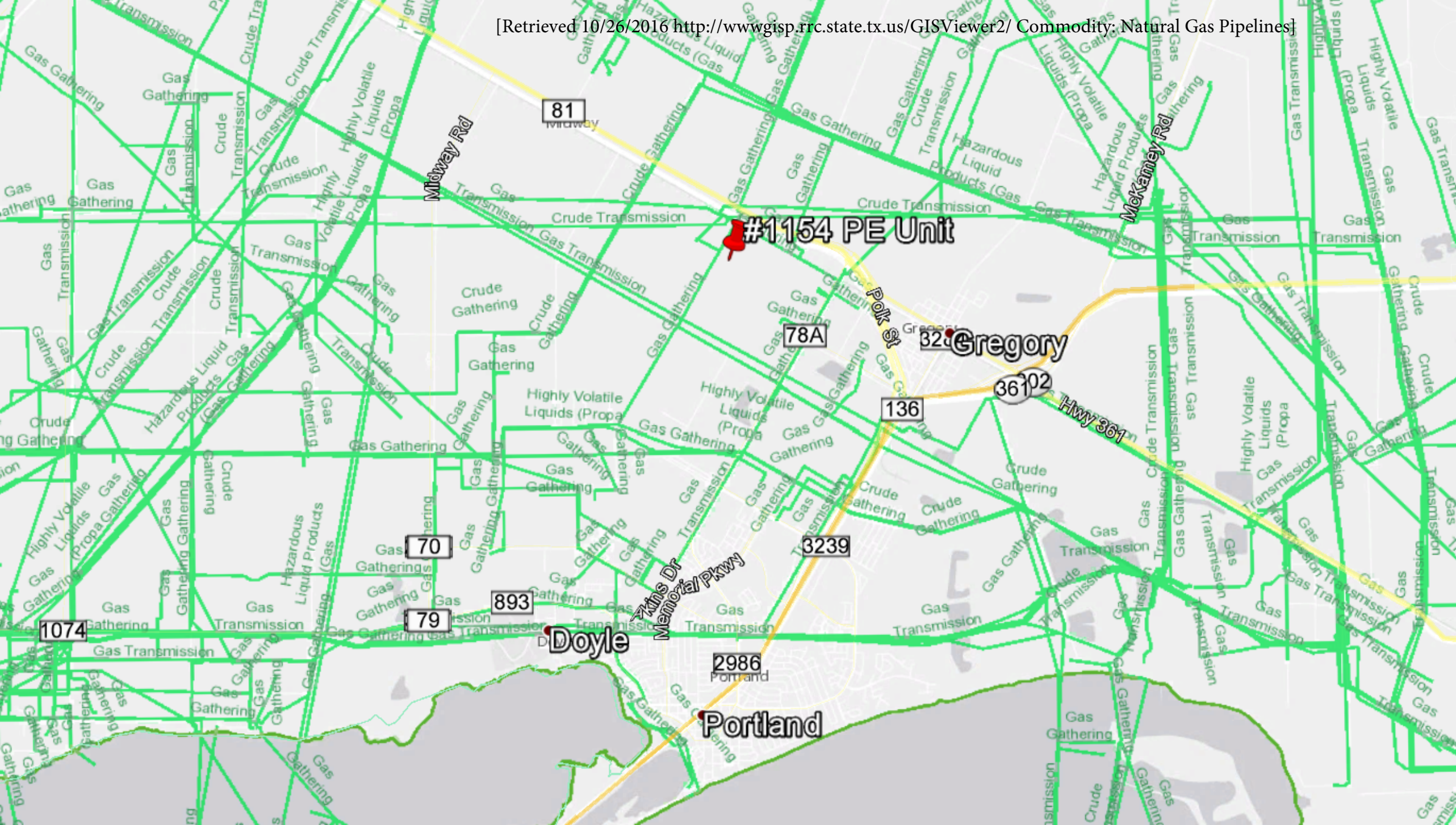
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City of Portland Certificate of Convenience and Necessity zone expansion map. Retrieved 10/11/2016 <http://thecoastalbendchronicle.com/25220/225165/a-proposed-exxon-plant-to-be-located-outside-portland-gregory-says-city-administra>