GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 19, 2017

Dr. Patricia Montgomery
Superintendent
Angleton Independent School District
1900 N. Downing Road
Angleton, Texas 77515

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Angleton Independent School District and INEOS USA, LLC, Application 1192

Dear Superintendent Allen:

On July 21, 2017, the Comptroller issued written notice that INEOS USA, LLC (applicant) submitted a completed application (Application 1192) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on May 16, 2017 to the Angleton 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.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Note that any building or improvement existing as of the application review start date of July 21, 2017, 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,

Lisa Craven for Mike Reissig

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

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 1192.

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's 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 by December 31, 2017.

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of INEOS USA, LLC (project) applying to Angleton 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 INEOS USA, LLC.

Applicant	INEOS USA, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Angleton ISD
2016-2017 Average Daily Attendance	6349
County	Brazoria
Proposed Total Investment in District	$145,700,000
Proposed Qualified Investment	$145,700,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,163
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,163
Minimum annual wage committed to by applicant for qualified jobs	$60,484
Minimum weekly wage required for non-qualifying jobs	$1098
Minimum annual wage required for non-qualifying jobs	$57,096
Investment per Qualifying Job	$14,570,000
Estimated M&O levy without any limit (15 years)	$16,189,462
Estimated M&O levy with Limitation (15 years)	$7,224,755
Estimated gross M&O tax benefit (15 years)	$8,964,706

Table 2 is the estimated statewide economic impact of INEOS USA, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	0	0	0	$0	$0	$0
2018	150	198	348.377	$8,640,000	$16,010,000	$24,650,000
2019	250	348	598	$14,400,000	$30,377,000	$44,777,000
2020	10	90	100	$604,840	$10,364,160	$10,969,000
2021	10	55	65	$604,840	$7,681,160	$8,286,000
2022	10	30	40	$604,840	$5,567,160	$6,172,000
2023	10	17	27	$604,840	$4,225,160	$4,830,000
2024	10	12	22	$604,840	$3,506,160	$4,111,000
2025	10	13	23	$604,840	$3,320,160	$3,925,000
2026	10	17	27	$604,840	$3,470,160	$4,075,000
2027	10	22	32	$604,840	$3,842,160	$4,447,000
2028	10	27	37	$604,840	$4,328,160	$4,933,000
2029	10	31	41	$604,840	$4,871,160	$5,476,000
2030	10	33	43	$604,840	$5,243,160	$5,848,000
2031	10	36	46	$604,840	$5,680,160	$6,285,000

Source: CPA REMI, INEOS USA, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community CollegeTax Levy	County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.4152	1.0400		0.4574	0.1917	0.1500	
2020	$138,415,000	$138,415,000		$574,699	$1,439,516	$2,014,215	$633,117	$265,402	$207,623	$3,120,357
2021	$138,415,000	$138,415,000		$574,699	$1,439,516	$2,014,215	$633,117	$265,402	$207,623	$3,120,357
2022	$131,494,000	$131,494,000		$545,963	$1,367,538	$1,913,501	$601,460	$252,132	$197,241	$2,964,334
2023	$124,919,000	$124,919,000		$518,664	$1,299,158	$1,817,821	$571,386	$239,525	$187,379	$2,816,110
2024	$118,673,000	$118,673,000		$492,730	$1,234,199	$1,726,929	$542,816	$227,548	$178,010	$2,675,304
2025	$112,739,000	$112,739,000		$468,092	$1,172,486	$1,640,578	$515,674	$216,170	$169,109	$2,541,531
2026	$107,102,000	$107,102,000		$444,688	$1,113,861	$1,558,548	$489,890	$205,362	$160,653	$2,414,453
2027	$101,747,000	$101,747,000		$422,454	$1,058,169	$1,480,622	$465,396	$195,094	$152,621	$2,293,732
2028	$96,660,000	$96,660,000		$401,332	$1,005,264	$1,406,596	$442,128	$185,340	$144,990	$2,179,054
2029	$91,827,000	$91,827,000		$381,266	$955,001	$1,336,267	$420,021	$176,073	$137,741	$2,070,101
2030	$87,236,000	$87,236,000		$362,204	$907,254	$1,269,458	$399,022	$167,270	$130,854	$1,966,604
2031	$82,874,000	$82,874,000		$344,093	$861,890	$1,205,982	$379,070	$158,906	$124,311	$1,868,269
2032	$78,730,000	$78,730,000		$326,887	$818,792	$1,145,679	$360,115	$150,960	$118,095	$1,774,849
2033	$74,794,000	$74,794,000		$310,545	$777,858	$1,088,402	$342,111	$143,413	$112,191	$1,686,118
2034	$71,054,000	$71,054,000		$295,016	$738,962	$1,033,978	$325,005	$136,242	$106,581	$1,601,805
			Total	$6,463,331	$16,189,462	$22,652,793	$7,120,328	$2,984,839	$2,335,019	$35,092,977

Source: CPA, INEOS USA, LLC
[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria 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 and tax abatement with the county.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community CollegeTax Levy	County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.4152	1.0400		0.4574	0.1917	0.1500	
2020	$138,415,000	$30,000,000		$574,699	$312,000	$886,699	$0	$265,402	$207,623	$1,359,724
2021	$138,415,000	$30,000,000		$574,699	$312,000	$886,699	$0	$265,402	$207,623	$1,359,724
2022	$131,494,000	$30,000,000		$545,963	$312,000	$857,963	$0	$252,132	$197,241	$1,307,336
2023	$124,919,000	$30,000,000		$518,664	$312,000	$830,664	$0	$239,525	$187,379	$1,257,567
2024	$118,673,000	$30,000,000		$492,730	$312,000	$804,730	$0	$227,548	$178,010	$1,210,288
2025	$112,739,000	$30,000,000		$468,092	$312,000	$780,092	$0	$216,170	$169,109	$1,165,371
2026	$107,102,000	$30,000,000		$444,688	$312,000	$756,688	$0	$205,362	$160,653	$1,122,702
2027	$101,747,000	$30,000,000		$422,454	$312,000	$734,454	$465,396	$195,094	$152,621	$1,547,564
2028	$96,660,000	$30,000,000		$401,332	$312,000	$713,332	$442,128	$185,340	$144,990	$1,485,790
2029	$91,827,000	$30,000,000		$381,266	$312,000	$693,266	$420,021	$176,073	$137,741	$1,427,100
2030	$87,236,000	$87,236,000		$362,204	$907,254	$1,269,458	$399,022	$167,270	$130,854	$1,966,604
2031	$82,874,000	$82,874,000		$344,093	$861,890	$1,205,982	$379,070	$158,906	$124,311	$1,868,269
2032	$78,730,000	$78,730,000		$326,887	$818,792	$1,145,679	$360,115	$150,960	$118,095	$1,774,849
2033	$74,794,000	$74,794,000		$310,545	$777,858	$1,088,402	$342,111	$143,413	$112,191	$1,686,118
2034	$71,054,000	$71,054,000		$295,016	$738,962	$1,033,978	$325,005	$136,242	$106,581	$1,601,805
			Total	$6,463,331	$7,224,755	$13,688,086	$3,132,867	$2,984,839	$2,335,019	$22,140,811
			Diff	$0	$8,964,706	$8,964,706	$3,987,460	$0	$0	$12,952,167

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, INEOS USA, LLC

[1]Tax 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 INEOS USA, 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	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
Limitation Period (10 Years)	2020	$312,000	$312,000	$1,127,516	$1,127,516
	2021	$312,000	$624,000	$1,127,516	$2,255,032
	2022	$312,000	$936,000	$1,055,538	$3,310,570
	2023	$312,000	$1,248,000	$987,158	$4,297,727
	2024	$312,000	$1,560,000	$922,199	$5,219,926
	2025	$312,000	$1,872,000	$860,486	$6,080,412
	2026	$312,000	$2,184,000	$801,861	$6,882,273
	2027	$312,000	$2,496,000	$746,169	$7,628,442
	2028	$312,000	$2,808,000	$693,264	$8,321,706
	2029	$312,000	$3,120,000	$643,001	$8,964,706
Maintain Viable Presence (5 Years)	2030	$907,254	$4,027,254	$0	$8,964,706
	2031	$861,890	$4,889,144	$0	$8,964,706
	2032	$818,792	$5,707,936	$0	$8,964,706
	2033	$777,858	$6,485,794	$0	$8,964,706
	2034	$738,962	$7,224,755	$0	$8,964,706
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$702,010	$7,926,766	$0	$8,964,706
	2036	$666,910	$8,593,676	$0	$8,964,706
	2037	$633,568	$9,227,244	$0	$8,964,706
	2038	$601,890	$9,829,134	$0	$8,964,706
	2039	$571,792	$10,400,926	$0	$8,964,706
	2040	$543,202	$10,944,128	$0	$8,964,706
	2041	$526,500	$11,470,628	$0	$8,964,706
	2042	$526,500	$11,997,128	$0	$8,964,706
	2043	$526,500	$12,523,628	$0	$8,964,706
	2044	$526,500	$13,050,128	$0	$8,964,706
		$13,050,128	is greater than	**$8,964,706**	

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

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, INEOS USA, 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 the INEOS USA LLC 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 INEOS USA, LLC in Tab 4 of their Application for a Limitation on Appraised Value to build a new 120 ktyes/year Poly Alpha Olefins (PAO) unit:
  A. "INEOS has existing PAO manufacturing assets in La Porte Texas and in Feluy Belgium."
  B. "The PAO facility will be dependent on the LAO unit currently under construction on site for most of its feedstock and would share in some of the infrastructure."
  C. "This 62-acre plot is the land previously designated as the reinvestment zone for Project Redstone (LAO) previously. Placeholder was noted for potential derivative siting's downstream from LAO.
- A September 15, 2016 *Process Worldwide* online article notes INEOS plans to build the world's largest single train low viscosity polyaphaolefins (PAO) plant. The 120 ktpa unit is expected to be operational in the first half of 2019.
- A September 16, 2016 *Fuels + Lubes Daily* online article states that "INEOS Oligomers has also previously announced a new 20 ktpa high-viscosity PAO unit at its La Porte plant which will be commissioned in the first quarter of 2017. The unity, which is being built at the company's exiting PAO facility in La Porte, will use INEOS' metallocene high viscosity PAO technology and will benefit from several site synergies."

- The September 16, 2016 Fuels + Lubes Daily article also notes INEOS confirmed they will build a 420 ktpa LAO unit in Chocolate Bayou that will provide the raw materials used by its poly alpha olefins unit.

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.

INEOS USA LLC directly or through a wholly owned INEOS subsidiary is proposing to build a new chemical production facility, a Poly Alpha Olefins (PAO) unit, within its existing Chocolate Bayou Manufacturing facility located 2 miles SO of FM 2917 on FM 2004 in Alvin, Texas 77511.

The PAO production capacity of this proposed plant will be 120ktes/year. The production and related utility, in-process storage, and shipping facilities will be located on approximately 62 acres of land, occupying approximately 10% of it.

New property necessary for the production of PAO includes, but is not limited to, the following:

- Reactors
- Distillation Columns
- Process storage tanks
- Heat exchangers
- Pumps
- Valves
- Compressors
- Vacuum Systems
- Motors and Motor Control Centers
- Transformers
- Process Control Systems
- Piping
- Pollution Control Equipment
- Railcar loading equipment and associated buildings
- Roads

Major construction of the facility is estimated to begin in March 2018 with commercial operations commencing in mid-2019.

The site selection for this Project has competitive global options. Final location for the proposed Project will, in part, depend on the ability to minimize the costs associated with the project, including proximity to feedstock (LAO) and the market for PAO customers. Based on this criteria the following four INEOS locations are viable options for this Project; Brazoria County, La Porte/Harris County, Feluy, Belgium and Joffre, Alberta, Canada.

The Project has been impacted by the recent dramatic changes in oil price which impact not only our feedstock pricing but also competitors. The lower oil provides cheaper naphtha pricing which many of our competitors use especially in the European and Asian markets. As INEOS will be exporting into these markets from the proposed project, the economic forecast has declined over the past 9 months when the proposed project was initially being considered.

INEOS also has a limited amount of capital investment monies available and internally all project returns are vetted. Should this project return fall below alternative INEOS investment options, INEOS Group will not provide approval and the entire project will be terminated.

In addition to internal equity and capital approvals, project financing will be required. The dramatic oil price swings and subsequent impacts on the financial community is likely to also restrict fund availability or result in higher cost of borrowing. The Section 313 is vital in overcoming the financial obstacles that this project needs to overcome to move forward.

TAB 6

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY BY INEOS USA, LLC TO ANGLETON ISD

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

PROCESS WORLDWIDE

USA: Supply of Base Oils

Ineos Plans to Build New PAO Plant

09/15/2016 | Editor: Alexander Stark

Ineos plans to build the world's largest single train low viscosity polyalphaolefins (PAO) plant. (Source: Ineos Oligomers)

Ineos plans to build the world's largest single train low viscosity polyalphaolefins (PAO) plant. The 120 ktpa unit is expected to be operational in the first half of 2019.

La Porte/USA — Ineos Oligomers plans to significantly grow its low viscosity polyalphaolefin (PAO) business. The investment is intended to significantly increase the supply of low viscosity PAO to a growing market. "The industry needs an increased supply of high quality base oils, such as PAO, to formulate the next generation of advanced lubricant products." said Bob Learman, INEOS Oligomers CEO. "The new plant will provide additional capacity and security of supply. In addition it will make our overall production capability more flexible, which is important in supporting new products we plan to introduce to the market in the coming years to keep pace with evolving customer needs." said Joe Walton, Business Director Ineos Oligomers.

The business has also completed a debottleneck of its La Porte, TX plant, producing low viscosity grades and has optimised production runs at its plant in Feluy, Belgium. The projects have successfully increased its global low viscosity PAO capacity by approximately 15 %. The company also has an engineering project to mechanically debottleneck the Feluy PAO plant which presents the business with a valuable option to add a further 15 % to their capacity by early 2018.

In addition to investment in its low viscosity grades Ineos Oligomers has also previously announced a new 20 ktpa high viscosity PAO unit at its La Porte plant in Texas, to be commissioned in the first quarter of 2017.

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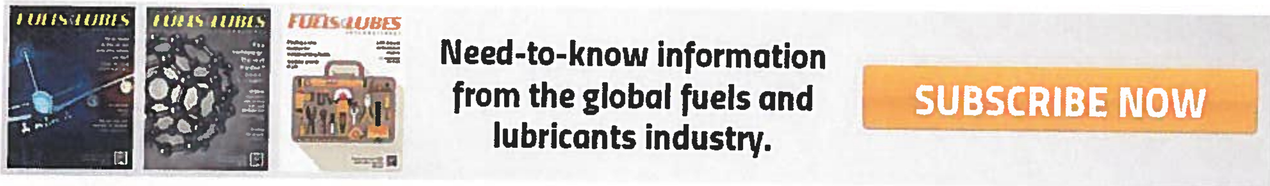

INEOS OLIGOMERS ANNOUNCES PLAN TO GROW LOW-VISCOSITY POLY ALPHA OLEFINS (PAO) CAPACITY

INEOS Oligomers announced plans to significantly grow its low-viscosity poly alpha olefins (PAO) capacity by building the world's largest single-train plant. INEOS Oligomers said it expects the 120 kilotonne-per-annum (ktpa) unit to be on-stream by the first half of 2019, without disclosing the plant's location for now.

"The industry needs an increased supply of high-quality base oils, such as PAO, to formulate the next generation of advanced lubricant products," said Bob Learman, INEOS Oligomers CEO. "INEOS is making the commitment to invest in both the PAO capacity and the necessary LAO [linear alpha olefin) feedstock supply to ensure PAO is a viable and secure long-term formulation option for our customers," he said.

"The new plant will provide additional capacity and security of supply. In addition, it will make our overall production capability more flexible, which is important in supporting new products we plan to introduce to the market in the coming years to keep pace with evolving customer needs," said Joe Walton, business director of INEOS Oligomers.

The business has also completed debottlenecking its plant in La Porte, Texas, U.S.A., producing low-viscosity grades, and has optimised production runs at its plant in Feluy, Belgium. The projects have successfully increased its global low-viscosity PAO capacity by approximately 15%, according to INEOS Oligomers.

INEOS also has an engineering project to mechanically debottleneck the Feluy PAO plant, which could add a further 15% to the plant's potential capacity by early 2018.

End applications have continued to grow for both high- and low-viscosity grade poly alpha olefins. These products are increasingly used in industrial and automotive lubricant applications, including passenger car motor oils, lubricants for wind turbines, heavy-duty diesel engine oils and other specialty fluids.

In addition to investment in its low-viscosity grade PAO capacity, INEOS Oligomers has also previously announced a new 20 ktpa high-viscosity PAO unit at its La Porte plant which will be commissioned in the first quarter of 2017. The unit, which is being built at the company's existing PAO facility in La Porte, will use INEOS' metallocene high viscosity PAO technology and will benefit from several site synergies.

INEOS has also confirmed that it has decided to build a 420 ktpa LAO unit in Chocolate Bayou, Texas, U.S.A. This unit will provide the raw materials (including up to 85 ktpa of decene-1) used by its poly alpha olefins units.

Editor SEPTEMBER 16, 2016

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