

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

by and between

CULBERSON COUNTY—ALLAMOORE INDEPENDENT SCHOOL DISTRICT

and

TARGA DELAWARE, LLC

(Texas Taxpayer ID # 32053692227)

Comptroller Application #1262

Dated

December 17, 2018

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)*

impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on December 17, 2018, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on December 17, 2018, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the 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; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on December 14, 2018, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on December 17, 2018, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and,

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.1. DEFINITIONS.

Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means Targa Delaware, LLC (Texas Taxpayer ID #32053692227), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the

Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 3** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on May 22, 2018. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE

“Appraisal District” means the Culberson County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Culberson County—Allamoore Independent School District.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of producing electricity and achieving a Qualifying Investment of no less than \$20 million dollars.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Culberson County, Texas.

“District” or “School District” means the Culberson County—Allamoore Independent School District being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within 60 (sixty) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2. NEGOTIATED DEFINITIONS.

Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C:

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“Applicable School Finance Law” means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically, in accordance with all provisions thereof applicable to any terms of this Agreement at the time any computation, calculation or obligation of either Party under this Agreement is required to be performed or for the period to which such computation, calculation or obligation relates, as applicable. The term includes any amendments or successor statutes that may be adopted in the future which affect the calculation of the District’s Maintenance and Operations Revenue or the Applicant’s ad valorem tax obligation to the District, in each case, either with or without the limitation on appraised value of property pursuant to this Agreement.

“Cumulative Payments” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

“Lost M&O Revenue” shall have the meaning set forth in Section 4.2.

“Maintenance and Operations Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE, and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE, or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District’s Maintenance and Operations Revenue lost as a result of such similar agreements, minus (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE,, in each case, as any of the items in clauses (i), (ii), and (iv) above may be amended by Applicable School Finance Law from time to time, and plus or minus, as applicable, any other revenues, payments or amounts received or required to be reimbursed by the District from State and local funding for maintenance and operations purposes under Applicable School Finance Law, such that Maintenance and Operations Revenue shall be the net amount of all such revenues, payments or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

“New M&O Revenue” means, with respect to any school year, the total State and local Maintenance and Operations Revenue that the District received, after all adjustments have been made to such Maintenance and Operations Revenue in accordance with the provisions of the Applicable School Finance Law for such school year.

“Net Tax Benefit” means, for any Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means, with respect to any school year, the total State and local Maintenance and Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District, except that with respect to the Applicant’s Qualified Property during the Tax Limitation Period, such calculations shall use the Taxable Value for each applicable Tax Year of the Applicant’s Qualified Property which is used for the calculation of the District’s tax levy for debt service (interest and sinking fund) ad valorem tax purposes. For the calculation of Original M&O Revenue, the Taxable Value for Applicant’s Qualified Property for maintenance and operations ad valorem tax purposes will not be used during the Tax Limitation Period.

“Revenue Protection Payment” means payments made pursuant to Article IV of this Agreement.

“Third Party” shall have the meaning set forth in Section 4.3

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY.

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE.

In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

- A. The Application Review Start Date for this Agreement is July 25, 2018, which will be used to determine the eligibility of the Applicant’s Qualified Property and all applicable wage standards.
- B. The Application Approval Date for this Agreement is December 17, 2018.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on January 1, 2019, a date no later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and
 - ii. Ends on December 31, 2020, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:
 - i. Starts on January 1, 2020, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
 - ii. Ends on December 31, 2029, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.
- E. The Final Termination Date for this Agreement is December 31, 2034; which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii plus 5 years.
- F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the

Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION.

So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. The Market Value of the Applicant's Qualified Property; or,
- B. Twenty-Five Million Dollars (\$25,000,000.00)

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE

Section 2.5. TAX LIMITATION ELIGIBILITY.

In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of Twenty Million Dollars (\$20,000,000.00) during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$949.00 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS.

In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

- E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.

At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.

The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.

In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 3**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE.

The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF PARTIES.

Subject to the limitations contained in this Agreement, it is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of this Agreement. Subject to the limitations contained in this Agreement, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue as a result of, or on account of, entering into this Agreement, will be borne by the Applicant and not by the District.**

Subject to the limitations contained in this Agreement, the calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for in the first year of the Tax Limitation Period, and every year thereafter during the term of this Agreement.

The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2 CALCULATING LOST M&O REVENUE.

Subject to the limitations contained in this Agreement, the amount to be paid by the Applicant to compensate the District for loss of M&O Revenue resulting from, or on account of, this Agreement for each year starting in the first year of the Tax Limitation Period and ending on December 31st of the last year of the Tax Limitation Period (the “Lost M&O Revenue”) shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

Subject to the limitations contained in this Agreement (including Section 7.1), the Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.

In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under this Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operation Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not unreasonably be withheld.

Section 4.4. DATA USED FOR CALCULATIONS.

The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Property, by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected and appointed under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District.

The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amount to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.6. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.8, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until four (4) years after the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE.

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT.

Subject to Section 4.9 below, the Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. Subject to the limitation set forth in this Section 4.8 below, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.2, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms of, or because of, the execution of this Agreement. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars (\$15,000.00).

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees within thirty (30) days after receipt of the final determination of the calculations. Any appeal by the Applicant of the final determination of calculations shall in no way limit Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. PAYMENT LIMITATION.

Notwithstanding any other provision in this Agreement, in no event shall the Revenue Protection Payment calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Limitation Period commences under this Agreement as provided in Section 2.3.D.i, and ending with the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the Applicant's Net Tax Benefit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District under this Article IV which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the Revenue Protection Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period because such payment would exceed the Applicant's Net Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES.

In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 above.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of this Article VI, the Parties agree that, in addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV, V, and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31st of the year following that in which such Supplemental Payment accrued.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

Notwithstanding the foregoing:

- A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application.
- B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

- C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.
- D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District’s Average Daily Attendance for the previous school year, or any greater amount that may be then permitted by law.

Failure to pay such Supplemental Payments shall constitute Material Breach of this Agreement, as set forth more fully herein at Article IX.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT.

For each Tax Year beginning with the period starting the first full or partial year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period, supplemental payments shall be owed. For each Tax Year not falling within the Limitation Period, the full supplemental amount shall be paid and shall not be subject to the Aggregate Limit.

If, for any Tax Year during the Limitation Period of this Agreement the Cumulative Payment Amount, calculated under Sections IV, V and VI of this Agreement, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant’s Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year until paid to the District. The Aggregate Limit shall not apply nor limit Supplemental Payment amounts due to the District during the Qualifying Time Period or in the three years following the end of the Tax Limitation Period.

For illustrative purposes, the Supplemental Payments shall be paid as follows:

Tax Year	Supplemental Payment Amount Owed
2019	The greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance for the previous school year.
2020	The greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance for the previous school year.
2021	The greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance for the previous school year.
2022	The greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance for the previous school year.
2023	The greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance for the previous school year.

2024	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2025	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2026	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2027	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2028	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2029	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2030	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2031	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.
2032	The greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance for the previous school year.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.8.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.9, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION.

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT.

In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION.

Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

- A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and
- B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.

In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS.

In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS.

During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE

Section 8.4. DATA REQUESTS.

Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW.

The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

- A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's

Qualified Property.

- B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

- A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:
 - i. date of submission of the final payment;
 - ii. Final Termination Date; or
 - iii. date of resolution of all disputes or payment.
- B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.
- C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in

connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

- D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

- A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;
- B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and
- C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.

The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

- A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such

- application;
- B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;
 - C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;
 - D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;
 - E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;
 - F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;
 - G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;
 - H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;
 - I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;
 - J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;
 - K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;
 - L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;
 - M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;
 - N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;
 - O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

- A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have

caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

- B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:
- i. whether or not a breach of this Agreement has occurred;
 - ii. whether or not such breach is a Material Breach;
 - iii. the date such breach occurred, if any;
 - iv. whether or not any such breach has been cured; and
- C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:
- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
 - ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
 - iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.
- D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a “Determination of Breach and Notice of Contract Termination”) and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

- A. After receipt of notice of the Board of Trustee’s Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Culberson County. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator’s fees and expenses and the Applicant shall bear one-half of such mediator’s fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys’ fees) incurred in connection with such mediation.

- B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Culberson County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.
- C. If payments become due under this Agreement and are not received before the expiration of the ninety (90) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

- A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.
- B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the ninety (90) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.
- C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.
- D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and

9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

- E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES.

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.

Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make Twenty Million Dollars (\$20,000,000.00) of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS.

Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING

JOBS.

- A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.
- B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.
- C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.
- D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X. MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

- A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.
- B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

To the District

With Copy to

Name:	Culberson County—Allamoore Independent School District	Powell & Leon. LLP
Attn:	Superintendent Ken Baugh or his successor	Sara Hardner Leon
Address:	400 W. 7 th Street P.O. Box 899	108 Wild Basin Road #100
City/Zip:	Van Horn, Texas 79855	West Lake Hills, TX 78746
Phone :	(432) 283-2245	Phone : (512) 494-1177
Fax :	(432) 283-9062	Fax : (512) 494-1188
Email:	kbaugh@ccaids.net	sleon@powell-leon.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

To the Applicant

Name: Targa Resources, LLC
 Attn: John Thompson
 VP Tax
 Address: 811 Louisiana St., Suite 2100
 City/Zip: Houston, TX 77002
 Phone : (713) 584-1580
 Email: jthompson@targaresources.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

- A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.
- B. By official action of the District’s Board of Trustees, the Application and this Agreement may only be amended according to the following:
 - i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller

- necessary to evaluate the amendment or modification;
 - ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
 - iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.
- C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:
 - i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
 - ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and
- D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.
- E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

- A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.
- B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.
- C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER.

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW.

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Culberson County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY.

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES.

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

- A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
- B. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase, “but not limited to”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.
- C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:
 - i. The Act;
 - ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
 - iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS.

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

- A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website;
- B. The District shall provide on its website a link to the location of those documents posted on the Comptroller’s website;
- C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.

The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE.

If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

- A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.
- B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.
- C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.

Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and,
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

- A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail).

The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

[Signature Page to Follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17th day of December, 2018.

TARGA DELAWARE, LLC

**CULBERSON COUNTY—ALLAMOORE
INDEPENDENT SCHOOL DISTRICT**

By: 
Name: JOHN D. THOMPSON
Title: VICE PRESIDENT, TAX

By: 
~~Leticia Hernandez~~
~~President, Board of Trustees~~

ATTEST:

By: 
Angie Gonzalez
Secretary, Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

SECTION 9, BLOCK 58, T-1, T&P RR CO. SURVEY, A-2643, CULBERSON COUNTY, TEXAS

Texas and Pacific Land Trust, as succession in title to the Texas and Pacific Railway Company Patent Number 446 Vol. 11, Pg. 146 D.R.C.C.T.

In El Paso County, known as Sur. No. 9, Block No. 58, T. 1 on the waters of Pecos River a tributary of Rio Grande about 25 miles N. 72 E, FROM Delaware Spring. By virtue of Land Scrips Nos. 3511 and 3510 issued by the Commissioner of the General Land Office May 25th, 1816.

Beginning at a stake and Mound the S. W. Cor of Said Sur. No. 4, S. E. of No. 5, and N. E. of No. 8, Block No. 58, Township 1. Thence South with East line of Sur. No. 8, 1900 vrs. to Stake and Mound. Thence East 1939 vrs. stake and Mound. Thence North 1900 vrs. stake and Mound the S. W. Cor of Sur. No. 3 and S. E. of Number 4. Thence West with S. line of Sur. No. 4, 1939 vrs. to Beginning.

DESCRIPTION FALCON GAS PLANT SOUTH

Being a 80.000-acre tract of land situate in Section 9 of Block 58, Township 1 of the Texas and Pacific Railway Company Surveys, Abstract 2643 in Culberson County Texas, said Section 9 being described in Patent Number 446 from the State of Texas to the Texas and Pacific Land Trust as successor in Title to the Texas and Pacific Railway company as recorded in Volume 11, Page 146 of the Deed Records of Culberson County, Texas, said 80.000-acre tract being referred to hereinafter as "the above referenced tract of land": and further being more particularly described by metes and bounds, with off coordinates, bearings, distances and areas being grid, in U.S. Survey Feet, based on the Texas Coordinate System of 1983, Central Zone as determined by Global Positioning System (G.P.S.) survey performed in November, 2017, as follows:

COMMENCING at a concrete monument with a brass disc stomped "T&P RY SURVEYS KRA 1930 K3 found marking the presumed northwest corner of Section 3 and the northeast corner of Section 4 of said Block 58, Township 1 as described in the notes of H.L. George of his retracement of Jacob Kuechler's original survey of the said Texas and Pacific Railway Company Surveys, said point having a coordinate of N: 10710609.26, E: 1141002.55;

THENCE South 02°15'37 " West, at a distance of 59.74 feet passing the line between New Mexico and Texas and the common north corner between said Section 3 and Section 4 and continuing on the same course with the common line between said Section 3 and Section 4 a total distance of 5353.70 feet to a 5/8-inch-diameter iron rod set to mark the common corner between Sections 3, 4, 9 and 10 of said Block 58 Township 1 and the POINT OF BEGINNING of the above referenced tract of land, from which a 1/2-inch-diameter Iron Rod of unknown origin was found to bear North 43°03'35" East, of distance of 18.27 feet, said POINT OF BEGINNING having coordinates of N:10705259.69, E: 1140791.40;

THENCE South 02°15'37" West, with the common line between said Section 9, Section 10 and the above referenced tract of land, a distance of 1866.79 feet to a 5/8-inch-diameter iron rod set to mark the southeast corner of the above referenced tract of land;

THENCE North 88.10'21" West, over and across said Section 9, a distance of 1866.79 feet to a 5/8-inch-diameter iron rod set to mark the southwest corner of the above referenced tract of land;

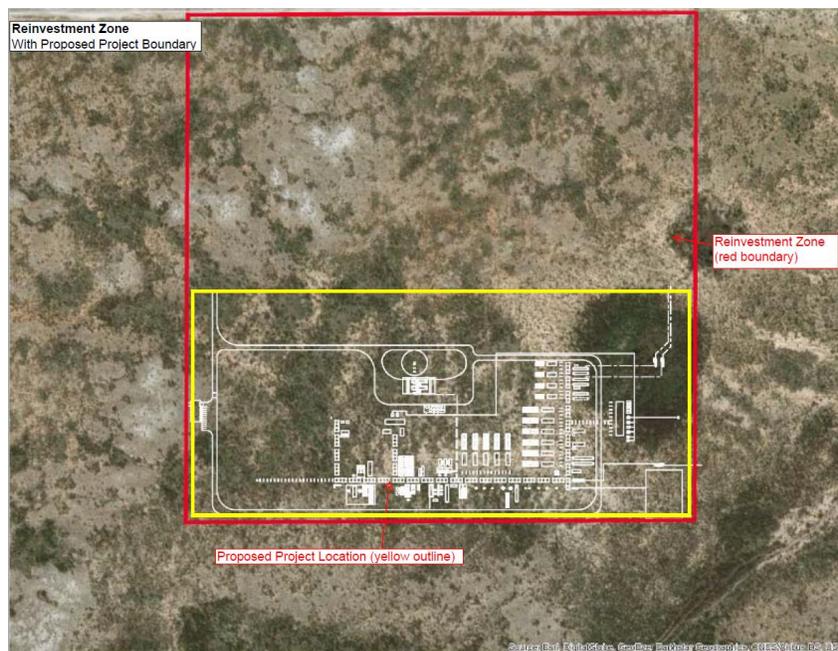
THENCE North 02°15'37" East, continuing over and across said Section 9, a distance of 1,866.79 feet to a 5/8-inch-diameter iron rod set on the common line between said Section 9 and Section 4 to mark the northwest corner of the above referenced tract of land, from which the calculated common west corner between said Section 9 and Section 10 bears North 88.10'20" West, a distance 3,501.71 feet and from which calculated corner a 1/2-inch-diameter iron rod with on aluminum cap stamped "FXS RPS 2198" bears South 18°18'45" West, a distance of 40.39 feet;

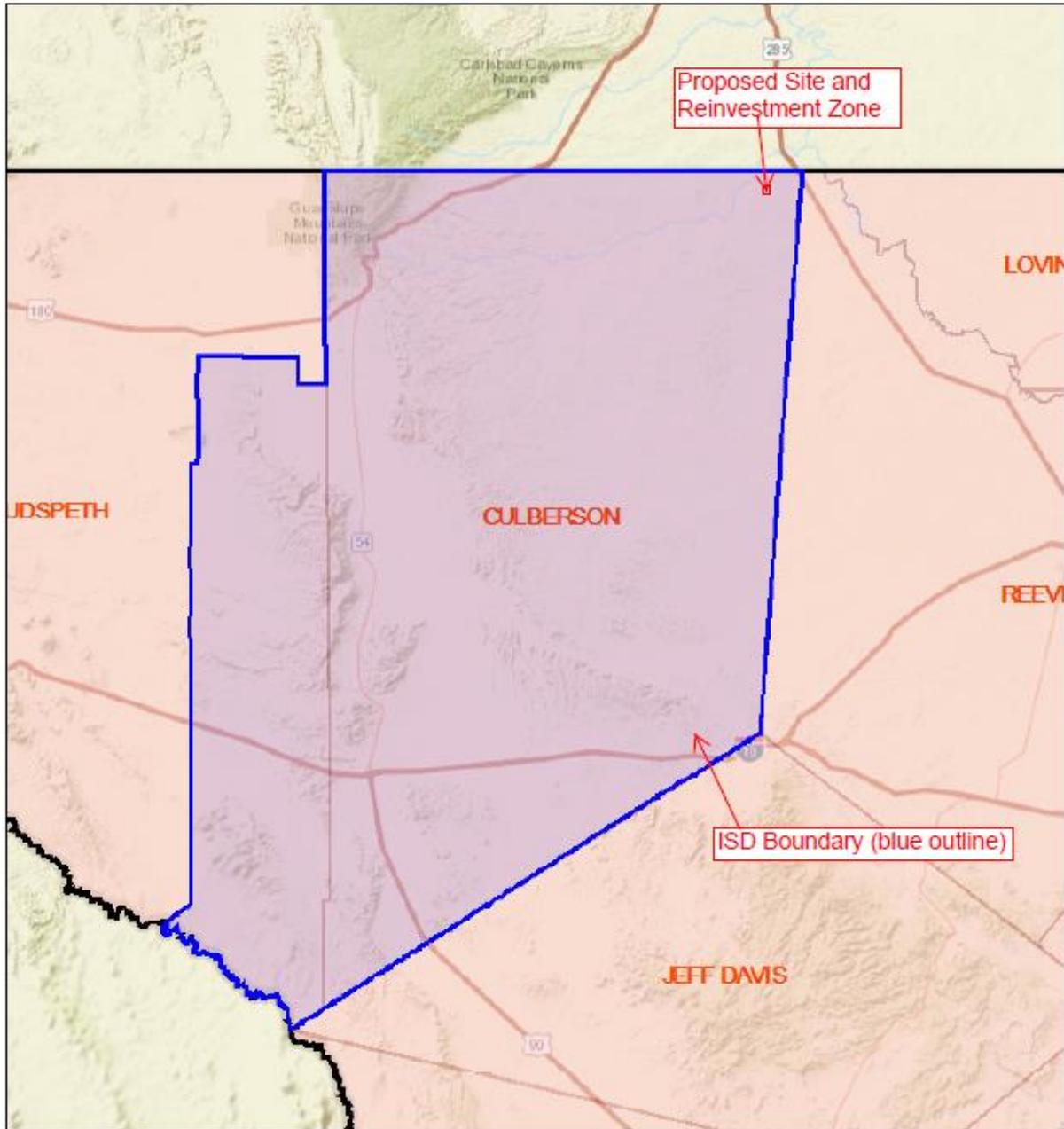
THENCE South 88°43'47" East, with the common line between said Section 9 and said Section 4, a distance of 1866.79 feet to the POINT OF BEGINNING and containing 80.000 acres of land (3,484,800 square feet) of land, more or less.

SCHEDULE B EXCEPTIONS

10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):
- a. Rights of parties in possession. (Owner Title Policy only) **(Does not Affect Subject Property.)**
 - b. ALL LEASES, GRANTS, EXCEPTIONS OR RESERVATIONS OF COAL, LIGNITE, OIL, GAS AND OTHER MINERALS, TOGETHER WITH ALL RIGHTS PRIVILEGES, AND IMMUNITIES RELATING THERETO, APPEARING IN THE PUBLIC RECORDS WHETHER LISTED IN SCHEDULE B OR NOT. THERE MAY BE LEASES, GRANTS, EXCEPTIONS OR RESERVATIONS OF MINERAL INTREST THAT ARE NOT LISTED. **(Blanket in Nature and not Plottable.)**
 - c. AGREEMENT from George E. Ramsey, III to Texaco Inc., a corporation, dated April 21, 1981, recorded Volume 56, Page 469, Oil Gas Lease Records, Culberson County, Texas. **(Blanket in Nature and not Plottable.)**
 - d. PIPELINE EASEMENT NO. 8638 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust, to Southern Union Gas Services, dated February 22, 2011, recorded Volume 182, Page 398, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property.)**
 - e. PIPELINE EASEMENT NO. 9035 from Maurice Meyer, III, John R. Norris, III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho's sole operating company, One Concho Center, dated July 26, 2013, recorded Volume 194, Page 373, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
 - f. PIPELINE EASEMENT NO. 9036 from Maurice Meyer, III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho 's sole operating company, dated July 26, 2013, recorded Volume 194, Page 380, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
 - g. PIPE LINE EASEMENT NO. 9037 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho's sole operating company, One Concho Center, dated July 26, 2013, recorded Volume 194, Page 389, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
 - h. PIPE LINE EASEMENT NO. 9510 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to Regency Field Services LLC, a Delaware limited liability company, dated April 21, 2015, recorded Volume 7, Page 957, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
 - i. TEMPORARY FRESH WATER PIPE LINE AND INGRESS EGRESS PERMIT NO. ____ from Texas Pacific Land Trust to Draper Brantley, George Brantley, George Brantley, Rustler Hills II, Ltd., Delaware Ranch, Inc., Jason Maley and MMX Excavating, Inc., dated June 22, 2015, recorded Volume 10, Page 1, Official Public Records, Culberson County, Texas. **(Blanket in Nature and not Plottable.)**
 - j. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 10234 from David M. Peterson, General and State Agent for Maurice Meyer III, John R. Norris III and James K. Norwood, Trustees of the Texas Pacific Land Trust to Delaware Basin Midstream, LLC, dated July 20, 2016, recorded Volume 19, Page 734, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**

- k. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 11193 from Tyler Glover, General and State Agent of the Texas Pacific Land Trust to Texstar Midstream Logistics Pipeline, LP, dated October 9, 2017, recorded Volume 33, Page 492, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- l. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 11034 from Tyler Glover, General and State Agent of the Texas Pacific Land Trust to Sendero Carlsbad NGL, LLC, dated August 7, 2017, recorded Volume 33, Page 690, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- m. NOTE: An Affidavit that is a "Notice of claim to the Ysleta Grant and Aboriginal Title Areas" has been filed. The memorandum attached to this Affidavit states that "the claim is one for return of possession from third parties of all lands contained within the Ysleta, Snecu, Socorro and Ascarate Grants in El Paso County, Texas (based on aboriginal title and specific Spanish and Mexican Grants); as well as the balance of El Paso County and all of Hudspeth, Culberson, Jeff Davis, Brewster and Presidio Counties, Texas (based on aboriginal title only); and for damages for trespass and unlawful occupation and use." The policy to be issued to you will not except to File the Affidavit or claims reflected by the Affidavit . **(Not Survey Related.)**
- n. Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of Culberson County, Texas, prior to the date hereof. **(Not Survey Related)**
- o. Any lien, or right to lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public. **(Not Survey Related.)**
- p. Rights of adjoining owners in and to party wall fences where same are situated on common boundary lines. **(Not Survey Related.)**
- q. Visible and apparent easements on or across the herein described property not of record. **(As Shown on Plat.)**
- r. Any portion of the herein described property that falls within the boundaries of any road or roadway. **(Does not Affect Subject Property.)**





April 9, 2018

Texas_Outline
 Counties

1:1,155,581
 0 5 10 20 mi
 0 10 20 40 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
CULBERSON COUNTY-ALLAMOORE INDEPENDENT SCHOOL DISTRICT**

A RESOLUTION DESIGNATING A REINVESTMENT ZONE IN CONNECTION WITH AN ECONOMIC DEVELOPMENT AGREEMENT UNDER CHAPTER 313 OF THE TEXAS TAX CODE, SUCH REINVESTMENT ZONE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE CULBERSON COUNTY-ALLAMOORE INDEPENDENT SCHOOL DISTRICT, CULBERSON COUNTY, TEXAS, TO BE KNOWN AS THE “TARGA DELAWARE – FALCON PLANT REINVESTMENT ZONE #1262”; ESTABLISHING THE BOUNDARIES THEREOF IN CONNECTION WITH AN APPLICATION FOR VALUE LIMITATION AGREEMENT FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES UNDER CHAPTER 313 OF THE TEXAS TAX CODE SUBMITTED BY TARGA DELAWARE RESOURCES, LLC (TAXPAYER I.D. 32053692227), COMPTROLLER’S APPLICATION NO. 1262:

WHEREAS, the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE § 312.0025) permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of the state in which the school district is located; and,

WHEREAS, the Culberson County-Allamoore Independent School District (the “District”) desires to promote the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, a public hearing is required by Chapter 312 of the TEXAS TAX CODE prior to approval of a reinvestment zone; and,

WHEREAS, the District caused to be published in a newspaper of general circulation in Culberson County, Texas timely notice of a public hearing regarding the possible designation of the area described in the attached **EXHIBIT A** as a reinvestment zone, for the purpose of authorizing an *Agreement for Value Limitation on Appraised Value of Qualified Property for School District Maintenance and Operations Taxes*, as authorized by Chapter 313 of the TEXAS TAX CODE; and,

WHEREAS, on December 17, 2018, the District’s Board of Trustees held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing and the delivery of written notice to all political subdivisions and taxing authorities having jurisdiction over the property proposed to be designated as the reinvestment zone, described in the attached **Exhibits A and B**; and,

WHEREAS, at such public hearing all interested members of the public were given an opportunity to appear and speak for or against the designation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone, and approval of an *Agreement for Value Limitation on Appraised Value of Qualified Property for School District Maintenance and Operations Taxes*, as authorized by Chapter 313 of the TEXAS TAX CODE with Targa Delaware, LLC (Texas Taxpayer I.D. No. 32053692227); and,

WHEREAS, the District wishes to designate a reinvestment zone within the boundaries of the school district in Culberson County, Texas to be known as the “Targa Delaware – Falcon Plant Reinvestment Zone #1262,” as shown on the attached **Exhibit B**.

NOW THEREFORE, BE IT RESOLVED BY THE CULBERSON COUNTY - ALLAMOORE INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct and are incorporated into this Resolution as findings of fact.

SECTION 2. That the Board of Trustees of the District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of the “Targa Delaware – Falcon Plant Reinvestment Zone #1262” has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone;

(b) That the boundaries of the “Targa Delaware – Falcon Plant Reinvestment Zone #1262” be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as **Exhibit A**;

(c) That creation of the boundaries as described in **Exhibit A** will result in economic benefits to the District and to land included in the zone, and that the improvements sought are feasible and practical; and,

(d) That the “Targa Delaware – Falcon Plant Reinvestment Zone #1262” described in **Exhibit A** meets the criteria set forth in TEXAS TAX CODE §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the District hereby designates a reinvestment zone under the provisions of TEXAS TAX CODE § 312.0025, encompassing the area described by the descriptions in **Exhibit A**, and such reinvestment zone is hereby designated and shall hereafter be referred to as the “Targa Delaware – Falcon Plant Reinvestment Zone #1262.”

SECTION 4. That the “Targa Delaware – Falcon Plant Reinvestment Zone #1262” shall take effect upon adoption of this Resolution by the District Board of Trustees and shall remain designated as a commercial- industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the District's Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in the Culberson County – Allamoore Independent School District, Culberson County, Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 17th day of December 2018.

**CULBERSON COUNTY – ALLAMOORE
INDEPENDENT SCHOOL DISTRICT**

By: _____


~~Leticia Hernandez~~
President, Board of Trustees

EDUARDO SEYFFERT

ATTEST:

By: _____


Angie Gonzalez
Secretary, Board of Trustees

EXHIBIT A

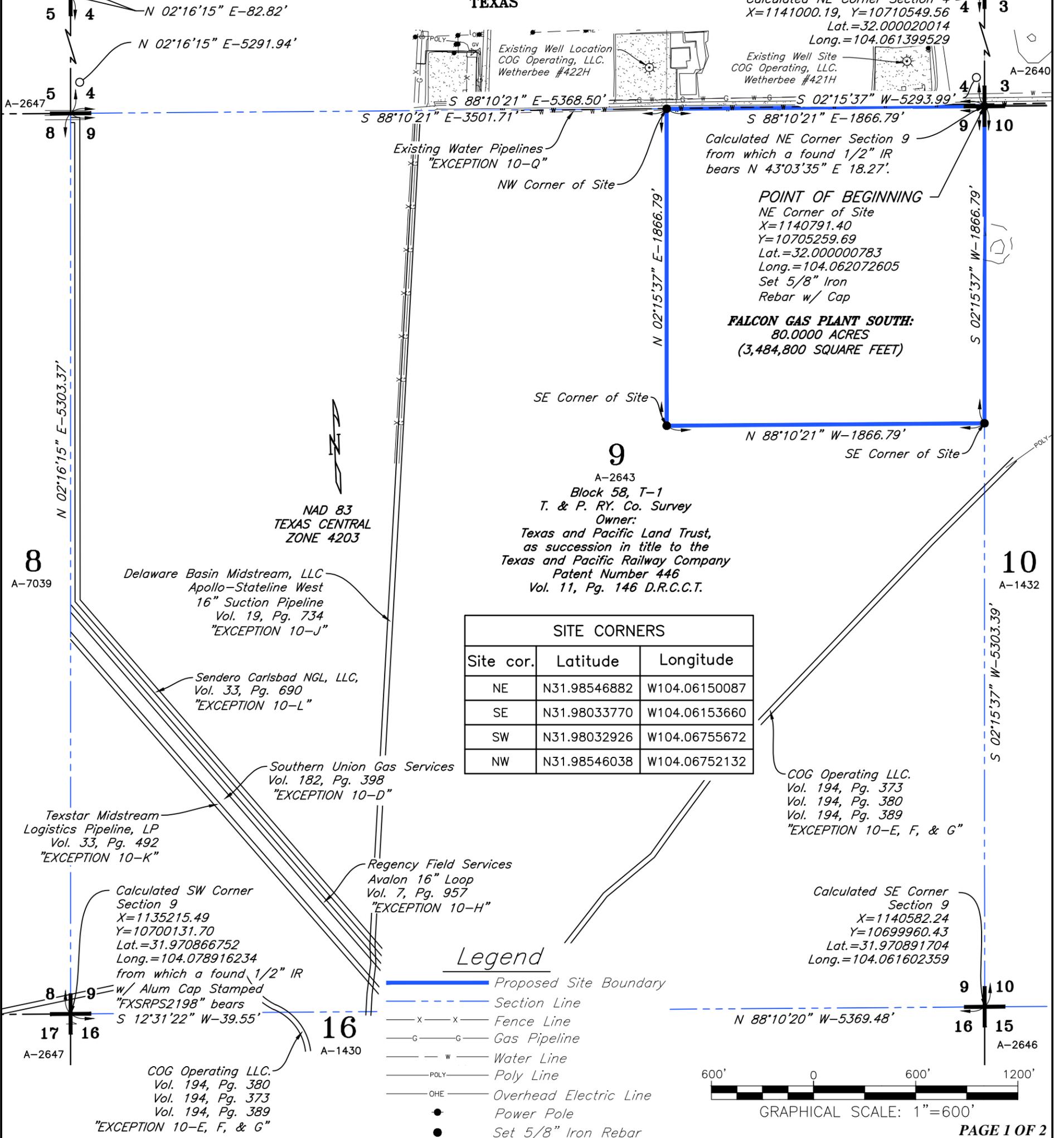
**LEGAL DESCRIPTION OF THE
“TARGA DELAWARE – FALCON PLANT REINVESTMENT ZONE #1262”**

SECTION 9, BLOCK 58, T-1, T&P RY. CO. SURVEY, A-2643, CULBERSON COUNTY, TEXAS EXHIBIT "A"

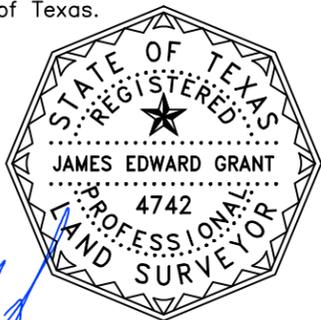
Concrete Monument
with Brass Disk Stamped
"T&P RY SURVEYS KRA
1930 K-4"
X=1135638.60
Y=10710801.44
Lat.=31.985443817
Long.=104.0788174451

POINT OF COMMENCING
X=1141002.55, Y=10710609.26
Lat.=31.985443817
Long.=104.0788174451
Concrete Monument with Brass Disk Stamped
"T&P RY SURVEYS KRA 1930 K-3"

NEW MEXICO
TEXAS



CERTIFICATION:
This is to certify that this plat and the survey on which it is based were made by me or those under my direct supervision, and meets the Professional and Technical Standards for The State of Texas.



James E. Grant, RPLS
TX Reg. No. 4742

Should any discrepancies be discovered please notify us immediately.

Notes:

- The Surveyor has not abstracted the record title for the subject property. The surveyor prepared this survey with the benefit of that Commitment for Title Insurance issued by Stewart Title Guaranty Company, File Number 17000333925, Issued on February 21, 2018, having an Effective Date of November 1, 2017 and assumes no liability for any easements, right-of-way dedications or other title matters affecting the subject property which may have been filed in the real property records, but are not disclosed in said Title Commitment. See page 2 for a list of Exceptions.
- The section and block lines shown hereon represent the undersigned surveyor's opinion as to their correct location and were derived using the construction methodology recommended by consensus at a meeting held on July 30, 1958 at the Republic National Bank in Dallas Texas and which resulted in the construction of the map widely circulated known as the "Conference Map".
- All coordinates, bearings, distances and areas shown hereon are grid, referenced to the Texas Coordinate System of 1983, Central Zone in U.S. Survey Feet as determined by a G.P.S. Survey performed in November 2017.
- That a legal description of even survey date accompanies this plat.

No.	Date	By	Revision
1	03/05/18	JEG	Revised Exceptions
0	03/02/18	JEG	Issued for Use

TARGA TARGA DELAWARE LLC
110 West 7th Street,
Tulsa, OK., 74119

NTB Associates, Inc.
Surveyors
4305 North Garfield, Suite 220
Midland, TX 79705
Phone: (432) 695-9040
Firm Registration No.: 10194354 Exp. 12/31/2018

FALCON GAS PLANT SOUTH
Located in the NE Part of Section 9, Block 58, T-1,
T&P RR Co. Survey, A-2643,
Culberson County, Texas

FIELD SURVEYED: 11/31/17	DRN: CMB	DATE: 03/01/18
SCALE: 1"= 600'	CHKD: JEG	DATE: 03/02/18
DRAWING # 17006249-A-300	DATE: 03/05/18	REV 1

SECTION 9, BLOCK 58, T-1, T&P RR CO. SURVEY, A-2643, CULBERSON COUNTY, TEXAS EXHIBIT "A"

Texas and Pacific Land Trust, as succession in title to the Texas and Pacific Railway Company Patent Number 446 Vol. 11, Pg. 146 D.R.C.C.T.

In El Paso County, known as Sur. No. 9, Block No. 58, T. 1 on the waters of Pecos River a tributary of Rio Grande about 25 miles N. 72 E. FROM Delaware Spring. By virtue of Land Scrips Nos. 3511 and 3510 issued by the Commissioner of the General Land Office May 25th, 1816.

Beginning at a stake and Mound the S. W. Cor of Said Sur. No. 4, S. E. of No. 5, and N. E. of No. 8, Block No. 58, Township 1. Thence South with East line of Sur. No. 8, 1900 vrs. to Stake and Mound. Thence East 1939 vrs. stake and Mound. Thence North 1900 vrs. stake and Mound the S. W. Cor of Sur. No. 3 and S. E. of Number 4. Thence West with S. line of Sur. No. 4, 1939 vrs. to Beginning.

DESCRIPTION FALCON GAS PLANT SOUTH

Being a 80.000-acre tract of land situate in Section 9 of Block 58, Township 1 of the Texas and Pacific Railway Company Surveys, Abstract 2643 in Culberson County Texas, said Section 9 being described in Patent Number 446 from the State of Texas to the Texas and Pacific Land Trust as successor in Title to the Texas and Pacific Railway company as recorded in Volume 11, Page 146 of the Deed Records of Culberson County, Texas, said 80.000-acre tract being referred to hereinafter as "the above referenced tract of land", and further being more particularly described by metes and bounds, with all coordinates, bearings, distances and areas being grid, in U.S. Survey Feet, based on the Texas Coordinate System of 1983, Central Zone as determined by Global Positioning System (G.P.S.) survey performed in November, 2017, as follows:

COMMENCING at a concrete monument with a brass disc stamped "T&P RY SURVEYS KRA 1930 K3 found marking the presumed northwest corner of Section 3 and the northeast corner of Section 4 of said Block 58, Township 1 as described in the notes of H.L. George of his retracement of Jacob Kuechler's original survey of the said Texas and Pacific Railway Company Surveys, said point having a coordinate of N: 10710609.26, E: 1141002.55;

THENCE South 02°15'37" West, at a distance of 59.74 feet passing the line between New Mexico and Texas and the common north corner between said Section 3 and Section 4 and continuing on the same course with the common line between said Section 3 and Section 4 a total distance of 5353.70 feet to a 5/8-inch-diameter iron rod set to mark the common corner between Sections 3, 4, 9 and 10 of said Block 58 Township 1 and the POINT OF BEGINNING of the above referenced tract of land, from which a 1/2-inch-diameter Iron Rod of unknown origin was found to bear North 43°03'35" East, a distance of 18.27 feet, said POINT OF BEGINNING having coordinates of N:10705259.69, E: 1140791.40;

THENCE South 02°15'37" West, with the common line between said Section 9, Section 10 and the above referenced tract of land, a distance of 1866.79 feet to a 5/8-inch-diameter iron rod set to mark the southeast corner of the above referenced tract of land;

THENCE North 88°10'21" West, over and across said Section 9, a distance of 1866.79 feet to a 5/8-inch-diameter iron rod set to mark the southwest corner of the above referenced tract of land;

THENCE North 02°15'37" East, continuing over and across said Section 9, a distance of 1,866.79 feet to a 5/8-inch-diameter iron rod set on the common line between said Section 9 and Section 4 to mark the northwest corner of the above referenced tract of land, from which the calculated common west corner between said Section 9 and Section 10 bears North 88°10'20" West, a distance 3,501.71 feet and from which calculated corner a 1/2-inch-diameter iron rod with an aluminum cap stamped "FXS RPS 2198 bears South 18°18'45" West, a distance of 40.39 feet;

THENCE South 88°43'47" East, with the common line between said Section 9 and said Section 4, a distance of 1866.79 feet to the POINT OF BEGINNING and containing 80.000 acres of land (3,484,800 square feet) of land, more or less.

SCHEDULE B EXCEPTIONS

10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

- a. Rights of parties in possession. (Owner Title Policy only) **(Does not Affect Subject Property.)**
- b. ALL LEASES, GRANTS, EXCEPTIONS OR RESERVATIONS OF COAL, LIGNITE, OIL, GAS AND OTHER MINERALS, TOGETHER WITH ALL RIGHTS PRIVILEGES, AND IMMUNITIES RELATING THERETO, APPEARING IN THE PUBLIC RECORDS WHETHER LISTED IN SCHEDULE B OR NOT. THERE MAY BE LEASES, GRANTS, EXCEPTIONS OR RESERVATIONS OF MINERAL INTREST THAT ARE NOT LISTED. **(Blanket in Nature and not Plottable.)**
- c. AGREEMENT from George E. Ramsey, III to Texaco Inc., a corporation, dated April 21, 1981, recorded Volume 56, Page 469, Oil Gas Lease Records, Culberson County, Texas. **(Blanket in Nature and not Plottable.)**
- d. PIPELINE EASEMENT NO. 8638 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust, to Southern Union Gas Services, dated February 22, 2011, recorded Volume 182, Page 398, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property.)**
- e. PIPELINE EASEMENT NO. 9035 from Maurice Meyer, III, John R. Norris, III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho's sole operating company, One Concho Center, dated July 26, 2013, recorded Volume 194, Page 373, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- f. PIPELINE EASEMENT NO. 9036 from Maurice Meyer, III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho's sole operating company, dated July 26, 2013, recorded Volume 194, Page 380, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- g. PIPE LINE EASEMENT NO. 9037 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to COG Operating LLC, a Delaware limited liability company and Concho's sole operating company, One Concho Center, dated July 26, 2013, recorded Volume 194, Page 389, Deed Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- h. PIPE LINE EASEMENT NO. 9510 from Maurice Meyer III, John R. Norris III, and James K. Norwood, acting as duly elected Trustees of Texas Pacific Land Trust to Regency Field Services LLC, a Delaware limited liability company, dated April 21, 2015, recorded Volume 7, Page 957, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- i. TEMPORARY FRESH WATER PIPE LINE AND INGRESS EGRESS PERMIT NO. _____ from Texas Pacific Land Trust to Draper Brantley, George Brantley, George Brantley, Rustler Hills II, Ltd., Delaware Ranch, Inc., Jason Maley and MMX Excavating, Inc., dated June 22, 2015, recorded Volume 10, Page 1, Official Public Records, Culberson County, Texas. **(Blanket in Nature and not Plottable.)**
- j. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 10234 from David M. Peterson, General and State Agent for Maurice Meyer III, John R. Norris III and James K. Norwood, Trustees of the Texas Pacific Land Trust to Delaware Basin Midstream, LLC, dated July 20, 2016, recorded Volume 19, Page 734, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- k. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 11193 from Tyler Glover, General and State Agent of the Texas Pacific Land Trust to Texstar Midstream Logistics Pipeline, LP, dated October 9, 2017, recorded Volume 33, Page 492, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- l. MEMORANDUM OF TERM PIPE LINE EASEMENT NO. 11034 from Tyler Glover, General and State Agent of the Texas Pacific Land Trust to Sendero Carlsbad NGL, LLC, dated August 7, 2017, recorded Volume 33, Page 690, Official Public Records, Culberson County, Texas. **(Does not Affect Subject Property, Plotted and Shown Hereon.)**
- m. NOTE: An Affidavit that is a "Notice of claim to the Ysleta Grant and Aboriginal Title Areas" has been filed. The memorandum attached to this Affidavit states that "the claim is one for return of possession from third parties of all lands contained within the Ysleta, Snecu, Socorro and Ascarate Grants in El Paso County, Texas (based on aboriginal title and specific Spanish and Mexican Grants); as well as the balance of El Paso County and all of Hudspeth, Culberson, Jeff Davis, Brewster and Presidio Counties, Texas (based on aboriginal title only); and for damages for trespass and unlawful occupation and use." The policy to be issued to you will not except to File the Affidavit or claims reflected by the Affidavit. **(Not Survey Related.)**
- n. Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of Culberson County, Texas, prior to the date hereof. **(Not Survey Related)**
- o. Any lien, or right to lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public. **(Not Survey Related.)**
- p. Rights of adjoining owners in and to party wall fences where same are situated on common boundary lines. **(Not Survey Related.)**
- q. Visible and apparent easements on or across the herein described property not of record. **(As Shown on Plat.)**
- r. Any portion of the herein described property that falls within the boundaries of any road or roadway. **(Does not Affect Subject Property.)**

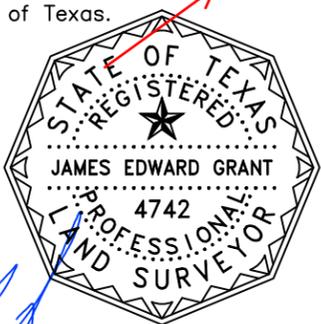
PAGE 2 OF 2

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4. That a plat of even survey date accompanies this legal description.

CERTIFICATION:

This is to certify that this plat and the survey on which it is based were made by me or those under my direct supervision, and meets the Professional and Technical Standards for The State of Texas.



James E. Grant
James E. Grant, RPLS
TX Reg. No. 4742
03-05-2018

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TARGA

TARGA DELAWARE LLC
110 West 7th Street,
Tulsa, OK., 74119

NTB Associates, Inc.

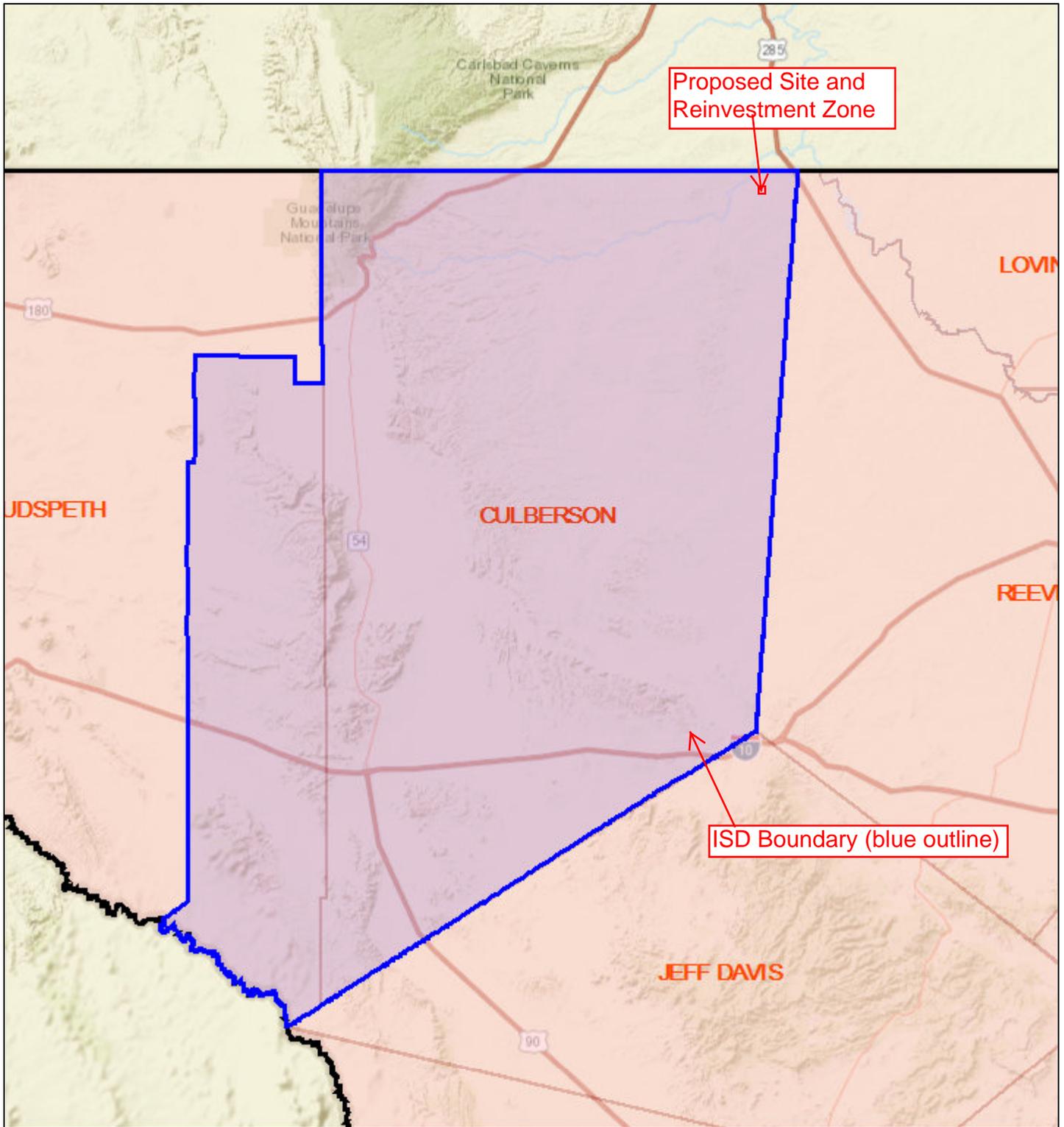
Surveyors
4305 North Garfield, Suite 220
Midland, TX 79705
Phone: (432) 695-9040
Firm Registration No.: 10194354 Exp. 12/31/2018

FALCON GAS PLANT SOUTH
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DRAWING # 17006249-A-300	DATE: 03/05/18	REV 1

EXHIBIT B

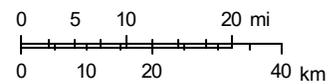
**SURVEY MAP OF THE
“TARGA DELAWARE – FALCON PLANT REINVESTMENT ZONE #1262”**



April 9, 2018

1:1,155,581

-  Texas_Outline
-  Counties



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community

Potential Plant Site

Legend

 Proposed Site and Reinvestment Zone

Loving

 Proposed Site and Reinvestment Zone

Loving

302

285



20 mi

Google Earth

Image Landsat / Copernicus

© 2018 Google

Potential Plant Site

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Pecos Hwy

285

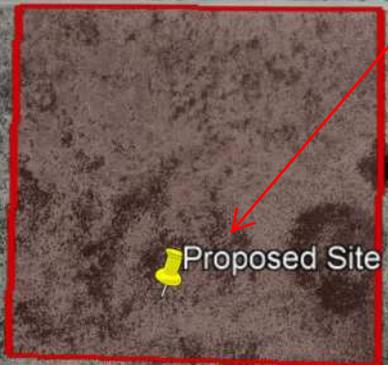


2 mi

Potential Plant Site

Legend

 Proposed Site and Reinvestment Zone



 Proposed Site and Reinvestment Zone



ISD Map

Legend

-  Culberson County-Allamore Independent School District
-  Reinvestment Zone

Culberson ISD Boundary
(yellow outline)

Reinvestment Zone Boundary
(red outline)



Reinvestment Zone
With Proposed Project Boundary



Reinvestment Zone
(red boundary)

Proposed Project Location (yellow outline)

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

Land is not considered a part of the qualified investment or property.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Proposed Project Description

Targa Delaware, LLC proposes to build a new 250 mmscf/d Gas Processing Plant in Culberson County – Allamoore ISD, Texas on a reinvestment zone of approximately 80 acres. Projected timeline for Targa to start hiring the new employees in June of 2019, and commencement of commercial operations to start in September of 2019.

Cryogenic Natural Gas Processing Plant

The Gas Processing Plant will manufacture both dry natural gas, and natural gas liquids for sale to consumers and refiners. Equipment systems will include a refrigerated cryogenic gas plant, inlet & liquids handling, dehydration & treating, liquids stabilization, and gas/liquids delivery. If completed, the gas processing plant will be designed to process 250mmscf/d of gas and would include the components listed below.

- Buildings (Maintenance and Operations), Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H2O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA (monitoring software) plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

After installation, this would provide a long-term processing, compression and residue gas takeaway in the Delaware Basin Region of Texas.

Summary of plant feed stock and finished products

1. Feedstock Source: Raw Natural Gas produced at the well-head and transported through gathering systems from various producers in the Permian Basin.
2. Final Products Produced:
 - a. Mixed NGL's: The mixed NGL's will be transported via pipeline from the plant to multiple markets for storage and further fractionation.
 - b. Natural Gas: The residue gas will be compressed and delivered to a newly constructed pipeline adjacent to the facility to be delivered to multiple markets.
3. Interconnections
 - a. The plant will be interconnected via newly constructed pipelines to allow the final products to be delivered to the market.

Summary of Components

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO2 Removal
- TEG dehydration for H2O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Processing Natural Gas

Agreement for Limitation on Appraised Value

Between Culberson County—Allamoore ISD and Targa Delaware, LLC, #1262
December 17, 2018

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

Natural gas, as it is used by consumers, is much different from the natural gas that is brought from underground up to the wellhead. Although the processing of natural gas is in many respects less complicated than the processing and refining of crude oil, it is equally as necessary before its use by end users.

Natural gas is composed almost entirely of methane. However, natural gas found at the wellhead, although still composed primarily of methane, is by no means as pure. Raw natural gas comes from three types of wells: oil wells, gas wells, and condensate wells. Natural gas that comes from oil wells is typically termed 'associated gas'. This gas can exist separate from oil in the formation (free gas), or dissolved in the crude oil (dissolved gas). Natural gas from gas and condensate wells, in which there is little or no crude oil, is termed 'nonassociated gas'. Gas wells typically produce raw natural gas by itself, while condensate wells produce free natural gas along with a semi-liquid hydrocarbon condensate. Whatever the source of the natural gas, once separated from crude oil (if present) it commonly exists in mixtures with other hydrocarbons; principally ethane, propane, butane, and pentanes. In addition, raw natural gas contains water vapor, hydrogen sulfide (H₂S), carbon dioxide, helium, nitrogen, and other compounds.

Natural gas processing consists of separating all the various hydrocarbons and fluids from the pure natural gas, to produce what is known as 'pipeline quality' dry natural gas. Major transportation pipelines usually impose restrictions on the makeup of the natural gas that is allowed into the pipeline. That means that before the natural gas can be transported it must be purified. While the ethane, propane, butane, and pentanes must be removed from natural gas, this does not mean that they are all 'waste products'.

In fact, associated hydrocarbons, known as 'natural gas liquids' (NGLs) can be very valuable by-products of natural gas processing. NGLs include ethane, propane, butane, iso-butane, and natural gasoline. These NGLs are sold separately and have a variety of different uses; including enhancing oil recovery in oil wells, providing raw materials for oil refineries or petrochemical plants, and as sources of energy.

While some of the needed processing can be accomplished at or near the wellhead (field processing), the complete processing of natural gas takes place at a processing plant, usually located in a natural gas producing region. The extracted natural gas is transported to these processing plants through a network of gathering pipelines, which are small diameter, low pressure pipes. A complex gathering system can consist of thousands of miles of pipes, interconnecting the processing plant to upwards of 100 wells in the area. According to the American Gas Association's Gas Facts 2000, there was an estimated 36,100 miles of gathering system pipelines in the U.S. in 1999.

The actual practice of processing natural gas to pipeline dry gas quality levels can be quite complex, but usually involves four main processes to remove the various impurities:

- Oil and Condensate Removal
- Water Removal
- Separation of Natural Gas Liquids
- Sulfur and Carbon Dioxide Removal

Oil and Condensate Removal

The actual process used to separate oil from natural gas, as well as the equipment that is used, can vary widely. Although dry pipeline quality natural gas is virtually identical across different geographic areas, raw natural gas from different regions may have different compositions and separation requirements. In many instances, natural gas is dissolved in oil underground primarily due to the pressure that the formation is under. When this natural gas and oil is produced, it is possible that it will separate on its own, simply due to decreased pressure; much like opening a can of soda pop allows the release of dissolved carbon dioxide. In these cases, separation of oil and gas is relatively easy, and the two hydrocarbons are sent separate ways for further processing. The most basic type of separator is known as a conventional separator. It consists of a simple closed tank, where the force of gravity serves to separate the heavier liquids like oil, and the lighter gases, like natural gas.

Water Removal

In addition to separating oil and some condensate from the wet gas stream, it is necessary to remove most of the associated water. Most of the liquid, free water associated with extracted natural gas is removed by simple separation methods at or near the wellhead. However, the removal of the water vapor that exists in solution in natural gas requires a more complex

treatment. This treatment consists of ‘dehydrating’ the natural gas, which usually involves one of two processes: either absorption, or adsorption.

Absorption occurs when the water vapor is taken out by a dehydrating agent.

Adsorption occurs when the water vapor is condensed and collected on the surface.

Glycol Dehydration

An example of absorption dehydration is known as Glycol Dehydration. In this process, a liquid desiccant dehydrator serves to absorb water vapor from the gas stream. Glycol, the principal agent in this process, has a chemical affinity for water. This means that, when in contact with a stream of natural gas that contains water, glycol will serve to ‘steal’ the water out of the gas stream. Essentially, glycol dehydration involves using a glycol solution, usually either diethylene glycol (DEG) or triethylene glycol (TEG), which is brought into contact with the wet gas stream in what is called the ‘contactor’. The glycol solution will absorb water from the wet gas. Once absorbed, the glycol particles become heavier and sink to the bottom of the contactor where they are removed. The natural gas, having been stripped of most of its water content, is then transported out of the dehydrator. The glycol solution, bearing all of the water stripped from the natural gas, is put through a specialized boiler designed to vaporize only the water out of the solution. While water has a boiling point of 212 degrees Fahrenheit, glycol does not boil until 400 degrees Fahrenheit. This boiling point differential makes it relatively easy to remove water from the glycol solution, allowing it to be reused in the dehydration process.

An innovation in this process has been the addition of flash tank separator-condensers. As well as absorbing water from the wet gas stream, the glycol solution occasionally carries with it small amounts of methane and other compounds found in the wet gas. In the past, this methane was simply vented out of the boiler. In addition to losing a portion of the natural gas that was extracted, this venting contributes to air pollution and the greenhouse effect. To decrease the amount of methane and other compounds that are lost, flash tank separator-condensers work to remove these compounds before the glycol solution reaches the boiler. Essentially, a flash tank separator consists of a device that reduces the pressure of the glycol solution stream, allowing the methane and other hydrocarbons to vaporize (‘flash’). The glycol solution then travels to the boiler, which may also be fitted with air or water-cooled condensers, which serve to capture any remaining organic compounds that may remain in the glycol solution. In practice, according to the Department of Energy’s Office of Fossil Energy, these systems have been shown to recover 90 to 99 percent of methane that would otherwise be flared into the atmosphere.

Solid-Desiccant Dehydration

Solid-desiccant dehydration is the primary form of dehydrating natural gas using adsorption, and usually consists of two or more adsorption towers, which are filled with a solid desiccant. Typical desiccants include activated alumina or a granular silica gel material. Wet natural gas is passed through these towers, from top to bottom. As the wet gas passes around the particles of desiccant material, water is retained on the surface of these desiccant particles. Passing through the entire desiccant bed, almost all of the water is adsorbed onto the desiccant material, leaving the dry gas to exit the bottom of the tower.

Separation of Natural Gas Liquids

Natural gas coming directly from a well contains many natural gas liquids that are commonly removed. In most instances, natural gas liquids (NGLs) have higher value as separate products, and it is thus economical to remove them from the gas stream. The removal of natural gas liquids usually takes place in a relatively centralized processing plant, and uses techniques like those used to dehydrate natural gas.

The Cryogenic Expansion Process

Cryogenic processes are used to extract NGLs from natural gas. Lighter hydrocarbons, such as ethane, are often more difficult to recover from the natural gas stream. In certain instances, it is economic to simply leave the lighter NGLs in the natural gas stream. However, if it is economic to extract ethane and other lighter hydrocarbons, cryogenic processes are required for high recovery rates. Essentially, cryogenic processes consist of dropping the temperature of the gas stream to around -120 degrees Fahrenheit. There are many ways of chilling the gas to these temperatures, but one of the most effective is known as the turbo expander process. In this process, external refrigerants are used to cool the natural gas stream. Then, an expansion turbine is used to rapidly expand the chilled gases, which causes the temperature to drop significantly. This rapid temperature drop condenses ethane and other hydrocarbons in the gas stream, while maintaining methane in gaseous form. This process allows for the recovery of about 90 to 95 percent of the ethane originally in the gas stream. In addition, the expansion turbine can convert some of the energy released when the natural gas stream is expanded into recompressing the gaseous methane effluent, thus saving energy costs associated with extracting ethane.

Agreement for Limitation on Appraised Value

Between Culberson County—Allamoreo ISD and Targa Delaware, LLC, #1262
December 17, 2018

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Proposed Project Description

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*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

Natural gas, as it is used by consumers, is much different from the natural gas that is brought from underground up to the wellhead. Although the processing of natural gas is in many respects less complicated than the processing and refining of crude oil, it is equally as necessary before its use by end users.

Natural gas is composed almost entirely of methane. However, natural gas found at the wellhead, although still composed primarily of methane, is by no means as pure. Raw natural gas comes from three types of wells: oil wells, gas wells, and condensate wells. Natural gas that comes from oil wells is typically termed 'associated gas'. This gas can exist separate from oil in the formation (free gas), or dissolved in the crude oil (dissolved gas). Natural gas from gas and condensate wells, in which there is little or no crude oil, is termed 'nonassociated gas'. Gas wells typically produce raw natural gas by itself, while condensate wells produce free natural gas along with a semi-liquid hydrocarbon condensate. Whatever the source of the natural gas, once separated from crude oil (if present) it commonly exists in mixtures with other hydrocarbons; principally ethane, propane, butane, and pentanes. In addition, raw natural gas contains water vapor, hydrogen sulfide (H₂S), carbon dioxide, helium, nitrogen, and other compounds.

Natural gas processing consists of separating all the various hydrocarbons and fluids from the pure natural gas, to produce what is known as 'pipeline quality' dry natural gas. Major transportation pipelines usually impose restrictions on the makeup of the natural gas that is allowed into the pipeline. That means that before the natural gas can be transported it must be purified. While the ethane, propane, butane, and pentanes must be removed from natural gas, this does not mean that they are all 'waste products'.

In fact, associated hydrocarbons, known as 'natural gas liquids' (NGLs) can be very valuable by-products of natural gas processing. NGLs include ethane, propane, butane, iso-butane, and natural gasoline. These NGLs are sold separately and have a variety of different uses; including enhancing oil recovery in oil wells, providing raw materials for oil refineries or petrochemical plants, and as sources of energy.

While some of the needed processing can be accomplished at or near the wellhead (field processing), the complete processing of natural gas takes place at a processing plant, usually located in a natural gas producing region. The extracted natural gas is transported to these processing plants through a network of gathering pipelines, which are small diameter, low pressure pipes. A complex gathering system can consist of thousands of miles of pipes, interconnecting the processing plant to upwards of 100 wells in the area. According to the American Gas Association's Gas Facts 2000, there was an estimated 36,100 miles of gathering system pipelines in the U.S. in 1999.

The actual practice of processing natural gas to pipeline dry gas quality levels can be quite complex, but usually involves four main processes to remove the various impurities:

- Oil and Condensate Removal
- Water Removal
- Separation of Natural Gas Liquids
- Sulfur and Carbon Dioxide Removal

Oil and Condensate Removal

The actual process used to separate oil from natural gas, as well as the equipment that is used, can vary widely. Although dry pipeline quality natural gas is virtually identical across different geographic areas, raw natural gas from different regions may have different compositions and separation requirements. In many instances, natural gas is dissolved in oil underground primarily due to the pressure that the formation is under. When this natural gas and oil is produced, it is possible that it will separate on its own, simply due to decreased pressure; much like opening a can of soda pop allows the release of dissolved carbon dioxide. In these cases, separation of oil and gas is relatively easy, and the two hydrocarbons are sent separate ways for further processing. The most basic type of separator is known as a conventional separator. It consists of a simple closed tank, where the force of gravity serves to separate the heavier liquids like oil, and the lighter gases, like natural gas.

Water Removal

In addition to separating oil and some condensate from the wet gas stream, it is necessary to remove most of the associated water. Most of the liquid, free water associated with extracted natural gas is removed by simple separation methods at or near the wellhead. However, the removal of the water vapor that exists in solution in natural gas requires a more complex treatment. This treatment consists of 'dehydrating' the natural gas, which usually involves one of two processes: either absorption, or adsorption.

Absorption occurs when the water vapor is taken out by a dehydrating agent.
Adsorption occurs when the water vapor is condensed and collected on the surface.

Glycol Dehydration

An example of absorption dehydration is known as Glycol Dehydration. In this process, a liquid desiccant dehydrator serves to absorb water vapor from the gas stream. Glycol, the principal agent in this process, has a chemical affinity for water. This means that, when in contact with a stream of natural gas that contains water, glycol will serve to 'steal' the water out of the gas stream. Essentially, glycol dehydration involves using a glycol solution, usually either diethylene glycol (DEG) or triethylene glycol (TEG), which is brought into contact with the wet gas stream in what is called the 'contactor'. The glycol solution will absorb water from the wet gas. Once absorbed, the glycol particles become heavier and sink to the bottom of the contactor where they are removed. The natural gas, having been stripped of most of its water content, is then transported out of the dehydrator. The glycol solution, bearing all of the water stripped from the natural gas, is put through a specialized boiler designed to vaporize only the water out of the solution. While water has a boiling point of 212 degrees Fahrenheit, glycol does not boil until 400 degrees Fahrenheit. This boiling point differential makes it relatively easy to remove water from the glycol solution, allowing it to be reused in the dehydration process.

An innovation in this process has been the addition of flash tank separator-condensers. As well as absorbing water from the wet gas stream, the glycol solution occasionally carries with it small amounts of methane and other compounds found in the wet gas. In the past, this methane was simply vented out of the boiler. In addition to losing a portion of the natural gas that was extracted, this venting contributes to air pollution and the greenhouse effect. To decrease the amount of methane and other compounds that are lost, flash tank separator-condensers work to remove these compounds before the glycol solution reaches the boiler. Essentially, a flash tank separator consists of a device that reduces the pressure of the glycol solution stream, allowing the methane and other hydrocarbons to vaporize ('flash'). The glycol solution then travels to the boiler, which may also be fitted with air or water-cooled condensers, which serve to capture any remaining organic compounds that may remain in the glycol solution. In practice, according to the Department of Energy's Office of Fossil Energy, these systems have been shown to recover 90 to 99 percent of methane that would otherwise be flared into the atmosphere.

Solid-Desiccant Dehydration

Solid-desiccant dehydration is the primary form of dehydrating natural gas using adsorption, and usually consists of two or more adsorption towers, which are filled with a solid desiccant. Typical desiccants include activated alumina or a granular silica gel material. Wet natural gas is passed through these towers, from top to bottom. As the wet gas passes around the particles of desiccant material, water is retained on the surface of these desiccant particles. Passing through the entire desiccant bed, almost all of the water is adsorbed onto the desiccant material, leaving the dry gas to exit the bottom of the tower.

Separation of Natural Gas Liquids

Natural gas coming directly from a well contains many natural gas liquids that are commonly removed. In most instances, natural gas liquids (NGLs) have higher value as separate products, and it is thus economical to remove them from the gas stream. The removal of natural gas liquids usually takes place in a relatively centralized processing plant, and uses techniques like those used to dehydrate natural gas.

The Cryogenic Expansion Process

Cryogenic processes are used to extract NGLs from natural gas. Lighter hydrocarbons, such as ethane, are often more difficult to recover from the natural gas stream. In certain instances, it is economic to simply leave the lighter NGLs in the natural gas stream. However, if it is economic to extract ethane and other lighter hydrocarbons, cryogenic processes are required for high recovery rates. Essentially, cryogenic processes consist of dropping the temperature of the gas stream to around -120 degrees Fahrenheit. There are many ways of chilling the gas to these temperatures, but one of the most effective is known as the turbo expander process. In this process, external refrigerants are used to cool the natural gas stream. Then, an expansion turbine is used to rapidly expand the chilled gases, which causes the temperature to drop significantly. This rapid temperature drop condenses ethane and other hydrocarbons in the gas stream, while maintaining methane in gaseous form. This process allows for the recovery of about 90 to 95 percent of the ethane originally in the gas stream. In addition, the expansion turbine can convert some of the energy released when the natural gas stream is expanded into recompressing the gaseous methane effluent, thus saving energy costs associated with extracting ethane. The extraction of NGLs from the natural gas stream produces both cleaner, purer natural gas, as well as the valuable hydrocarbons that are the NGLs themselves.

Sulfur and Carbon Dioxide Removal

In addition to water, oil, and NGL removal, one of the most important parts of gas processing involves the removal of sulfur and carbon dioxide. Natural gas from some wells contains significant amounts of sulfur and carbon dioxide. This natural gas, because of the rotten smell provided by its sulfur content, is commonly called ‘sour gas’. Sour gas is undesirable because the sulfur compounds it contains can be extremely harmful, even lethal, to breathe. Sour gas can also be extremely corrosive. In addition, the sulfur that exists in the natural gas stream can be extracted and marketed on its own. In fact, according to the USGS, U.S. sulfur production from gas processing plants accounts for about 15 percent of the total U.S. production of sulfur.

Sulfur exists in natural gas as hydrogen sulfide (H₂S), and the gas is usually considered sour if the hydrogen sulfide content exceeds 5.7 milligrams of H₂S per cubic meter of natural gas. The process for removing hydrogen sulfide from sour gas is commonly referred to as ‘sweetening’ the gas.

The primary process for sweetening sour natural gas is quite like the processes of glycol dehydration in this case, however, amine solutions are used to remove the hydrogen sulfide. This process is known simply as the ‘amine process’, or alternatively as the Girdler process, and is used in 95 percent of U.S. gas sweetening operations. The sour gas is run through a tower, which contains the amine solution. This solution has an affinity for sulfur, and absorbs it much like glycol absorbing water. There are two principle amine solutions used, monoethanolamine (MEA) and diethanolamine (DEA). Either of these compounds, in liquid form, will absorb sulfur compounds from natural gas as it passes through. The effluent gas is virtually free of sulfur compounds, and thus loses its sour gas status. Like the process for NGL extraction and glycol dehydration, the amine solution used can be regenerated (that is, the absorbed sulfur is removed), allowing it to be reused to treat more sour gas.

Gas processing is an instrumental piece of the natural gas value chain. It is instrumental in ensuring that the natural gas intended for use is as clean and pure as possible, making it the clean burning and environmentally sound energy choice. Once the natural gas has been fully processed, and is ready to be consumed, it must be transported from those areas that produce natural gas, to those areas that require it.

