POWELL & LEON, LLP

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January 7, 2019

Via Hand Delivery
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
Attention: Desiree Caufield
111 E. 17th Street
Austin, Texas 78774

Re: Board Findings and Agreement under Chapter 313 of the Property Tax Code between Barbers Hill Independent School District and Oneok Hydrocarbon, LP, Application #1282

Dear Local Government Assistance and Economic Analysis Division:

The Barbers Hill Independent School District Board of Trustees approved the enclosed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes on December 17th, 2018. Enclosed, please find a hardcopy and electronic copy of the fully executed Board Findings and Agreement. A copy is being provided to the Chambers County Appraisal District by copy of this correspondence.

Thank you for your attention to the foregoing.

Respectfully submitted,

Sara Hardner Leon

SHL;sl

Enclosures

cc: *Via Electronic Mail: mmccullough@chamberscad.org*
Mr. Mitch McCullough, Chief Appraiser, Chambers County Appraisal District

Via Electronic Mail: Mike@keatax.com
Mr. Mike Fry, Director of Energy Services, K.E. Andrews & Company

Via Electronic Mail: gpoole@bhisd.net
Dr. Greg Poole, Superintendent of Schools, Barbers Hill Independent School District

Via Electronic Mail: bmcmanus@bhisd.net
Ms. Becky McManus, Assistant Superintendent of Finance, Barbers Hill Independent School District

FINDINGS
OF THE

BARBERS HILL INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

ONEOK HYDROCARBON, LP
TEXAS TAXPAYER ID #14812520568
APPLICATION #1282

December 17, 2018

FINDINGS OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY ONEOK HYDROCARBON, LP

STATE OF TEXAS §
§
COUNTY OF CHAMBERS §

On the 17th day of December, 2018, a public meeting of the Board of Trustees of the Barbers Hill Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Oneok Hydrocarbon, LP (Application #1282) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Barbers Hill Independent School District makes the following findings with respect to the Application of Oneok Hydrocarbon, LP #1282, and the economic impact of that Application:

On August 13, 2018, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Oneok Hydrocarbon, LP #1282 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/data/economy/ch313/barbers-1282-oneok.php

The Applicant, Oneok Hydrocarbon, LP (Taxpayer ID 14812520568) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Chambers County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on October 8, 2018.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on November 13, 2018 pursuant to Texas Tax Code § 313.026, and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Exhibit A**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Barbers Hill Independent School District. A copy of a report prepared by Education Service Center, Region 12 is attached to these findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Barbers Hill Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2017 ISD Summary Worksheet posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/data/property-tax/pvs/2017p/0360369021D.php.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit C**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code § 313.024 in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Barbers Hill Independent School District is $265,000,000—all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least $66,222.20 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately $17.7 million on the basis of the 15 new qualifying positions committed to by the Applicant for this project. The project's total investment is $265,000,000, resulting in a relative level of investment per qualifying job of $17,666,666.67.

Board Finding Number 5.

The Applicant has requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code, and the Board finds such waiver request should be granted. The Board notes that the number of jobs proposed for this project (15 jobs) is consistent with industry standards in the manufacturing industry.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding No. 6, the economic impact evaluation states:

Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2—Estimated Statewide Economic Impact of Oneok Hydrocarbon, LP (modeled)

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	500	719	1219	$ 33,111,100	$ 59,648,900	$ 92,760,000
2020	500	755	1255	$ 33,111,100	$ 70,688,900	$ 103,800,000
2021	15	143	158	$ 993,333	$ 21,266,667	$ 22,260,000
2022	15	79	94	$ 993,333	$ 14,636,667	$ 15,630,000
2023	15	28	43	$ 993,333	$ 9,216,667	$ 10,210,000
2024	15	5	20	$ 993,333	$ 6,116,667	$ 7,110,000
2025	15	2	17	$ 993,333	$ 4,896,667	$ 5,890,000
2026	15	10	25	$ 993,333	$ 4,846,667	$ 5,840,000
2027	15	22	37	$ 993,333	$ 5,526,667	$ 6,520,000
2028	15	35	50	$ 993,333	$ 6,636,667	$ 7,630,000
2029	15	48	63	$ 993,333	$ 7,926,667	$ 8,920,000
2030	15	59	74	$ 993,333	$ 9,246,667	$ 10,240,000
2031	15	63	78	$ 993,333	$ 10,046,667	$ 11,040,000
2032	15	67	82	$ 993,333	$ 10,946,667	$ 11,940,000
2033	15	70	85	$ 993,333	$ 11,736,667	$ 12,730,000

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers County, with all property tax incentives sought being granted using estimated market value from the Application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and city. The difference noted in the last line is the difference between Table 3 and Table 4:

Table 4—Estimated Direct Ad Valorem Taxes with All Property Tax Incentives Sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	**0.2698**	**1.0600**		**0.5426**	**0.4367**	
2020	$ 60,000,000	$ 60,000,000		$ 161,880	$ 636,000	$ 797,880	$ 325,530	$ 261,996	$ 1,385,406
2021	$ 265,000,000	$ 80,000,000		$ 714,970	$ 848,000	$ 1,562,970	$ 503,215	$ 324,002	$ 2,390,187
2022	$ 262,350,000	$ 80,000,000		$ 707,820	$ 848,000	$ 1,555,820	$ 498,183	$ 320,762	$ 2,374,765
2023	$ 259,700,000	$ 80,000,000		$ 700,671	$ 848,000	$ 1,548,671	$ 493,151	$ 317,522	$ 2,359,343
2024	$ 257,050,000	$ 80,000,000		$ 693,521	$ 848,000	$ 1,541,521	$ 488,119	$ 314,282	$ 2,343,921
2025	$ 254,400,000	$ 80,000,000		$ 686,371	$ 848,000	$ 1,534,371	$ 483,087	$ 311,042	$ 2,328,499
2026	$ 251,750,000	$ 80,000,000		$ 679,222	$ 848,000	$ 1,527,222	$ 478,054	$ 307,802	$ 2,313,078
2027	$ 249,100,000	$ 80,000,000		$ 672,072	$ 848,000	$ 1,520,072	$ 473,022	$ 304,562	$ 2,297,656
2028	$ 246,450,000	$ 80,000,000		$ 664,922	$ 848,000	$ 1,512,922	$ 467,990	$ 301,322	$ 2,282,234
2029	$ 243,800,000	$ 80,000,000		$ 657,772	$ 848,000	$ 1,505,772	$ 462,958	$ 298,082	$ 2,266,812
2030	$ 241,150 ,000	$ 80,000,000		$ 650,623	$ 848,000	$ 1,498,623	$ 457,926	$ 294,842	$ 2,251,390
2031	$ 238,500,000	$ 238,500,000		$ 643,473	$ 2,528,100	$ 3,171,573	$ 1,293,982	$ 1,041,434	$ 5,506,989
2032	$ 235,850,000	$ 235,850,000		$ 636,323	$ 2,500,010	$ 3,136,333	$ 1,279,604	$ 1,029,863	$ 5,445,800
2033	$ 233,200,000	$ 233,200,000		$ 629,174	$ 2,471,920	$ 3,101,094	$ 1,265,227	$ 1,018,291	$ 5,384,611
2034	$ 230,550,000	$ 230,550,000		$ 622,024	$ 2,443,830	$ 3,065,854	$ 1,250,849	$ 1,006,720	$ 5,323,423
2035	$ 227,900,000	$ 227,900,000		$ 614,874	$ 2,415,740	$ 3,030,614	$ 1,236,471	$ 995,148	$ 5,262,234
			Total	**$ 10,135,712**	**$ 21,475,600**	**$ 31,611,312**	**$ 11,457,367**	**$ 8,447,668**	**$ 51,516,347**
			Diff	**$ 0**	**$ 18,345,950**	**$ 18,345,950**	**$ 8,924,880**	**$ 7,956,557**	**$ 35,227,386**

[1]Tax Rate per $100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on the region if all taxes are assessed.

Table 3—Estimated Direct Ad Valorem Taxes without Property Tax Incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	**0.2698**	**1.0600**		**0.5426**	**0.4367**	
2020	$ 60,000,000	$ 60,000,000		$ 161,880	$ 636,000	$ 797,880	$ 325,530	$ 261,996	$ 1,385,406
2021	$ 265,000,000	$ 265,000,000		$ 714,970	$ 2,809,000	$ 3,523,970	$ 1,437,758	$ 1,157,149	$ 6,118,877
2022	$ 262,350,000	$ 262,350,000		$ 707,820	$ 2,780,910	$ 3,488,730	$ 1,423,380	$ 1,145,578	$ 6,057,688
2023	$ 259,700,000	$ 259,700,000		$ 700,671	$ 2,752,820	$ 3,453,491	$ 1,409,002	$ 1,134,006	$ 5,996,499
2024	$ 257,050,000	$ 257,050,000		$ 693,521	$ 2,724,730	$ 3,418,251	$ 1,394,625	$ 1,122,435	$ 5,935,310
2025	$ 254,400,000	$ 254,400,000		$ 686,371	$ 2,696,640	$ 3,383,011	$ 1,380,247	$ 1,110,863	$ 5,874,121
2026	$ 251,750,000	$ 251,750,000		$ 679,222	$ 2,668,550	$ 3,347,772	$ 1,365,870	$ 1,099,292	$ 5,812,933
2027	$ 249,100,000	$ 249,100,000		$ 672,072	$ 2,640,460	$ 3,312,532	$ 1,351,492	$ 1,087,720	$ 5,751,744
2028	$ 246,450,000	$ 246,450,000		$ 664,922	$ 2,612,370	$ 3,277,292	$ 1,337,114	$ 1,076,149	$ 5,690,555
2029	$ 243,800,000	$ 243,800,000		$ 657,772	$ 2,584,280	$ 3,242,052	$ 1,322,737	$ 1,064,577	$ 5,629,366
2030	$ 241,150,000	$ 241,150,000		$ 650,623	$ 2,556,190	$ 3,206,813	$ 1,308,359	$ 1,053,006	$ 5,568,178
2031	$ 238,500,000	$ 238,500,000		$ 643,473	$ 2,528,100	$ 3,171,573	$ 1,293,982	$ 1,041,434	$ 5,506,989
2032	$ 235,850,000	$ 235,850,000		$ 636,323	$ 2,500,010	$ 3,136,333	$ 1,279,604	$ 1,029,863	$ 5,445,800
2033	$ 233,200,000	$ 233,200,000		$ 629,174	$ 2,471,920	$ 3,101,094	$ 1,265,227	$ 1,018,291	$ 5,384,611
2034	$ 230,550,000	$ 230,550,000		$ 622,024	$ 2,443,830	$ 3,065,854	$ 1,250,849	$ 1,006,720	$ 5,323,423
2035	$ 227,900,000	$ 227,900,000		$ 614,874	$ 2,415,740	$ 3,030,614	$ 1,236,471	$ 995,148	$ 5,262,234
			Total	**$ 10,135,712**	**$ 39,821,550**	**$ 49,957,262**	**$ 20,382,247**	**$ 16,404,225**	**$ 86,743,733**

[1]Tax Rate per $100 Valuation

Board Finding Number 7.

> **The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.**

Board Finding Number 8.

> **The effect of the Applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggesting little underlying enrollment growth based on the impact of the project.**

Board Finding Number 9.

> **The Applicant's project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the Agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the Application. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:**

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	$ 0	$ 0	$ 0	$ 0
	2019	$ 0	$ 0	$ 0	$ 0
	2020	$ 636,000	$ 636,000	$ 0	$ 0
Limitation Period (10 Years)	2021	$ 848,000	$ 1,484,000	$ 1,961,000	$ 1,961,000
	2022	$ 848,000	$ 2,332,000	$ 1,932,910	$ 3,893,910
	2023	$ 848,000	$ 3,180,000	$ 1,904,820	$ 5,798,730
	2024	$ 848,000	$ 4,028,000	$ 1,876,730	$ 7,675,460
	2025	$ 848,000	$ 4,876,000	$ 1,848,640	$ 9,524,100
	2026	$ 848,000	$ 5,724,000	$ 1,820,550	$ 11,344,650
	2027	$ 848,000	$ 6,572,000	$ 1,792,460	$ 13,137,110
	2028	$ 848,000	$ 7,420,000	$ 1,764,370	$ 14,901,480
	2029	$ 848,000	$ 8,268,000	$ 1,736,280	$ 16,637,760
	2030	$ 848,000	$ 9,116,000	$ 1,708,190	$ 18,345,950
Maintain Viable Presence (5 Years)	2031	$ 2,528,100	$ 11,644,100	$ 0	$ 18,345,950
	2032	$ 2,500,010	$ 14,144,110	$ 0	$ 18,345,950
	2033	$ 2,471,920	$ 16,616,030	$ 0	$ 18,345,950
	2034	$ 2,443,830	$ 19,059,860	$ 0	$ 18,345,950
	2035	$ 2,415,740	$ 21,475,600	$ 0	$ 18,345,950
Additional Years as Required by § 313.026(c)(1) (10 Years)	2036	$ 2,387,650	$ 23,863,250	$ 0	$ 18,345,950
	2037	$ 2,359,560	$ 26,222,810	$ 0	$ 18,345,950
	2038	$ 2,331,470	$ 28,554,280	$ 0	$ 18,345,950
	2039	$ 2,303,380	$ 30,857,660	$ 0	$ 18,345,950
	2040	$ 2,275,290	$ 33,132,950	$ 0	$ 18,345,950
	2041	$ 2,247,200	$ 35,380,150	$ 0	$ 18,345,950
	2042	$ 2,219,110	$ 37,599,260	$ 0	$ 18,345,950
	2043	$ 2,191,020	$ 39,790,280	$ 0	$ 18,345,950
	2044	$ 2,162,930	$ 41,953,210	$ 0	$ 18,345,950
	2045	$ 2,134,840	$ 44,088,050	$ 0	$ 18,345,950

$ 44,088,050	is greater than	**$ 18,345,950**

Analysis Summary Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	**Yes**

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Findings 10 and 11, **Attachment C** of the economic impact study states:

The Comptroller has determined that the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

I. Per Oneok Hydrocarbon, LP in Tab 5 of their Application for a Limitation on Appraised Value:

A. "A 313 value limitation agreement is vital to the establishment of MBS Fractionation Plant. As the primary property tax incentive in Texas, 313 agreements are crucial to the economic viability of certain energy facilities within the state of Texas."

B. "Considering the expanse of Oneok Hydrocarbon, LP and the presence of similar incentives in other states, the permittance of a 313 agreement is critical to the site selection for such facilities."

II. According to an Oneok press release dated June 27, 2018 Oneok "plans to expand its natural gas pipeline infrastructure in the Permian Basin and Oklahoma by up to a total of 1.7 billion cubic feet per day (Bcf/d) to provide additional natural gas takeaway capacity in two of the country's most active production areas."

III. A September 30, 2018 *Houston Chronicle* article states that "ONEOK said it will invest about $1 billion on a pipeline from West Texas and plant in Mont Belvieu to transport and process natural gas liquids, the feedstocks for plastics and other petrochemicals."

IV. Per a *The Oklahoman* article dated September 28, 2018 Oneok "announced plans to build additional natural gas liquids and natural gas pipelines and equipment. The projects include a new 125,000 barrel-per-day natural gas liquid fractionator in Mont Belvieu, Texas, and related infrastructure."

V. An Oneok press release dated September 25, 2018, stated the following:

A. "ONEOK, Inc. (NYSE: OKE) today announced plans to construct additional natural gas liquids (NGL) and natural gas infrastructure, including: A new 125,000-barrel per day (bpd) NGL fractionator - MB-5 - in Mont Belvieu, Texas, and related infrastructure."

B. "Producers are looking for increased connectivity with the Mont Belvieu market center, and ONEOK is competitively positioned to provide it."

C. "Recently contracted volumes support the MB-5 fractionator project, with increasing NGL production providing an opportunity for ONEOK to potentially build a future MB-6 fractionator in Mont Belvieu."

D. "The new MB-5 fractionator and related infrastructure project, which includes system expansions for future additional fractionation, storage and export capabilities in Mont Belvieu, is expected to cost approximately $750 million. MB-5 is fully contracted and will increase ONEOK's total NGL fractionation capacity to more than 1 million bpd."

VI. Supplemental information provided by the applicant on October 26, 2018 stated the following:

A. The completeness letter was delayed due to additional questions raised by the Comptroller on 9/14/2018. We were told at that time once the requested information was received by the Comptroller, we would receive our completeness letter. We provided the Comptroller and the Barbers Hill attorneys the requested information on 9/18/2018.

B. We have similar assets performing these functions along our integrated system in North Dakota, Kansas, and Oklahoma. It is more economically feasible to construct and operate this fractionation facility in Mont Belvieu, TX when the 313 abatement is embedded in the economics. Without the 313 abatement the economics allow for the construction of this facility in one of the other three states since without the 313 abatement the economics by state are more comparable.

C. Given our approval history with the Comptroller for our MB2, MB3, and MB4 fractionation facilities, we felt like our application timing and information was in line with what we have historically seen from the Comptroller in approving the previous three Mont Belvieu fractionation facilities.

VII. Supplemental information provided by the Comptroller stated the following:

A. Supplemental wage information was requested on September 26, 2018.

B. The Applicant provided the supplemental information on September 27, 2018.

VIII. Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Barbers Hill Independent School District hired consultants to review and verify the information in Application #1282. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently $80 Million Dollars ($80,000,000), which is consistent with the minimum values currently set out by Texas Tax Code § 313.027(b).

Board Finding Number 14.

The Applicant (Taxpayer ID 14812520568) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Exhibit C, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Exhibit C** is approved and hereby authorized to be executed and delivered by and on behalf of the Barbers Hill Independent School District. It is further ORDERED that these Findings and the Attachments referred to herein be attached to the official minutes of this meeting and maintained in the permanent records of the Board of Trustees of the Barbers Hill Independent School District.

Dated the 17th day of December, 2018.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
Becky Tice
President, Board of Trustees

ATTEST:

By: _____
Cynthia Erwin
Secretary, Board of Trustees

Findings and Order of the Barbers Hill Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Oneok Hydrocarbon, LP (Tax ID 14812520568) (Application #1282)

EXHIBIT A

Comptroller's Economic Impact Analysis

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 13, 2018

Greg Poole
Superintendent
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Oneok Hydrocarbon, LP, Application 1282

Dear Superintendent Poole:

On October 8, 2018, the Comptroller issued written notice that Oneok Hydrocarbon, LP (applicant) submitted a completed application (Application 1282) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on August 8, 2018, to the Barbers Hill Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1282.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2018.

Note that any building or improvement existing as of the application review start date of October 8, 2018, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Oneok Hydrocarbon, LP (project) applying to Barbers Hill Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Oneok Hydrocarbon, LP.

Applicant	Oneok Hydrocarbon, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2017-2018 Average Daily Attendance	5,117
County	Chambers
Proposed Total Investment in District	$265,000,000
Proposed Qualified Investment	$265,000,000
Limitation Amount	$80,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	15*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,273.50
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,237.50
Minimum annual wage committed to by applicant for qualified jobs	$66,222.20
Minimum weekly wage required for non-qualifying jobs	$1,191.75
Minimum annual wage required for non-qualifying jobs	$61,671
Investment per Qualifying Job	$17,666,666.67
Estimated M&O levy without any limit (15 years)	$39,821,550
Estimated M&O levy with Limitation (15 years)	$21,475,600
Estimated gross M&O tax benefit (15 years)	$18,345,950

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

Table 2 is the estimated statewide economic impact of Oneok Hydrocarbon, LP (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	500	719	1218.67	$33,111,100	$59,648,900	$92,760,000
2020	500	755	1255	$33,111,100	$70,688,900	$103,800,000
2021	15	143	158	$993,333	$21,266,667	$22,260,000
2022	15	79	94	$993,333	$14,636,667	$15,630,000
2023	15	28	43	$993,333	$9,216,667	$10,210,000
2024	15	5	20	$993,333	$6,116,667	$7,110,000
2025	15	2	17	$993,333	$4,896,667	$5,890,000
2026	15	10	25	$993,333	$4,846,667	$5,840,000
2027	15	22	37	$993,333	$5,526,667	$6,520,000
2028	15	35	50	$993,333	$6,636,667	$7,630,000
2029	15	48	63	$993,333	$7,926,667	$8,920,000
2030	15	59	74	$993,333	$9,246,667	$10,240,000
2031	15	63	78	$993,333	$10,046,667	$11,040,000
2032	15	67	82	$993,333	$10,946,667	$11,940,000
2033	15	70	85	$993,333	$11,736,667	$12,730,000

Source: CPA REMI, Oneok Hydrocarbon, LP

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.2698**	**1.0600**		**0.5426**	**0.4367**	
2020	$60,000,000	$60,000,000		$161,880	$636,000	$797,880	$325,530	$261,996	$1,385,406
2021	$265,000,000	$265,000,000		$714,970	$2,809,000	$3,523,970	$1,437,758	$1,157,149	$6,118,877
2022	$262,350,000	$262,350,000		$707,820	$2,780,910	$3,488,730	$1,423,380	$1,145,578	$6,057,688
2023	$259,700,000	$259,700,000		$700,671	$2,752,820	$3,453,491	$1,409,002	$1,134,006	$5,996,499
2024	$257,050,000	$257,050,000		$693,521	$2,724,730	$3,418,251	$1,394,625	$1,122,435	$5,935,310
2025	$254,400,000	$254,400,000		$686,371	$2,696,640	$3,383,011	$1,380,247	$1,110,863	$5,874,121
2026	$251,750,000	$251,750,000		$679,222	$2,668,550	$3,347,772	$1,365,870	$1,099,292	$5,812,933
2027	$249,100,000	$249,100,000		$672,072	$2,640,460	$3,312,532	$1,351,492	$1,087,720	$5,751,744
2028	$246,450,000	$246,450,000		$664,922	$2,612,370	$3,277,292	$1,337,114	$1,076,149	$5,690,555
2029	$243,800,000	$243,800,000		$657,772	$2,584,280	$3,242,052	$1,322,737	$1,064,577	$5,629,366
2030	$241,150,000	$241,150,000		$650,623	$2,556,190	$3,206,813	$1,308,359	$1,053,006	$5,568,178
2031	$238,500,000	$238,500,000		$643,473	$2,528,100	$3,171,573	$1,293,982	$1,041,434	$5,506,989
2032	$235,850,000	$235,850,000		$636,323	$2,500,010	$3,136,333	$1,279,604	$1,029,863	$5,445,800
2033	$233,200,000	$233,200,000		$629,174	$2,471,920	$3,101,094	$1,265,227	$1,018,291	$5,384,611
2034	$230,550,000	$230,550,000		$622,024	$2,443,830	$3,065,854	$1,250,849	$1,006,720	$5,323,423
2035	$227,900,000	$227,900,000		$614,874	$2,415,740	$3,030,614	$1,236,471	$995,148	$5,262,234
			Total	**$10,135,712**	**$39,821,550**	**$49,957,262**	**$20,382,247**	**$16,404,225**	**$86,743,733**

Source: CPA, Oneok Hydrocarbon, LP
*Tax Rate per $100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.2698**	**1.0600**		**0.5426**	**0.4367**	
2020	$60,000,000	$60,000,000		$161,880	$636,000	$797,880	$325,530	$261,996	$1,385,406
2021	$265,000,000	$80,000,000		$714,970	$848,000	$1,562,970	$503,215	$324,002	$2,390,187
2022	$262,350,000	$80,000,000		$707,820	$848,000	$1,555,820	$498,183	$320,762	$2,374,765
2023	$259,700,000	$80,000,000		$700,671	$848,000	$1,548,671	$493,151	$317,522	$2,359,343
2024	$257,050,000	$80,000,000		$693,521	$848,000	$1,541,521	$488,119	$314,282	$2,343,921
2025	$254,400,000	$80,000,000		$686,371	$848,000	$1,534,371	$483,087	$311,042	$2,328,499
2026	$251,750,000	$80,000,000		$679,222	$848,000	$1,527,222	$478,054	$307,802	$2,313,078
2027	$249,100,000	$80,000,000		$672,072	$848,000	$1,520,072	$473,022	$304,562	$2,297,656
2028	$246,450,000	$80,000,000		$664,922	$848,000	$1,512,922	$467,990	$301,322	$2,282,234
2029	$243,800,000	$80,000,000		$657,772	$848,000	$1,505,772	$462,958	$298,082	$2,266,812
2030	$241,150,000	$80,000,000		$650,623	$848,000	$1,498,623	$457,926	$294,842	$2,251,390
2031	$238,500,000	$238,500,000		$643,473	$2,528,100	$3,171,573	$1,293,982	$1,041,434	$5,506,989
2032	$235,850,000	$235,850,000		$636,323	$2,500,010	$3,136,333	$1,279,604	$1,029,863	$5,445,800
2033	$233,200,000	$233,200,000		$629,174	$2,471,920	$3,101,094	$1,265,227	$1,018,291	$5,384,611
2034	$230,550,000	$230,550,000		$622,024	$2,443,830	$3,065,854	$1,250,849	$1,006,720	$5,323,423
2035	$227,900,000	$227,900,000		$614,874	$2,415,740	$3,030,614	$1,236,471	$995,148	$5,262,234
			Total	**$10,135,712**	**$21,475,600**	**$31,611,312**	**$11,457,367**	**$8,447,668**	**$51,516,347**
			Diff	**$0**	**$18,345,950**	**$18,345,950**	**$8,924,880**	**$7,956,557**	**$35,227,386**

Source: CPA, Oneok Hydrocarbon, LP
*Tax Rate per $100 Valuation

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

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

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$636,000	$636,000	$0	$0
Limitation Period (10 Years)	2021	$848,000	$1,484,000	$1,961,000	$1,961,000
	2022	$848,000	$2,332,000	$1,932,910	$3,893,910
	2023	$848,000	$3,180,000	$1,904,820	$5,798,730
	2024	$848,000	$4,028,000	$1,876,730	$7,675,460
	2025	$848,000	$4,876,000	$1,848,640	$9,524,100
	2026	$848,000	$5,724,000	$1,820,550	$11,344,650
	2027	$848,000	$6,572,000	$1,792,460	$13,137,110
	2028	$848,000	$7,420,000	$1,764,370	$14,901,480
	2029	$848,000	$8,268,000	$1,736,280	$16,637,760
	2030	$848,000	$9,116,000	$1,708,190	$18,345,950
Maintain Viable Presence (5 Years)	2031	$2,528,100	$11,644,100	$0	$18,345,950
	2032	$2,500,010	$14,144,110	$0	$18,345,950
	2033	$2,471,920	$16,616,030	$0	$18,345,950
	2034	$2,443,830	$19,059,860	$0	$18,345,950
	2035	$2,415,740	$21,475,600	$0	$18,345,950
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$2,387,650	$23,863,250	$0	$18,345,950
	2037	$2,359,560	$26,222,810	$0	$18,345,950
	2038	$2,331,470	$28,554,280	$0	$18,345,950
	2039	$2,303,380	$30,857,660	$0	$18,345,950
	2040	$2,275,290	$33,132,950	$0	$18,345,950
	2041	$2,247,200	$35,380,150	$0	$18,345,950
	2042	$2,219,110	$37,599,260	$0	$18,345,950
	2043	$2,191,020	$39,790,280	$0	$18,345,950
	2044	$2,162,930	$41,953,210	$0	$18,345,950
	2045	$2,134,840	$44,088,050	$0	$18,345,950

$44,088,050 is greater than **$18,345,950**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

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

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Oneok Hydrocarbon, LP in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "A 313 value limitation agreement is vital to the establishment of MB5 Fractionation Plant. As the primary property tax incentive in Texas, 313 agreements are crucial to the economic viability of certain energy facilities within the state of Texas."
  B. "Considering the expanse of Oneok Hydrocarbon, LP and the presence of similar incentives in other states, the permittance of a 313 agreement is critical to the site selection for such facilities."
- According to an Oneok press release dated June 27, 2018 Oneok "plans to expand its natural gas pipeline infrastructure in the Permian Basin and Oklahoma by up to a total of 1.7 billion cubic feet per day (Bcf/d) to provide additional natural gas takeaway capacity in two of the country's most active production areas."
- A September 30, 2018 *Houston Chronicle* article states that Praxair Inc. "ONEOK said it will invest about $1 billion on a pipeline from West T exas and plant in Mont Belvieu to transport and process natural gas liquids, the feedstocks for plastics and other petrochemicals."
- Per a *The Oklahoman* article dated September 28, 2018 Oneok Inc "announced plans to build additional natural gas liquids and natural gas pipelines and equipment. The projects include a new 125,000 barrel-per-day natural gas liquid fractionator in Mont Belvieu, Texas, and related infrastructure"
- An Oneok press release dated September 25, 2018, stated the following:
  A. "ONEOK, Inc. (NYSE: OKE) today announced plans to construct additional natural gas liquids (NGL) and natural gas infrastructure, including: A new 125,000-barrel per day (bpd) NGL fractionator – MB-5 – in Mont Belvieu, Texas, and related infrastructure."
  B. "Producers are looking for increased connectivity with the Mont Belvieu market center, and ONEOK is competitively positioned to provide it."

C. "Recently contracted volumes support the MB-5 fractionator project, with increasing NGL production providing an opportunity for ONEOK to potentially build a future MB-6 fractionator in Mont Belvieu."
D. "The new MB-5 fractionator and related infrastructure project, which includes system expansions for future additional fractionation, storage and export capabilities in Mont Belvieu, is expected to cost approximately $750 million. MB-5 is fully contracted and will increase ONEOK's total NGL fractionation capacity to more than 1 million bpd."

- Supplemental information provided by the applicant on October 26, 2018 stated the following:
  A. The completeness letter was delayed due to additional questions raised by the Comptroller on 9/14/2018. We were told at that time once the requested information was received by the Comptroller, we would receive our completeness letter. We provided the Comptroller and the Barbers Hill attorneys the requested information on 9/18/2018.
  B. We have similar assets performing these functions along our integrated system in North Dakota, Kansas, and Oklahoma. It is more economically feasible to construct and operate this fractionation facility in Mont Belvieu, TX when the 313 abatement is embedded in the economics. Without the 313 abatement the economics allow for the construction of this facility in one of the other three states since without the 313 abatement the economics by state are more comparable.
  C. Given our approval history with the Comptroller for our MB2, MB3, and MB4 fractionation facilities, we felt like our application timing and information was in line with what we have historically seen from the Comptroller in approving the previous three Mont Belvieu fractionation facilities.
- Supplemental information provided by the Comptroller stated the following:
  A. Supplemental wage information was requested on September 26, 2018.
  B. The applicant provided the supplemental information on September 27, 2018.
- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

2. Check the project characteristics that apply to the proposed project:

- ☐ Land has no existing improvements
- ✓ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

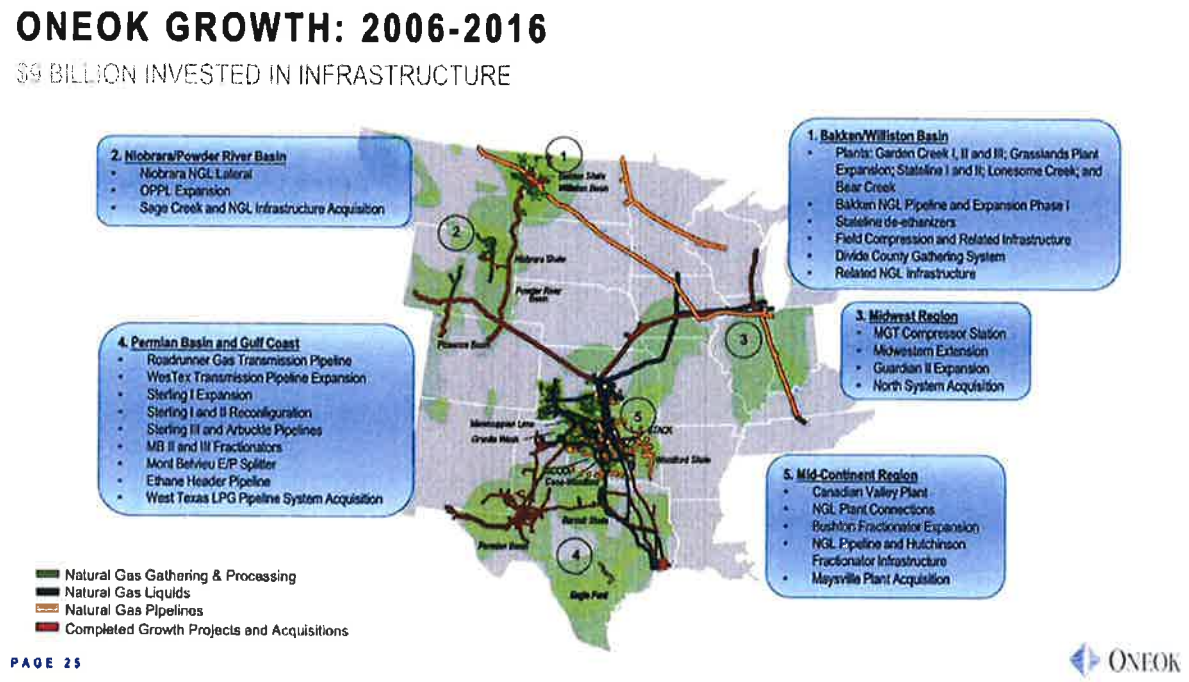
Tab 5

Limitation as a Determining Factor

Oneok Hydrocarbon, LP is an energy company that primarily specializes in the gathering, fractionating, storing, and/or distributing of both NGL's and refined products. Oneok Hydrocarbon LP currently operates over 2,600 miles of pipeline, 3 gas processing plants, and 6 fractionation facilities. Locations for these operations include Kansas, Oklahoma, Texas as well as several other states.

A 313 value limitation agreement is vital to the establishment of MB5 Fractionation Plant. As the primary property tax incentive in Texas, 313 agreements are crucial to the economic viability of certain energy facilities within the state of Texas. Considering the expanse of Oneok Hydrocarbon, LP and the presence of similar incentives in other states, the permittance of a 313 agreement is critical to the site selection for such facilities.

The following map illustrates the company's current areas of operation. Additionally, please note the high level of activity in Region 5—an area that also serves as a competitive area for any new proposed project. Oneok Hydrocarbon, LP's existing infrastructure allows for a large degree of flexibility in determining the final location of any future facilities and investments. Capital is allocated to projects and locations based upon expected economic return. Large property tax liabilities affect cash flows and can drive down the economic return of a project, this would certainly lessen any projects chance of coming to completion in a taxable area without incentives vs, a project in an area with a lessened tax burden.



Supporting Information

Additional information provided by the Applicant or located by the Comptroller

ONEOK ANNOUNCES 1.7 BCF/D OF NATURAL GAS INFRASTRUCTURE EXPANSIONS IN THE PERMIAN BASIN AND OKLAHOMA

June 27, 2018

TULSA, Okla., June 27, 2018 /PRNewswire/ -- ONEOK, Inc. (NYSE: OKE) today announced plans to expand its natural gas pipeline infrastructure in the Permian Basin and Oklahoma by up to a total of 1.7 billion cubic feet per day (Bcf/d) to provide additional natural gas takeaway capacity in two of the country's most active production areas.

The projects include:

- A 150 million cubic feet per day (MMcf/d) expansion of ONEOK's WesTex Transmission system from the Permian Basin to interstate pipeline delivery points in the Texas Panhandle. Additional interest is being solicited in a follow-up open season that could potentially increase the expansion to 450 MMcf/d.
- A 150 MMcf/d eastbound expansion of the ONEOK Gas Transportation system from two natural gas processing plants in the STACK and SCOOP areas to an eastern Oklahoma interstate pipeline delivery point.

- A 100 MMcf/d westbound expansion of ONEOK Gas Transportation from the STACK area to multiple interstate pipeline delivery points in western Oklahoma. Additional interest is being solicited in a follow-up open season that could potentially increase the expansion to 300 MMcf/d.
- A project to make Roadrunner Gas Transmission (Roadrunner) bidirectional. The project is expected to result in approximately 750 MMcf/d of eastbound transportation capacity from the Delaware Basin to the Waha area. Interest in the new eastbound capacity is being solicited in a concurrent open season.

"These capital-efficient expansions, primarily through the addition of compression facilities, will quickly create critical takeaway capacity and offer additional optionality for natural gas producers and processors in the Permian Basin and Oklahoma," said Terry K. Spencer, ONEOK president and chief executive officer. "We also continue active discussions with shippers in these areas regarding additional natural gas takeaway solutions that ONEOK could provide."

The projects are backed by multiple firm transportation commitments. Total annual average adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) from these projects when completed could be as high as $40 million with successful open seasons.

The westbound expansion of ONEOK Gas Transportation is expected to be complete in the fourth quarter 2018. The ONEOK WesTex Transmission expansion, the eastbound expansion of ONEOK Gas Transportation and the Roadrunner bidirectional project are expected to be complete in the first quarter 2019.

ONEOK WesTex Transmission is an intrastate natural gas pipeline system operating within Texas, consisting of approximately 2,200 miles of pipeline.

ONEOK Gas Transportation is an intrastate natural gas pipeline system in Oklahoma, consisting of approximately 2,470 miles of transmission pipelines. In May 2018, ONEOK completed a 100 MMcf/d westbound expansion of ONEOK Gas Transportation to serve growth in the STACK area.

Roadrunner, a 50-50 joint venture between ONEOK and Fermaca Infrastructure B.V. (Fermaca), is a Texas intrastate pipeline system transporting natural gas from the Waha natural gas market hub to El Paso markets and to the U.S. and Mexico border.

NON-GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) FINANCIAL MEASURES:

ONEOK has disclosed in this news release forward-looking estimates for adjusted EBITDA expected to be generated by the announced capital-growth projects. Adjusted EBITDA is a non-GAAP financial metric used to measure the company's financial performance. Adjusted EBITDA is defined as net income from continuing operations adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, noncash compensation expense, allowance for equity funds used during construction (equity AFUDC), and other noncash items.

Adjusted EBITDA is useful to investors because it and similar measures, are used by many companies in the industry as a measure of financial performance and commonly employed by financial analysts and others to evaluate ONEOK's financial performance and to compare the financial performance of ONEOK with the performance of other companies within its industry. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP. Additionally, this calculation may not be comparable with similarly titled measures of other companies.

A reconciliation of estimated adjusted EBITDA to GAAP net income is not provided because the GAAP net income generated by the projects is not available without unreasonable efforts.

ONEOK, Inc. (pronounced ONE-OAK) (NYSE: OKE) is a leading midstream service provider and owner of one of the nation's premier natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers and an extensive network of natural gas gathering, processing, storage and transportation assets.

ONEOK is a FORTUNE 500 company and is included in the S&P 500.

For information about ONEOK, visit the website: www.oneok.com.

For the latest news about ONEOK, find us on LinkedIn, Facebook and Twitter.

Some of the statements contained herein are forward-looking statements as defined under federal securities laws. The forward-looking statements relate to our anticipated financial performance (including projected net income, capital expenditures, cash flow and projected levels of dividends), liquidity, management's plans and objectives for our future growth projects and other future operations (including plans to construct additional natural gas and natural gas liquids facilities and related cost estimates), our business prospects, the outcome of regulatory and legal proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under federal securities legislation and other applicable laws.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained herein identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning.

You should not place undue reliance on the forward-looking statements. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Those factors may affect our operations, markets, products, services and prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, those factors listed under "Forward-looking Statements" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017 and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Any such forward-looking statement speaks only as of the date on which such statement is made, and other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise.

NewsBank inc.

Energy; Petrochemical industry's growth continues - Houston Chronicle (TX) - September 30, 2018 - page B003

September 30, 2018 | Houston Chronicle (TX) | Jordan Blum and Katherine Blunt | Page B003

The region's booming petrochemical industry just keeps on growing. Three developments last week underscored that the sector remains very much in expansion mode. The French energy major Total and its partners said they will soon start construction on a plastics plant at Total's Bayport campus near Pasadena, a $1 billion project estimated to create more than 1,700 construction-related jobs. The Houston petrochemical maker Westlake Chemical said it would pay $265 million to buy the compounds maker Nakan. And the Oklahoma energy company ONEOK said it will invest about $1 billion on a pipeline from West Texas and plant in Mont Belvieu to transport and process natural gas liquids, the feedstocks for plastics and other petrochemicals. The availability of cheap and plentiful natural gas liquids, a byproduct of oil and natural gas drilling, has driven the rapid growth of the petrochemical industry along the Texas Gulf Coast. Exxon Mobil, for example, recently completed a $6 billion expansion of petrochemical and plastic plants in Mont Belvieu and Baytown and is eyeing further expansion of its plastic-making capacity at its complex in Beaumont. Total, in partnership with Nova Chemicals of Calgary, Alberta, and Borealis of Vienna, is among the latest to tee up an expanion. Total will own 50 percent of the project, which involves building a new plant that would annually produce 625,000 metric tons - more than 1.3 billion pounds - of polyethylene, the world's most common plastic. The expansion, expected to be completed in 2021, would more than double the Bayport campus' polyethylene production from about 400,000 metric tons a year. In Port Arthur, Total and its partners already are building a $2 billion ethane cracker, a plant that processes natural gas liquid ethane into ethylene, which is the primary building block of most plastics. The ethylene would then be piped to Bayport to be manufactured into plastics. The Bayport campus is near the Port of Houston's Bayport Container Terminal, which is exporting much of the plastic produced in the Houston area to developing markets in Asia and elsewhere. Westlake Chemical has its own growth plans. It plans to expand its compounding business by acquiring the French plastic compounds maker Nakan from its owner, the Los Angeles private equity firm OpenGate Capital. Compounding blends commodity plastics with additives to achieve certain properties, such as strength, durability and flexibility, resulting in a higher-margin product made to customer specifications. The deal is expected to close early next year. Nakan produces compounds made from polyvinyl chloride and other materials for use in automotive manufacturing, construction materials, packaging and medical applications. Nakan has eight production facilities around the world, as well as a research facility in France and a lab in the United States. The expansion of petrochemical manufacturing, meanwhile, is increasing demand for raw materials, namely natural gas liquids or NGLs. ONEOK said it will spend $750 million to build a Mont Belvieu fractionator that separates out the components of NGLs into ethane, butane, propane and other materials. The company also will invest about $250 million more on an expansion of its Arbuckle II NGL pipeline to Mont Belvieu, which is hub for storing and processing petroleum products. The pipeline, which is expected to be completed in 2020, will see its capacity increase to 500,000 barrels a day from the initially proposed 400,000 barrels daily. The fractionator would process 125,000 barrels a day. jordan.blum@chron.com twitter.com/jdblum23 katherine.blunt@chron.com twitter.com/katherineblunt"

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PLUGGING IN - Oklahoman, The (Oklahoma City, OK) - September 28, 2018

September 28, 2018 | Oklahoman, The (Oklahoma City, OK)

Historic oil derrick park reopens The Oklahoma History Center this week reopened the Devon Energy Oil and Gas Park behind the History Center building. The historic oil derricks making up the display were toppled in April 2017 during a storm. The collapsing derricks also damaged several other pieces of equipment in the park. With no insurance coverage available, the History Center made the repairs with the help of private donations, including those by Devon Energy Corp., the Oklahoma Energy Resources Board and three private donors. The first phase of cleanup and restoration is complete. Planning is ongoing to add new items and continue the park's development. "My heart and soul are in that entire display, and it was heartbreaking to see the devastation. But, it gave us an opportunity to re-evaluate the site and see what we could do better," said Bob Blackburn, executive director of the Oklahoma Historical Society. Enable plans interstate gas pipeline Enable Midstream Partners plans to build an interstate natural gas pipeline that will take the product from interstate lines in northern Louisiana to the Gulf Coast, it has announced. The proposed 165-mile line would run from Westdale to Starks, Louisiana, and extend east from there to Gillis, Louisiana. Enable officials said the $550 million project is expected to generate 1,000 jobs, and, when complete, will connect the Haynesville Shale field to the Gulf Coast and LNG export terminals. The company also has started a nonbinding open season seeking commitments from producers to use the line, and officials stated they expect to begin the permitting process for the project in 2019 and to start construction in 2022. OGE directors OK quarterly dividend OGE Energy Corp. directors have approved a quarterly dividend of 36.5 cents per share payable Oct. 30 to shareholders as of Oct. 10. The payout represents a 10 percent increase from the dividend of 33.25 cents per share in the previous quarter. "I'm pleased to say that with this increase, we have honored our commitment to our shareholders to increase our dividend by 10 percent per year for the past five years, which leads our industry," CEO Sean Trauschke said. "We've done so while investing more than $1 billion in our system and holding our rates essentially flat during that time. It's a testament to the hard work and dedication of our great people." Chesapeake to refinance debt Chesapeake Energy Corp. is refinancing more than $1 billion in debt. The Oklahoma City-based oil and natural gas producer this week issued $850 million of 7 percent senior notes due 2024 and $400 million of 7.5 percent senior notes due 2026. Chesapeake executives said they will use the proceeds from the offering to repay borrowings under the company's secured term loan due 2021, which had a balance of $1.23 billion as of June 30, according to regulatory filings. ONEOK plans new projects TULSA — ONEOK Inc. this week announced plans to build additional natural gas liquids and natural gas pipelines and equipment. The projects include a new 125,000 barrel-per-day natural gas liquid fractionator in Mont Belvieu, Texas, and related infrastructure; a new 200 million cubic-feet-per-day natural gas processing facility in North Dakota's Williston Basin; an extension of ONEOK's Arbuckle II NGL pipeline farther north and additional NGL gathering infrastructure to increase capacity between the Mid-Continent market hub and Arbuckle II; and an expansion of the Arbuckle II NGL pipeline by 100,000 barrels per day to boost total capacity to 500,000 barrels per day by adding pump stations. "Continued production growth across the basins ONEOK serves requires additional NGL fractionation and

natural gas processing capacity," ONEOK CEO Terry K. Spencer said. "Producers are looking for increased connectivity with the Mont Belvieu market center, and ONEOK is competitively positioned to provide it." Jericho Oil gives updates Jericho Oil Corp. this week provided operational and drilling updates on wells it is participating in within Oklahoma's STACK play. Officials said the company's development plan aims to validate its acreage positions in the Meramec and Osage formations, and officials said results from the first two producers it has been involved in are giving them confidence. The company is partnering with other energy firms on four other wells that are being drilled. “The company continues to deliver on its two-pronged strategy of delineating and de-risking our STACK acreage for the Meramec and Osage formations,” Jericho Oil CEO Brian Williamson said. "We are excited to further develop our assets and hope our shareholders will realize the tremendous value inherent throughout the development process." Ascent to issue private offering Ascent Resources Utica Holdings LLC and its wholly owned subsidiary ARU Finance Corp. have announced plans to issue a private offering of $600 million in 7 percent senior unsecured notes that will be redeemed in 2026. Executives said the company will use the offering's proceeds to redeem $525 million of its existing 10 percent senior unsecured notes that are due in 2022, plus pay down borrowings under the company's revolving credit facility. Officials said they expect to close the offering on the new notes and redeem the others on Oct. 11."

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ONEOK ANNOUNCES ADDITIONAL NGL FRACTIONATION AND PIPELINE CAPACITY AND NATURAL GAS PROCESSING CAPACITY

September 25, 2018

Includes MB-5 Fractionator and Expansion of Arbuckle II NGL Pipeline

TULSA, Okla., Sept. 25, 2018 /PRNewswire/ -- ONEOK, Inc. (NYSE: OKE) today announced plans to construct additional natural gas liquids (NGL) and natural gas infrastructure, including:

- A new 125,000-barrel per day (bpd) NGL fractionator – MB-5 – in Mont Belvieu, Texas, and related infrastructure.
- A new 200-million cubic feet per day (MMcf/d) natural gas processing facility – the Demicks Lake II plant and related infrastructure – in the Williston Basin.
- An extension of ONEOK's Arbuckle II NGL pipeline further north and additional NGL gathering infrastructure to increase capacity between the Mid-Continent market hub and Arbuckle II.
- An expansion of the Arbuckle II NGL pipeline by approximately 100,000 bpd to increase total capacity

up to 500,000 bpd by adding pump stations.

These projects are expected to generate adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) multiples of four to six times. ONEOK still does not expect any equity issuances in 2018 or well into 2019.

"Continued production growth across the basins ONEOK serves requires additional NGL fractionation and natural gas processing capacity," said Terry K. Spencer, ONEOK president and chief executive officer. "Producers are looking for increased connectivity with the Mont Belvieu market center, and ONEOK is competitively positioned to provide it. Recently contracted volumes support the MB-5 fractionator project, with increasing NGL production providing an opportunity for ONEOK to potentially build a future MB-6 fractionator in Mont Belvieu.

"Additional natural gas gathering and processing capacity in the Williston Basin is critical to supporting record-setting crude oil and natural gas production in North Dakota and helping producers meet regional natural gas capture targets," added Spencer. "The previously announced 200 MMcf/d Demicks Lake I plant is expected to reach capacity soon after its expected completion in the fourth quarter 2019, increasing the need for the Demicks Lake II plant."

NGL Projects:

The new MB-5 fractionator and related infrastructure project, which includes system expansions for future additional fractionation, storage and export capabilities in Mont Belvieu, is expected to cost approximately $750 million. MB-5 is fully contracted and will increase ONEOK's total NGL fractionation capacity to more than 1 million bpd.

The Arbuckle II extension project will provide additional takeaway capacity needed to support volume growth in the STACK, and additional NGL gathering infrastructure will allow increasing volumes on the Elk Creek Pipeline access to fractionation capacity at Mont Belvieu. The project is expected to cost approximately $240 million.

The 100,000 bpd expansion of Arbuckle II with additional pump facilities is expected to cost $60 million. Arbuckle II is currently under construction, with the initial 400,000 bpd of capacity expected to be complete in the first quarter 2020. Contracted capacity on Arbuckle II is now more than 300,000 bpd.

All of the above NGL projects are expected to be completed in the first quarter 2021.

Demicks Lake II plant and related infrastructure:

The Demicks Lake II natural gas processing plant and related infrastructure in McKenzie County, North Dakota, are expected to cost a total of approximately $410 million and be completed in the first quarter of 2020. The 200-MMcf/d plant is supported by acreage dedications with primarily fee-based contracts.

The Demicks Lake I and II plants are expected to contribute additional NGL volumes to ONEOK's NGL gathering system and natural gas volumes to ONEOK's 50 percent-owned Northern Border Pipeline.

Following the project's completion, ONEOK's Williston Basin natural gas processing capacity will increase to more than 1.4 billion cubic feet per day.

NON-GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) FINANCIAL MEASURES:

ONEOK has disclosed in this news release forward-looking estimates for projected adjusted EBITDA multiples expected to be generated by the announced capital-growth projects. Adjusted EBITDA is a non-GAAP financial metric used to measure the company's financial performance. Adjusted EBITDA is defined as net income from continuing operations adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, noncash compensation expense, allowance for equity funds used during construction (equity AFUDC), and other noncash items. Adjusted EBITDA multiples for the announced capital-growth projects reflect the expected adjusted EBITDA to be generated by the projects relative to the capital investment being made.

Adjusted EBITDA and adjusted EBITDA multiples are useful to investors because these and similar measures are used by many companies in the industry as a measure of financial performance and commonly employed by financial analysts and others to evaluate ONEOK's financial performance and of its capital-growth projects and to compare the financial performance of ONEOK with the performance of other companies within its industry. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP. Additionally, this calculation may not be comparable with similarly titled measures of other companies.

A reconciliation of estimated adjusted EBITDA to GAAP net income is not provided because the GAAP net income generated by the projects is not available without unreasonable efforts.

ONEOK, Inc. (pronounced ONE-OAK) (NYSE: OKE) is a leading midstream service provider and owner of one of the nation's premier natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers and an extensive network of natural gas gathering, processing, storage and transportation assets.

ONEOK is a FORTUNE 500 company and is included in the S&P 500.

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Some of the statements contained herein are forward-looking statements as defined under federal securities laws. The forward-looking statements relate to our anticipated financial performance (including projected net income, capital expenditures, cash flow and projected levels of dividends), liquidity, management's plans and objectives for our future growth projects and other future operations (including plans to construct additional natural gas and natural gas liquids facilities and related cost estimates), our business prospects, the outcome of regulatory and legal proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under federal securities legislation and other applicable laws.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained herein identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning.

You should not place undue reliance on the forward-looking statements. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Those factors may affect our operations, markets, products, services and

prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, those factors listed under "Forward-looking Statements" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017, and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Any such forward-looking statement speaks only as of the date on which such statement is made, and other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise. Projects are subject to approvals from state and regulatory agencies.

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View original content:http://www.prnewswire.com/news-releases/oneok-announces-additional-ngl-fractionation-and-pipeline-capacity-and-natural-gas-processing-capacity-300718803.html

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COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Barbers Hill CISD– Oneok Hydrocarbon, LP App. #1282

Comptroller Question (via email October 23, 2018):

Our office located the attached press release dated September 25, 2018. This announcement includes information regarding "A new 125,000-barrel per day (bpd) NGL fractionator – MB5" and is dated prior to the projects October 8, 2018 completeness date. Please address this announcement and provide additional information.

Applicant Response (via email on October 26, 2018):

- *We initially submitted the application to the Barbers Hill School Board on 8/13/2018.*
- *We planned on submitting the application to the school board in July but the school board did not hold a July 2018 school board meeting so the application could not be accepted and voted on until August 2018.*
- *Our records indicate that the Comptroller received the application from the Barbers Hill School Board on 8/20/2018.*
- *There was only a seven day lag between when we submitted the application to the school board and when the Comptroller physically acknowledged receipt of the application.*
- *The completeness letter was delayed due to additional questions raised by the Comptroller on 9/14/2018. We were told at that time once the requested information was received by the Comptroller, we would receive our completeness letter. We provided the Comptroller and the Barbers Hill attorneys the requested information on 9/18/2018.*
- *We have similar assets performing these functions along our integrated system in North Dakota, Kansas, and Oklahoma. It is more economically feasible to construct and operate this fractionation facility in Mont Belvieu, TX when the 313 abatement is embedded in the economics. Without the 313 abatement the economics allow for the construction of this facility in one of the other three states since without the 313 abatement the economics by state are more comparable.*
- *Given our approval history with the Comptroller for our MB2, MB3, and MB4 fractionation facilities, we felt like our application timing and information was in line with what we have historically seen from the Comptroller in approving the previous three Mont Belvieu fractionation facilities.*

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Barbers Hill CISD– Oneok Hydrocarbon, LP App. #1282

Comptroller requested the following supplemental information (via email on September 26, 2018):

1. *I'm showing a different number for Q4 2017 all jobs ($1,185). This means I also end up with $1,190.75 (vs the 1,188.00 on the submitted amendment) as the 7(a) amount on the application. If this was simply an error the revised page 7 and Tab 13 can be submitted as a supplement (without a signature page). However, we will still require hard and disc copies of the revised pages for posting.*

Applicant Response (via email on September 27, 2018):

1. *Please find attached Supplement One for Application 1282.*

[http://www.gisp.rrc.texas.gov/GISViewer2/ Retrieved 10/16/2018]

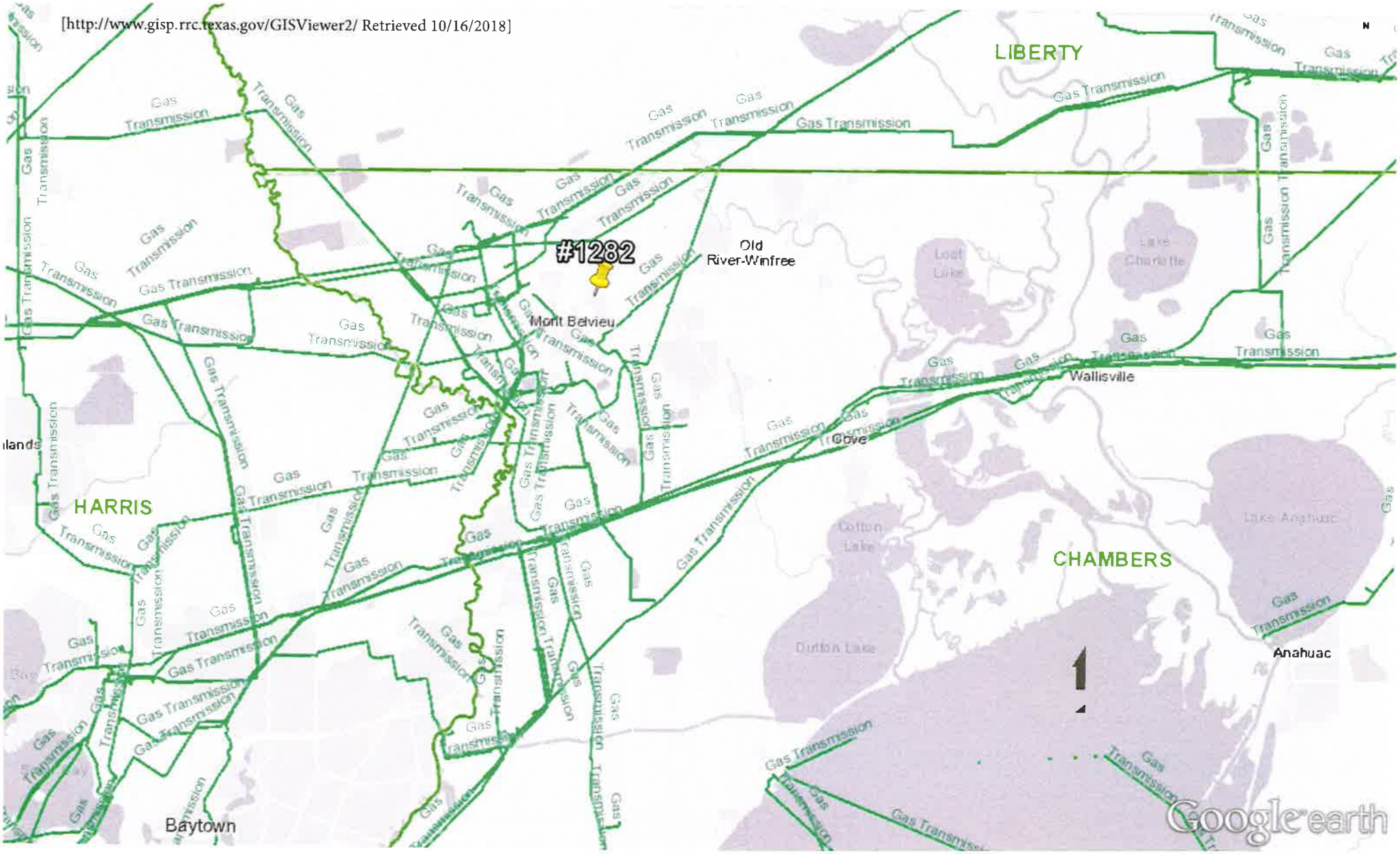


EXHIBIT B

Summary of Financial Impact on Barbers Hill ISD Prepared by Education Service Center, Region 12

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED ONEOK HYDROCARBON, LP PROJECT (APPLICATION #1282) ON THE FINANCES OF BARBERS HILL INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 APPRAISED VALUE LIMITATION

PREPARED BY

EDUCATION SERVICE CENTER, REGION 12

NOVEMBER 5, 2018

Introduction

Oneok Hydrocarbon, LP ("Oneok" or "Company") has submitted an application to the Barbers Hill Independent School District ("BHISD" or "District") requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a new natural gas liquid ("NGL") fractionation unit in Mont Belvieu, TX. The company estimates that the total investment in this project will be in excess of $260 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Barbers Hill Independent School District may grant a value limitation for maintenance and operation taxes in the amount of $80 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2019-20 and 2020-21 school years. Beginning with the 2021-22 school year, the value of the project would be limited to $80 million for maintenance and operation (M&O) tax purposes and remain limited through the 2030-31 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

Revenue Protection Payment to Barbers Hill ISD -	$ 2,136,263
Supplemental Payments to Barbers Hill ISD -	$ 7,965,234
Total Agreement Related Revenue to Barbers Hill ISD -	$10,101,497
Total Tax Savings to Company after all Payments -	$8,244,453

School Finance Mechanics

The Texas system of public school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller's Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2018-19, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. Beginning with the 2017-18 school year, Additional State Aid for Tax Reduction or ASATR is eliminated. Thus all school districts in the state will be formula funded. The Tier 1 formulas start with a Basic Allotment per student of $5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size, sparsity, and location determine a Total Cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid.

Barbers Hill ISD is a relatively property rich district per student and so is generating most of M&O revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of $514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of $319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. BHISD currently has property wealth per weighted ADA in excess of the second equalized wealth level at over $750,000 per weighted ADA. For this reason, BHISD is considered a Chapter 41 or "recapture" district under the current school finance system. Oneok is requesting that the value of the fractionation facility project be limited to $80,000,000 in years one through ten of the agreement, corresponding to the 2021-22 school year through the 2030-31 school year. The full value of the project would be subject to interest and sinking (I&S) taxes levied by Barbers Hill ISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on BHISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2019-20 through the 2035-36 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2017 CPTD values were used as well as 2018 CAD values from Chambers County CAD. BHISD currently has several other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

Table 1 Base District Information with Oneok Hydrocarbon, LP

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value No Limit	CAD Value with Limitation	CPTD No Limit	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP1	2019-20	5,612	6,699	$1.0600	$0.2698	$4,871,920,115	$4,871,920,115	$4,729,537,280	$4,729,537,280	$705,994	$705,994
QTP2	2020-21	5,781	6,900	$1.0600	$0.2698	$5,318,513,313	$5,318,513,313	$4,871,920,115	$4,871,920,115	$706,066	$706,066
L1	2021-22	5,954	7,107	$1.0600	$0.2698	$5,644,543,782	$5,459,543,782	$5,318,513,313	$5,318,513,313	$748,338	$748,338
L2	2022-23	6,133	7,320	$1.0600	$0.2698	$6,279,359,501	$6,097,009,501	$5,644,543,782	$5,459,543,782	$771,080	$745,808
L3	2023-24	6,317	7,540	$1.0600	$0.2698	$6,947,559,520	$6,767,859,520	$6,279,359,501	$6,097,009,501	$832,815	$808,631
L4	2024-25	6,506	7,766	$1.0600	$0.2698	$8,645,662,440	$8,468,612,440	$6,947,559,520	$6,767,859,520	$894,599	$871,460
L5	2025-26	6,702	7,999	$1.0600	$0.2698	$8,853,345,535	$8,678,945,535	$8,645,662,440	$8,468,612,440	$1,080,829	$1,058,696
L6	2026-27	6,903	8,239	$1.0600	$0.2698	$8,720,037,124	$8,548,287,124	$8,853,345,535	$8,678,945,535	$1,074,556	$1,053,389
L7	2027-28	7,110	8,486	$1.0600	$0.2698	$9,430,932,428	$9,261,832,428	$8,720,037,124	$8,548,287,124	$1,027,550	$1,007,311
L8	2028-29	7,323	8,741	$1.0600	$0.2698	$9,560,729,949	$9,394,279,949	$9,430,932,428	$9,261,832,428	$1,078,951	$1,059,605
L9	2029-30	7,543	9,003	$1.0600	$0.2698	$9,378,980,747	$9,215,180,747	$9,560,729,949	$9,394,279,949	$1,061,943	$1,043,454
L10	2030-31	7,769	9,273	$1.0600	$0.2698	$9,433,629,318	$9,272,479,318	$9,378,980,747	$9,215,180,747	$1,011,413	$993,749
MVP1	2031-32	8,002	9,551	$1.0600	$0.2698	$9,398,759,903	$9,398,759,903	$9,433,629,318	$9,272,479,318	$987,676	$970,804
MVP2	2032-33	8,242	9,838	$1.0600	$0.2698	$9,208,303,089	$9,208,303,089	$9,398,759,903	$9,398,759,903	$955,364	$955,364
MVP3	2033-34	8,489	10,133	$1.0600	$0.2698	$9,035,143,519	$9,035,143,519	$9,208,303,089	$9,208,303,089	$908,742	$908,742
MVP4	2034-35	8,744	10,437	$1.0600	$0.2698	$9,029,813,219	$9,029,813,219	$9,035,143,519	$9,035,143,519	$865,683	$865,683
MVP5	2035-36	9,006	10,750	$1.0600	$0.2698	$8,852,916,319	$8,852,916,319	$9,029,813,219	$9,029,813,219	$839,973	$839,973

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2018-19 school year. An ADA of 5,448.982, a WADA of 6,504.118 and an M&O tax rate of $1.06 are used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Chambers County CAD certified value for 2018 was used as the 2018 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2017 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, 2018, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

On February 1, 2017 the Texas Education Agency issued a notice of a change in practice that will have an impact on the calculation of recapture amounts owed under Chapter 41 of the Texas Education Code. This change is effective for the 2016-17 school year and for future years. The changes have an impact on the way that recapture is calculated for districts that pay recapture and also have approved a local optional homestead exemption (LOHE). Barbers Hill ISD falls into both of these categories and the change in rule has been taken into account for all of the calculations used in this analysis.

The proposed agreement calls for Barbers Hill ISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model, illustrated in **Table 2,** incorporates the full value of the project into the state and local funding calculations. The other model, shown in **Table 3,** assumes that only the limited value of the project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was estimated for each year of the agreement. **Table 4**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of $2.136 million over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be mostly in the first year of the value limitation period. Most of the reductions in M&O taxes under this agreement are offset by reductions in recapture costs that the district would owe under current school finance law.

Table 2 "Baseline Revenue Model" - Project Value Added with No Value Limitation

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the $514,00 Level	Recapture at the $319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	$1,924,048	$1,089,796	$40,099,240	$2,923,152	$0	$8,619,961	$0	$0	$46,036,236
QTP2	2020-21	$1,911,560	$2,043,368	$41,296,942	$3,191,108	$0	$11,888,191	$0	$0	$48,442,978
L1	2021-22	$1,590,348	$1,089,796	$41,440,617	$3,386,726	$0	$15,004,821	$0	$0	$47,507,488
L2	2022-23	$1,420,708	$2,043,368	$42,248,809	$3,767,616	$0	$20,544,786	$0	$0	$49,480,501
L3	2023-24	$995,386	$2,352,773	$41,750,149	$4,168,536	$0	$27,725,446	$0	$0	$49,266,844
L4	2024-25	$635,493	$1,089,796	$48,850,722	$5,187,397	$0	$37,605,903	$0	$0	$55,763,408
L5	2025-26	$642,814	$2,043,368	$39,481,746	$5,312,007	$0	$49,051,709	$0	$0	$47,479,937
L6	2026-27	$641,941	$1,089,796	$39,135,186	$5,232,022	$0	$48,065,185	$0	$0	$46,098,946
L7	2027-28	$646,131	$2,043,368	$41,654,153	$5,658,559	$0	$52,655,171	$0	$0	$50,002,211
L8	2028-29	$649,152	$2,352,773	$38,864,904	$5,736,438	$0	$56,742,396	$0	$0	$47,603,266
L9	2029-30	$647,465	$1,089,796	$39,096,775	$5,627,388	$0	$54,693,033	$0	$0	$46,461,425
L10	2030-31	$648,049	$2,043,368	$38,920,385	$5,660,178	$0	$55,415,908	$0	$0	$47,271,980
MVP1	2031-32	$647,223	$1,089,796	$39,669,179	$5,639,256	$0	$54,318,420	$0	$0	$47,045,455
MVP2	2032-33	$646,873	$2,043,368	$37,943,634	$5,524,982	$0	$54,139,397	$0	$0	$46,158,858
MVP3	2033-34	$645,657	$2,352,773	$37,616,856	$5,421,086	$0	$52,734,579	$0	$0	$46,036,373
MVP4	2034-35	$644,116	$1,089,796	$39,724,948	$5,417,888	$0	$50,573,184	$0	$0	$46,876,749
MVP5	2035-36	$643,913	$2,043,368	$37,907,987	$5,311,750	$0	$50,621,177	$0	$0	$45,907,018

Table 3 "Value Limitation Revenue Model" - Project Value Added With Value Limit

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the $514,000 Level	Recapture at the $319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	$1,924,048	$1,089,796	$40,099,240	$2,923,152	$0	$8,619,961	$0	$0	$46,036,236
QTP2	2020-21	$1,911,560	$2,043,368	$41,296,942	$3,191,108	$0	$11,888,191	$0	$0	$48,442,978
L1	2021-22	$1,556,873	$1,089,796	$40,094,156	$3,275,726	$0	$14,501,282	$0	$0	$46,016,551
L2	2022-23	$1,548,462	$2,043,368	$42,370,964	$3,658,206	$0	$18,599,131	$0	$0	$49,621,000
L3	2023-24	$1,118,098	$2,352,773	$41,848,478	$4,060,716	$0	$25,830,117	$0	$0	$49,380,065
L4	2024-25	$683,613	$1,089,796	$49,084,017	$5,081,167	$0	$35,602,107	$0	$0	$55,938,594
L5	2025-26	$641,363	$2,043,368	$39,482,362	$5,207,367	$0	$47,307,094	$0	$0	$47,374,460
L6	2026-27	$640,528	$1,089,796	$39,106,554	$5,128,972	$0	$46,376,317	$0	$0	$45,965,851
L7	2027-28	$644,710	$2,043,368	$41,698,312	$5,557,099	$0	$50,920,013	$0	$0	$49,943,489
L8	2028-29	$647,766	$2,352,773	$38,856,889	$5,636,568	$0	$55,085,910	$0	$0	$47,493,996
L9	2029-30	$646,118	$1,089,796	$39,067,957	$5,529,108	$0	$53,083,850	$0	$0	$46,332,980
L10	2030-31	$646,711	$2,043,368	$38,908,095	$5,563,488	$0	$53,816,698	$0	$0	$47,161,661
MVP1	2031-32	$646,774	$1,089,796	$40,313,471	$5,639,256	$0	$53,674,128	$0	$0	$47,689,297
MVP2	2032-33	$646,873	$2,043,368	$37,943,634	$5,524,982	$0	$54,139,397	$0	$0	$46,158,858
MVP3	2033-34	$645,657	$2,352,773	$37,616,856	$5,421,086	$0	$52,734,579	$0	$0	$46,036,373
MVP4	2034-35	$644,116	$1,089,796	$39,724,948	$5,417,888	$0	$50,573,184	$0	$0	$46,876,749
MVP5	2035-36	$643,913	$2,043,368	$37,907,987	$5,311,750	$0	$50,621,177	$0	$0	$45,907,018

Table 4 "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the $514,000 Level	Recapture at the $319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2	2020-21	$0	$0	$0	$0	$0	$0	$0	$0	$0
L1	2021-22	-$33,475	$0	-$1,346,461	-$111,000	$0	-$503,539	$0	$0	-$1,490,936
L2	2022-23	$127,754	$0	$122,155	-$109,410	$0	-$1,945,655	$0	$0	$0
L3	2023-24	$122,712	$0	$98,329	-$107,820	$0	-$1,895,329	$0	$0	$0
L4	2024-25	$48,120	$0	$233,296	-$106,230	$0	-$2,003,796	$0	$0	$0
L5	2025-26	-$1,452	$0	$615	-$104,640	$0	-$1,744,615	$0	$0	-$105,476
L6	2026-27	-$1,412	$0	-$28,632	-$103,050	$0	-$1,688,868	$0	$0	-$133,095
L7	2027-28	-$1,421	$0	$44,159	-$101,460	$0	-$1,735,159	$0	$0	-$58,722
L8	2028-29	-$1,386	$0	-$8,015	-$99,870	$0	-$1,656,485	$0	$0	-$109,270
L9	2029-30	-$1,347	$0	-$28,818	-$98,280	$0	-$1,609,182	$0	$0	-$128,444
L10	2030-31	-$1,338	$0	-$12,291	-$96,690	$0	-$1,599,209	$0	$0	-$110,318
MVP1	2031-32	-$450	$0	$644,292	$0	$0	-$644,292	$0	$0	$0
MVP2	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP3	2033-34	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP4	2034-35	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$0	$0	$0	$0	$0	$0	$0	$0	$0

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to $80 million starting in school year 2021-22 and remaining limited through school year 2030-31. The potential gross and net tax savings to Oneok are shown in **Table 5.** As stated earlier, an M&O tax rate of $1.06 and a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of $18.35 million over the length of the contract. Net tax savings are estimated to be $16.21 million. To estimate supplemental payments to the school district of $100 per ADA, a growth model of ADA was applied to the base ADA of 5449, which was the ADA for BHISD through the end of the first six-weeks of the 2018-19 school year. The growth factor used was 3.0%, which is in line with the last six years of ADA data from TEA as well as demographic studies done by the district.

Facilities Funding Impact on the District

Reports submitted by Oneok show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The

formulas provide a guarantee of $35 per ADA per penny of tax effort. BHISD has property wealth per WADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Table 5 Estimated Financial Impact on Barbers Hill ISD from the Oneok Hydrocarbon, LP Project

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit $100 per ADA	Company Tax Benefit
QTP1	2019-20	$0	$0	$0	1.0600	$0	$0	$0	$0	$0	$0	$561,247	-$561,247
QTP2	2020-21	$60,000,000	$60,000,000	$0	1.0600	$636,000	$636,000	$0	$0	$0	$0	$578,084	-$578,084
L1	2021-22	$265,000,000	$80,000,000	$185,000,000	1.0600	$2,809,000	$848,000	$1,961,000	$1,961,000	-$1,490,936	$470,064	$595,427	-$125,363
L2	2022-23	$262,350,000	$80,000,000	$182,350,000	1.0600	$2,780,910	$848,000	$1,932,910	$1,932,910	$0	$1,932,910	$613,290	$1,319,620
L3	2023-24	$259,700,000	$80,000,000	$179,700,000	1.0600	$2,752,820	$848,000	$1,904,820	$1,904,820	$0	$1,904,820	$631,688	$1,273,132
L4	2024-25	$257,050,000	$80,000,000	$177,050,000	1.0600	$2,724,730	$848,000	$1,876,730	$1,876,730	$0	$1,876,730	$650,639	$1,226,091
L5	2025-26	$254,400,000	$80,000,000	$174,400,000	1.0600	$2,696,640	$848,000	$1,848,640	$1,848,640	-$105,476	$1,743,164	$670,158	$1,073,005
L6	2026-27	$251,750,000	$80,000,000	$171,750,000	1.0600	$2,668,550	$848,000	$1,820,550	$1,820,550	-$133,095	$1,687,455	$690,263	$997,192
L7	2027-28	$249,100,000	$80,000,000	$169,100,000	1.0600	$2,640,460	$848,000	$1,792,460	$1,792,460	-$58,722	$1,733,738	$710,971	$1,022,767
L8	2028-29	$246,450,000	$80,000,000	$166,450,000	1.0600	$2,612,370	$848,000	$1,764,370	$1,764,370	-$109,270	$1,655,100	$732,300	$922,800
L9	2029-30	$243,800,000	$80,000,000	$163,800,000	1.0600	$2,584,280	$848,000	$1,736,280	$1,736,280	-$128,444	$1,607,836	$754,269	$853,567
L10	2030-31	$241,150,000	$80,000,000	$161,150,000	1.0600	$2,556,190	$848,000	$1,708,190	$1,708,190	-$110,318	$1,597,872	$776,897	$820,974
MVP1	2031-32	$238,500,000	$238,500,000	$0	1.0600	$2,528,100	$2,528,100	$0	$0	$0	$0	$0	$0
MVP2	2032-33	$235,850,000	$235,850,000	$0	1.0600	$2,500,010	$2,500,010	$0	$0	$0	$0	$0	$0
MVP3	2033-34	$233,200,000	$233,200,000	$0	1.0600	$2,471,920	$2,471,920	$0	$0	$0	$0	$0	$0
MVP4	2034-35	$230,550,000	$230,550,000	$0	1.0600	$2,443,830	$2,443,830	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$227,900,000	$227,900,000	$0	1.0600	$2,415,740	$2,415,740	$0	$0	$0	$0	$0	$0
TOTALS						**$39,821,550**	**$21,475,600**	**$18,345,950**	**$18,345,950**	**-$2,136,263**	**$16,209,687**	**$7,965,234**	**$8,244,453**

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Conclusion

The Oneok project proposed in this application will benefit the community, the district, BHISD, and the taxpayer, Oneok. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas Legislature could take action that could potentially change the impact of this agreement on the finances of Barbers Hill ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change, and will impact the estimates of this agreement, include changes to property values, district tax rates and student enrollment.

Table 5 Estimated Financial Impact on Barbers Hill ISD from the Oneok Hydrocarbon, LP Project

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit $100 per ADA	Company Tax Benefit
QTP1	2019-20	$0	$0	$0	1.0600	$0	$0	$0	$0	$0	$0	$561,247	-$561,247
QTP2	2020-21	$60,000,000	$60,000,000	$0	1.0600	$636,000	$636,000	$0	$0	$0	$0	$578,084	-$578,084
L1	2021-22	$265,000,000	$80,000,000	$185,000,000	1.0600	$2,809,000	$848,000	$1,961,000	$1,961,000	-$1,490,936	$470,064	$595,427	-$125,363
L2	2022-23	$262,350,000	$80,000,000	$182,350,000	1.0600	$2,780,910	$848,000	$1,932,910	$1,932,910	$0	$1,932,910	$613,290	$1,319,620
L3	2023-24	$259,700,000	$80,000,000	$179,700,000	1.0600	$2,752,820	$848,000	$1,904,820	$1,904,820	$0	$1,904,820	$631,688	$1,273,132
L4	2024-25	$257,050,000	$80,000,000	$177,050,000	1.0600	$2,724,730	$848,000	$1,876,730	$1,876,730	$0	$1,876,730	$650,639	$1,226,091
L5	2025-26	$254,400,000	$80,000,000	$174,400,000	1.0600	$2,696,640	$848,000	$1,848,640	$1,848,640	-$105,476	$1,743,164	$670,158	$1,073,005
L6	2026-27	$251,750,000	$80,000,000	$171,750,000	1.0600	$2,668,550	$848,000	$1,820,550	$1,820,550	-$133,095	$1,687,455	$690,263	$997,192
L7	2027-28	$249,100,000	$80,000,000	$169,100,000	1.0600	$2,640,460	$848,000	$1,792,460	$1,792,460	-$58,722	$1,733,738	$710,971	$1,022,767
L8	2028-29	$246,450,000	$80,000,000	$166,450,000	1.0600	$2,612,370	$848,000	$1,764,370	$1,764,370	-$109,270	$1,655,100	$732,300	$922,800
L9	2029-30	$243,800,000	$80,000,000	$163,800,000	1.0600	$2,584,280	$848,000	$1,736,280	$1,736,280	-$128,444	$1,607,836	$754,269	$853,567
L10	2030-31	$241,150,000	$80,000,000	$161,150,000	1.0600	$2,556,190	$848,000	$1,708,190	$1,708,190	-$110,318	$1,597,872	$776,897	$820,974
MVP1	2031-32	$238,500,000	$238,500,000	$0	1.0600	$2,528,100	$2,528,100	$0	$0	$0	$0	$0	$0
MVP2	2032-33	$235,850,000	$235,850,000	$0	1.0600	$2,500,010	$2,500,010	$0	$0	$0	$0	$0	$0
MVP3	2033-34	$233,200,000	$233,200,000	$0	1.0600	$2,471,920	$2,471,920	$0	$0	$0	$0	$0	$0
MVP4	2034-35	$230,550,000	$230,550,000	$0	1.0600	$2,443,830	$2,443,830	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$227,900,000	$227,900,000	$0	1.0600	$2,415,740	$2,415,740	$0	$0	$0	$0	$0	$0
TOTALS						**$39,821,550**	**$21,475,600**	**$18,345,950**	**$18,345,950**	**-$2,136,263**	**$16,209,687**	**$7,965,234**	**$8,244,453**

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

EXHIBIT C

Proposed Agreement between Barbers Hill Independent School District and Oneok Hydrocarbon, LP

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 17, 2018

Greg Poole
Superintendent
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Oneok Hydrocarbon, LP, Application 1282

Dear Superintendent Poole:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Oneok Hydrocarbon, LP (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Tim Blake, Oneok Hydrocarbon, LP
Marshall Mungle, Oneok Hydrocarbon, LP
Mike Fry, K.E. Andrews & Company

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

---

by and between

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

and

ONEOK HYDROCARBON, LP

(*Texas Taxpayer ID # 14812520568*)

Comptroller Application #1282

Dated

December 17, 2018

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

STATE OF TEXAS §

COUNTY OF CHAMBERS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **BARBERS HILL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **ONEOK HYDROCARBON, LP** Texas Taxpayer Identification Number 14812520568 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on August 8, 2018, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on August 13, 2018, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, on August 20, 2018, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and October 8, 2018 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Chambers County Appraisal District established in Chambers County, Texas (the "Chambers County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on November 13, 2018, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic 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 17, 2018, pursuant to the provisions of 313.025 (f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in 313.021(2)(A)(iv)(b) of the TEXAS TAX CODE;

***WHEREAS*,** on December 17, 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 Oneok Hydrocarbon, LP. (Texas Taxpayer ID # 14812520568), 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 of the TEXAS TAX CODE) filed with the District by the Applicant on May 21, 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 Chambers County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Barbers Hill Independent School District.

"*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 Chambers County, Texas.

"*District*" *or* "*School District*" means the Barbers Hill 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 B 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 sixty (60) 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 313.027 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.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by $100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) of the Qualifying Time Period. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"*Applicable School Finance Law*" means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

"*Commencement Date*" means January 1, 2019 the start of the Qualifying Time Period.

"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*" means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

"Net Tax Benefit" means 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 all 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 from the Applicant to the District or any other governmental entity, including the State of Texas, for all 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 the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant's Qualified Property for M&O purposes will not be used.

"Revenue Protection Amount" means the amount calculated pursuant to Section 4.2 of this Agreement.

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 October 8, 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 not 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;

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, 2021, the first complete Tax Year that begins after the date of the end of the Qualifying Time Period; and

ii. Ends on December 31, 2030, 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, 2035, 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. Eighty Million dollars ($80,000,000).

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 313.022(b) 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 Eighty Million dollars ($80,000,000) 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 $1,191.75 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 THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by the Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, 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 in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by the District.**

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 the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts 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;

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 THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to the 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 as that law exists for each year for which the calculation is made.

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 Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.

v. All calculations under this Section 4.2 shall be made by a methodology which isolates the full M&O 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 each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for any reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

In the event that the calculations made under this Agreement by the Third Party should become the subject of litigation, the Parties stipulate that the Third Party's participation in any such dispute shall be limited to providing the court or administrative body with jurisdiction over such dispute with an

explanation of the methodology used in reaching the Third Party's calculation so as to assist the court or administrative body.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified appraisal 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 under Section 4.3. The certified appraisal 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 appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, 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 an 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 4.6, 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 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 4.6. PAYMENT BY APPLICANT. 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 January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, 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, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars ($15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual

aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the Third Party's certification containing the calculations (the "Certified Calculations"), the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the Certified Calculations, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the Certified Calculations. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the Certified Calculations (the "Final Certification of Calculations"). Thereafter, the Applicant may appeal the Final Certification of Calculations to the District's Board of Trustees. Any such appeal by the Applicant of the Final Certification of Calculations may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Final Certification of Calculations and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property 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 amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.9. STATUTORY CHANGES AFFECTING M&O 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 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, Applicant shall make payments to the District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on the District's Maintenance and Operations 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.

Section 4.10. CUMULATIVE PAYMENT LIMITATION. Notwithstanding any other provision in this Agreement, in no event shall the Cumulative Payments calculated for a Tax Year of this

Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, through the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the amount of 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. Amounts otherwise due and owing by the Applicant to the District 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.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses 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 attributable to the project.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

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 "Supplemental Payments"). 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is 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 and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

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 Applicant;

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; and

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.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2033), the District, or its successor beneficiary should one be designated under Section 6.5 below, shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceeds the Aggregate Limit.

A. If, for any Tax Year during the Qualifying Time Period and Limitation Period under this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under Section 6.2 above for such Tax Year, which, by virtue of the application of the payment limitation set forth in Section 7.1 below, are not payable to the District for such Tax Year, such sums 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 Payment limit set forth in Section 7.1. The limitation set forth in Section 7.1 ends with the final year of the Limitation Period.

B. Pursuant to TEXAS TAX CODE Section 313.027(i), the parties agree that Supplemental Payments under this Section 6 shall be owed for each year of the period beginning in the first year of the Qualifying Time Period (2019 Tax Year) and ending on the date the Applicant's eligibility for a limitation agreement expires (2030 Tax Year).

For illustrative purposes, the Supplemental Payment schedule is:

Tax Year	Supplemental Payment Owed
2019	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2020	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2021	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2022	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2023	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2024	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2025	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2026	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2027	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2028	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2029	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2030	Greater of $50,000 or $100 multiplied by the District's ADA 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 4.5.

(b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.

(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 4.7, 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 all or any portion of the Applicant's payments under this Article VI ("Directed Payments") 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 to receive Directed Payments must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.5 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement, unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party

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 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 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 Chambers County, Texas. 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 Chambers 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 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 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 $80 Million 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:

Ms. Becky McManus (or her successor)
Assistant Superintendent of Schools
Barbers Hill Independent School District
9600 Eagle Drive
P.O. Box 1108
Mont Belivieu, Texas 77580
Phone: (281) 576-2221
Fascimile: (281) 576-5879
Email: bmcmanus@bhisd.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
108 Wild Basin #100
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

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

Oneok Hydrocarbon, LP
Attn: Tim Blake, Vice President Oneok Tax
100 West Fifth Street, Tax 14-5

Tulsa, OK 74102
Phone: (918)588-7700
Facsimile: (918)588-7145
Email: tim.blake@oneok.com

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.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

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 Chambers 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).

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

ONEOK HYDROCARBON, LP

By: _____
TIM BLAKE
VICE PRESIDENT OF TAX

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
BECKY TICE, PRESIDENT
BOARD OF TRUSTEES

ATTEST:

_____
CYNTHIA ERWIN, SECRETARY
BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

FIELD NOTES of a 27.92 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being all of the following tracts of land:

A) residue of 10 acres called Tract 1, 4.75 acres called Tract 2, 1.61 acres called Tract 3, & 3.75 acres called Tract 4 conveyed to B-J Dyer Family Limited Partnership by Charles D. Dyer, et ux, by deed dated December 28, 2006, and recorded in Volume 923 at Page 706 of the Official Public Records of Chambers County, Texas.

B) 1 acre conveyed to Bryant Dyer, et ux, by Mary Beth Dyer, et vir, by deed recorded in Volume 453 at Page 234 of the Official Public Records of Chambers County, Texas.

C) residue of 4.75 acres conveyed to Charles D. Dyer by Virginia Lillich, et al, by deed recorded in Volume 345 at Page 498 of the Deed Records of Chambers County, Texas.

D) 4.7864 acres, 1.61 acres, a tract of land called Tract "A", & a tract of land called Tract "B" conveyed to Bryant Dyer, et al, by Hal K. Jarrell, Trustee, by deed dated December 16, 1997, and recorded in Volume 352 at Page 319 of the Official Public Records of Chambers County, Texas.

This 27.92 acre tract of land is more particularly described by metes and bounds as follows, to- wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE NORTH AND SOUTH LINES OF SAID 4.7864 ACRES.

BEGINNING at a 1 ½ inch iron pipe found leaning for the Southeast corner of this tract of land, the Southeast corner of said 4.7864 acres, the Southwest corner of 4.75 acres called Tract 4D conveyed to Kinnie Lee Fitzgerald by W. L. Fitzgerald, Jr., by deed dated September 25, 1933, and recorded in Volume 36 at Page 623 of the Deed Records of Chambers County, Texas, and in the North line of 15.43 acres conveyed to B. G. Lawrence by P. 0. Wood, et ux, by deed dated February, 1967, and recorded in volume 282 at Page 291 of the Deed Records of Chambers County, Texas.

THENCE South 85°48'45" West with a South line of this tract of land, the South line of said 4.7864 acres, and the North line of said 15.43 acres a distance of 141.39 feet to a 2 inch iron pipe found for an angle corner of this tract of land, the Southwest corner of said 4.7864 acres, the Southeast corner of said 4.75 acres called Tract 2, and an angle corner of said 15.43 acres.

THENCE South 58°53'39" West with a South line of this tract of land, a South line of said 4.75 acres called Tract 2, and the North line of said 15.43 acres a distance of 55.99 feet to a 2 inch iron pipe found for a Southwest corner of this tract of land, a Southwest corner of said 4.75 acres called Tract 2, the Northwest corner of said 15.43 acres, and in the East line of 1.61 acres awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 24°30'18" West with a West line of this tract of land, a West line of said 4.75 acres called Tract 2, and the East line of said 1.61 acres a distance of 28.67 feet to a 2 inch iron pipe found leaning for an interior corner of this tract of land, an interior corner of said 4.75 acres called Tract 2, and the Northeast corner of said 1.61 acres.

THENCE South 56°50'05" West with a South line of this tract of land, the South lines of said 4.75 acres called Tract 2, the South line of said 3.75 acres called Tract 4, the North line of said 1.61 acres, and the North line of 1.61 acres awarded to Mrs. S. E. Morgan by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, at a distance of 97.66 feet found a 1 ½ inch iron pipe on line, in all a total distance of 126.71 feet to a 2 inch iron pipe found in concrete for an interior corner of this tract of land, the Northwest corner of said Morgan 1.61 acres, and the Northeast corner of said Bryant Dyer 1.61 acres.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said Bryant Dyer 1.61 acres, and the West line of said Morgan 1.61 acres a distance of 1102.57 feet to a ½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said Bryant Dyer 1.61 acres, and the Southwest corner of said Morgan 1.61 acres in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57'23'05" West with a South line of this tract of land, the South line of said Bryant Dyer 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a ½ inch iron rod set for the Southwest corner of this tract of land, the Southwest corner of said Bryant Dyer 1.61 acres, and the Southeast corner of 1.61 acres awarded to Kinzey Lee Fitzgerald, et al, by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 21'37'52" West with a West line of this tract of land, the West line of said Bryant Dyer 1.61 acres, and the East line of said Fitzgerald 1.61 acres a distance of 1101.93 feet to a ½ inch iron rod set for an interior corner of this tract of land, the Northwest corner of said Bryant Dyer 1.61 acres, the Northeast corner of said Fitzgerald 1.61 acres, and in the South line of said
3.75 acres called Tract 4.

THENCE South 56'50'05" West with a South line of this tract of land, the South line of said 3.75 acres called Tract 4, the South line of said Tract "B", and the North line of said Fitzgerald 1.61 acres, at a distance of 60.92 feet found a 2 inch iron pipe on line, in all a total distance of 65.42 feet to a 1 inch iron pipe found for an angle corner of this tract of land, the Northwest corner of said Fitzgerald 1.61 acres, and a Northeast corner of part of 57.07 acres called Parcel "A" conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas. From this corner a capped iron rod found bears South 22'04'15" West a distance of 0.25 feet.

THENCE South 56'36'48" West with a South line of this tract of land, the South line of said Tract "B", and the North line of said part of 57.07 acres a distance of 65.24 feet to a 1 inch iron pipe found for an interior corner of this tract of land, a Northwest corner of said part of 57.07 acres, and the Northeast corner of said 1.61 acres called Tract 3.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said 1.61 acres called Tract 3, and the West line of said part of 57.07 acres a distance of 1100.39 feet to a
½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres called Tract 3, and a Southwest corner of said part of 57.07 acres in the North line of said Winfree Road.

THENCE South 57'23'01" West with a South line of this tract of land, the South line of said 1.61 acres called Tract 3, and the North right of way line of Winfree Road, at a distance of 38.91 feet found a concrete monument on line, in all a total distance of 65.11 feet to a 5/8 inch iron rod inside a 1 inch iron pipe found for a Southwest corner of this tract of land, the Southwest corner of said 1.61 acres called Tract 3, and a Southeast corner of said part of 57.07 acres.

THENCE North 21'37'52" West with the West line of this tract of land, the West line of said 1.61 acres called Tract 3, and an East line of said part of 57.07 acres a distance of 1099.50 feet to a concrete monument found broken for a Northwest corner of this tract of land, the Northwest corner of said 1.61 acres called Tract 3, and an interior corner of said part of 57.07 acres.

THENCE North 56'36'48" East with a North line of this tract of land, the North line of said 1.61 acres called Tract 3, and a South line of said part of 57.07 acres, a distance of 2.95 feet to a concrete monument found broken for a Southwest corner of this tract of land, the Southwest corner of said Tract "B", and a Southeast corner of said part of 57.07 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said Tract "B", and an East line of said part of 57.07 acres a distance of 25.39 feet to a concrete monument found for an interior corner of this tract of land, the Northwest corner of si3id Tract "B", and an interior corner of said part of 57.07 acres.

THENCE North 41°14'12" East with a North line of this tract of land, the North line of said Tract "B", and a South line of said part of 57.07 acres a distance of 145.20 feet to a concrete monument found for an interior corner of this tract of land, the Northeast corner of said Tract "B", a Southeast corner of said part of 57.07 acres, and in the West line of said residue of 10 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said residue of 10 acres, and an East line of said part of 57.07 acres a distance of 1507.93 feet found a concrete monument broken for an interior corner of this tract of land, the Southeast corner of said Tract "A", and a Northeast corner of said part of 57.07 acres at the South line of Fitzgerald Road, 60 foot wide right of way.

THENCE South 56°54'44" West with a South line of this tract of land, the South line of said Tract "A", the South right of way line of Fitzgerald Road, a North line of said part of 57.07 acres a distance of 25.00 feet to a ½ inch iron rod set for a Southwest corner of this tract of land, the Southwest corner of said Tract **"A",** and an interior corner of said part of 57.07 acres.

THENCE North 31°09'25" West with a West line of this tract of land, the West line of said Tract **"A",** and an East line of said part of 57.07 acres a distance of 30.01 feet to a ½ inch iron rod set for a Northwest corner of this tract of land, the Northwest corner of said Tract **"A",** and a Northeast corner of said part of 57.07 acres.

THENCE North 56°54'44" East with a North line of this tract of land, the North line of said Tract **"A",** the North line of said residue of 10 acres, and the South line of 47.37 acres called Parcel **"B"** conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas, at a distance of 28.90 feet found an aluminum disc on line, at a distance of 30.00 feet found a 3 inch iron pipe for the Northeast corner of said Tract "A", the Northwest corner of said residue of 10 acres, and the Southeast corner of said 47.37 acres, in all a total distance of 196.37 feet to a 5/8 inch iron rod found for an angle corner of this tract of land, an angle corner of said residue of 10 acres, and an angle corner of said 47.37 acres.

THENCE North 87°04'28" East with a North line of this tract of land, a North lines of said residue of 10 acres, 3.75 acres called Tract 4, 4.75 acres called Tract 2, 4.7864 acres, the South line of said 47.37 acres, and the South line of a 0.34 of an acre tract of land conveyed in Lease Agreement from Mary 0. Scott, et vir, to Magnolia Pipe Line Company by instrument dated April 20, 1956, and recorded in Volume 177 at Page 633 of the Deed Records of Chambers County, Texas, at a distance of 386.82 feet found a 1 ½ inch iron pipe in concrete for the Northeast corner of said residue of 10 acres, and the Northwest corner of said 3.75 acres called Tract 4, in all a total distance of 801.61 feet to a ½ inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 4.7864 acres, and the Northwest corner of said Fitzgerald 4.75 acres.

THENCE South 02°36'15" East with an East line of this tract of land, the East line of said 4.7864 acres, and the West line of said Fitzgerald 4.75 acres a distance of 1470.80 feet to the PLACE OF BEGINNING, containing within said boundaries 27.92 acres of land, more or less.

TRACT 1

FIELD NOTES of 2.676 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 2.676 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod found bent for the Northwest corner of this tract of land, an interior corner of said 12.2429 acres, in the South line of9.573 acres called Tract 2, surveyed this date, and the Northeast corner of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas.

THENCE South 89°52'26" East with the North line of this tract of land, a South line of said Tract 2 a distance of255.00 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, and an interior corner of said Tract 2.
THENCE South 04°14'43" East with the East line of this tract of land and a West line of said Tract 2, over and across said 12.2429 acres a distance of 538.26 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, a Southwest corner of said Tract 2, in a South line of said 12.2429 acres, and in the North right of way line of Winfree Road, 80 foot right of way.

THENCE North 82°05'44" West with the South line of this tract of land, the South line of said 12.2429 acres, and the North right of way of Winfree Road a distance of 195.80 feet to a 3/4 inch iron rod found bent for the Southwest corner of this tract of land, the Southwest corner of said 12.2429 acres, and an East corner of 0.4573 of an acre tract of land conveyed to Chambers County Land Company, Trustee by Pauline Taggart Mills in deed dated December 2, 1987, in Volume 32 at Page 397 of the Official Public Records of Chambers County, Texas.

THENCE North 11°12'46" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 0.4573 of an acre a distance of 142.51 feet to a 5/8 inch iron rod found bent for an angle corner of this tract of land, an angle corner of said 12.2429 acres, the Northeast corner of said 0.4573 of an acre, and the Southeast corner of a said 5.0865 acres.

THENCE North 11°10'16" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 5.0865 acres a distance of377.79 feet to the PLACE OF BEGINNING, containing within said boundaries 2.676 acres of land, more or less.

TRACT 2

FIELD NOTES of 9.573 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 9.573 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 4 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 12.2429 acres, in the East line of a 1.61 acre tract of land awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and a Southwest corner of a 27.92 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by B-J Dyer Family Limited Partnership by deed dated April 15, 2008, and recorded in Volume 1036 at Page 98 of the Official Public Records of Chambers County, Texas.

THENCE North 62°19'35" East with a North line of this tract of land, a North line of said 12.2429 acres, and a South line of said 27.92 acres a distance of56.89 feet to a 3 inch iron pipe found for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and an angle corner of said 27.92 acres.

THENCE North 88°04'00" East with a North line of this tract of land, a North line of said 12.2429 acres, the South line of said 27.92 acres, the South line of 4.75 acres conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by Philip R. Fitzgerald, et al, by deed dated April 29, 2008, and recorded in Volume 1037 at Page 661 of the Official Public Records of Chambers County, Texas, the South line of 4.75 acres awarded to K. M. Fitzgerald by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and the South line of a 4.75 acre tract of land conveyed to Jean Kelly Nicholson by Jean Kelly Nicholson, Executrix, by deed dated January 12, 2010, and recorded in Volume 1165 at Page 509 of the Official Public Records of Chambers County, Texas, a distance of 538.30 feet to a 1/2 inch iron rod set for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and the Northwest corner of the residue of33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE in a Southerly direction with the North lines of this tract of land, the North lines of said 12.2429 acres, and a South or Southwest line of said residue of33.3 acres the following courses to ½ inch iron rods set:

South 66°08'17" East, 156.95 feet;
South 54°21'39" East, 633.93 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 12.2429 acres, and an interior corner of said residue of 33.3 acres.

THENCE South 03°24'1 l" West with the East line of this tract of land, the East line of said 12.2429 acres, the West line of said residue of33.3 acres, and the West line of0.5465 of an acre tract of land conveyed to Barbara Ann Austin by Enterprise Products Operating, LLC., by deed dated January 27, 2009, and recorded in Volume 1096 at Page 300 of the Official Public Records of Chambers County, Texas, at a distance of 283.12 feet found a 5/8 inch iron rod on line, in all a total distance of 446.46 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 12.2429 acres, and a Northeast corner of Winfree Road, right of way width varies.

THENCE in a Northwesterly direction with the South lines of this tract of land, the South lines of said 12.2429 acres, and the North right of way lines of Winfree Road the following courses to 1/2 inch iron rods set:

North 84°11'08" West, 93.21 feet;
South 08°51'08" East, 7.30 feet;
North 85°45'08" West, 90.00 feet;
North 82°05'44" West, 95.54 feet to a 1/2 inch iron rod set for a Southwest corner of this tract of land and the Southeast corner of 2.676 acres called Tract I surveyed this date.

THENCE North 04°14'43" West with a West line of this tract of land and the East line of said Tract I a distance of 538.26 feet to a 1/2 inch iron rod set for an interior corner of this tract of land and the Northeast corner of said Tract I.

THENCE North 89°52'26" West with a South line of this tract of land, a South line of said 12.2429 acres, the North line of said Tract I, and the North line of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas, a distance of 807.06 feet to a 1/2 inch iron rod found bent for a Southwest corner of this tract of land, a Southwest corner of said 12.2429 acres, the Northwest corner of said 5.0865 acres, and in the East line of said 1.61 acres.

THENCE North 19°40'04" West with the West line of this tract of land, the West line of said 12.2429 acres, and the East line of said 1.61 acres a distance of 290.31 feet to the PLACE OF BEGINNING, containing within said boundaries 9.573 acres of land, more or less.

AND

TRACT 3

FIELD NOTES of a 1.618 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being the same 1.61 acres conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry in deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. This 1.618 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS lN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C. BY B-J DYER FAMILY LIMITED PARTNERSHIP IN DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres, and the Southwest corner of 1.61 acres awarded to Mary 0. Scott in deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57°23'05" West with the South line of this tract of land, the South line of said 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a 1/2 inch iron rod found (bent) for the Southwest corner of this tract of land, the Southwest comer of said 1.61 acres, and a Southeast corner of said 27.92 acres.

THENCE North 21°37"57" West with the West line of this tract of land, the West line of said 1.61 acres, and an East line of said 27.92 acres a distance of 1102.57 feet to a 2 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 1.61 acres, and an interior corner of said 27.92 acres.

THENCE North 56°50'05" East with the North line of this tract of land, the North line of said 1.61 acres, and a South line of said 27.92 acres a distance of65.23 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 1.61 acres, and the Northwest corner of said Scott 1.61 acres.

THENCE South 21°37'57" East with the East line of this tract of land, the East line of said 1.61 acres, and the West line of said Scott 1.61 acres a distance of]103.21 feet to the PLACE OF BEGINNING, containing within said boundaries 1.618 acres of land, more or less.

TRACT 1: 1.61 acres of land, more or less, out of the Henry Griffith Survey, Abstract No. 12, Chambers County, Texas, and being Lot 1 of the Fitzgerald Oil Tracts, and being the same land more particularly described as Lot lC in the partition of the Fitzgerald Estate, styled T. S. Fitzgerald vs. F. M. Fitzgerald, et al, Case No. 157, dated March 20, 1918, recorded in Volume A, Page 143, of the District Court Minutes of Chambers County, Texas.

TRACT 2: FIELD NOTES of 4.767 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being that same 4.75 acre tract of land conveyed to Barclay Nicholson by Susan K. Hogan, Trustee, in deed dated September 29, 2010, and recorded in Volume 1227 at Page 547 of the Official Public Records of Chambers County, Texas. This 4.767 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C., BY B-J DYER FAMILY LIMITED PARTNERSHIP BY DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1 ¼ inch iron pipe found for the Northeast corner of this tract of land, the Northeast corner of said 4.75 acres, the Northwest corner of a 50.44 acre tract of land conveyed to ERG Operating Company, Inc., by The Likover 1994 Family Limited Partnership by deed dated April 1, 2005, and recorded in Volume 781 at Page 97 of the Official Public Records of Chambers County, Texas, and in the South line of 47.37 acres called Parcel "B" and conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed dated December 31, 2003, and recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas.

THENCE South 02°36' 15" East with the East line of this tract of land, the East line of said 4.75 acres, and the West line of said 50.44 acres a distance of 1459.28 feet to a 2 ½ inch iron pipe found for the Southeast corner of this tract of land, the Southeast corner of said 4.75 acres, and the Southwest corner of said 50.44 acres in the North line of the residue of 33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE South 85°48'45" West with the South line of this tract of land, the South line of said 4.75 acres, and the North line of said residue of 33.3 acres a distance of 142.22 feet to a nail set in a gravel road for the Southwest comer of this tract of land, the Southwest comer of said 4.75 acres, and the Southeast comer of a 4.75 acre tract of land conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry by deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. From this corner a 2 inch iron pipe found for an interior corner of said 27.92 acres, and a Northwest corner of 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas bears South 85°48'45" West a distance of 567.17 feet.

THENCE North 02°36' 15" West with the West line of this tract of land, the West line of said Nicholson 4.75 acres, and the East line of said Young 4.75 acres a distance of 1462.08 feet to an iron pipe found in concrete for the Northwest corner of this tract of land, the Northwest corner of said Nicholson 4.75 acres, and the Northeast comer of said Young 4.75 acres in the South line of said 47.37 acres.

THENCE North 86°56'31" East with the North line of this tract of land, the North line of said Nicholson 4.75 acres, and the South line of said 47.37 acres a distance of 142.17 feet to the PLACE OF BEGINNING, containing within said boundaries 4.767 acres of land, more or less.

METES AND BOUNDS DESCRIPTION OF TRACT 1
28.241 ACRES (1,230,197 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 28.241 acres (1,230,197 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 28.22 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1374, Page 176 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 1) at a 2-inch iron pipe found in the easterly right-of-way (R/W) line of Winfree Road (called 60' R/W) marking the northwest comer of a called 33.27 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 689 O.P.R.C.C.T., and marking a south comer of the aforesaid 28.22 acre tract; from which, a 5/8-inch iron rod bent found in said R/W line and the westerly line of said 33.27 acre tract bears South 07° 08' 55" East, a distance of 191.91 feet;

THENCE, along the westerly line of said 28.22 acre tract and said easterly R/W line of Winfree Road with the following courses,

North 20° 58' 19" West, a distance of 82.80 feet to a 1/2-inch iron rod (bent) found for comer;
North 30° 09' 36" West, a distance of 58.92 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 37° 53' 54" West, a distance of 30.64 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 47° 35' 28" West, a distance of 54.31 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 51° 19' 28" West, a distance of73.93 feet to a 5/8-inch iron rod with cap found marking the south comer of a called 0.2296 of an acre tract of land conveyed to Enterprise Products Texas Operating, LLC as described in deed recorded in Volume 1023, Page 390 O.P.R.C.C.T., and a southwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 38° 06' 05" East, departing said R/W line, along a northerly line of said 28.22 acre tract, and the southeast line of said 0.2296 acre tract, at a distance of 99.77 feet passing a 1/2-inch iron rod found marking the east comer of said 0.2296 acre tract, in all a total distance of 209.50 feet to a 3/4-inch iron pipe (bent) found for the east comer of a called 0.640 acre tract of land conveyed to Ben Lamar Bean as described in deed recorded in Volume 1034, Page 732 O.P.R.C.C.T., marking a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap found bears South 21° 30' 53" East, a distance of 0.48 foot;

THENCE, North 51° 35' 13" West, along the westerly line of said 28.22 acre tract and the herein described tract, a distance of 414.59 feet to a 1/2-inch iron rod with cap stamped "H&H LAND" found marking the north comer of a called 0.93 acre tract of land conveyed to Suzanne Cornelius as described in deed recorded in Volume 1282, Page 311 O.P.R.C.C.T., and marking a east comer of a called 0.5465 acre tract of land conveyed to Barbara Ann Austin as described in deed recorded in Volume 1096, Page 300 O.P.R.C.C.T., and marking a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 53° 29' 06" West, along the east line of said 0.5465 acre tract, the westerly line of said 28.22 acre tract and the herein described tract, a distance of 128.41 feet to a 5/8- inch iron rod found for the northeast comer of said 0.5465 acre tract and a west comer of said
28.22 acre tract and the herein described tract;

THENCE, North 81° 25' 53" West, continuing along the common line of said 0.5465 acre tract, said 28.22 acre tract and the herein described tract, a distance of 117.59 feet to a 5/8- inch iron rod found in the southeast line of a compiled 12.249 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1462, Page 600 O.P.R.C.C.T., marking the northwest comer of said 0.5465 acre tract, a west comer of said 28.22 acre tract

and the herein described tract; from which, a 1/2-inch iron rod with cap stamped "H&H LAND" found in said southeast line of 12.249 acre tract bears South 01° 09' 53" West, a distance of 198.89 feet;

THENCE, North 01° 14' 18" East, along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 283.11 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found marking the northeast comer of said
12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 56° 34' 22" West, continuing along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 634.13 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found marking a north comer of said 12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 68° 23' 44" West, along the northeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 156.80 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found in the south line of a called 4.763 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1319, Page 63 O.P.R.C.C.T., marking a north comer of said 12.249 acre tract, the northwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 00' 31" East, along the north line of said 28.22 acre tract and the herein described tract, a distance of 169.79 feet to a 2-inch iron pipe found marking the southeast comer of a called 4.75 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1333, Page 354 O.P.R.C.C.T., and marking the southwest corner of a called 50.44 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1506, Page 433 O.P.R.C.C.T., and marking a north corner of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 16' 38" East, along the south line of said 50.44 acre tract, the north line of said 28.22 acre tract and the herein described tract, a distance of 1,140.63 feet to a 1-1/4- inch galvanized iron pipe found marking the northwest corner of a called 43.09 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 317 O.P.R.C.C.T., and marking the northeast corner of said
28.22 acre tract and the herein described tract; from which, a 4-inch steel post (leaning) found marking a southeast corner of said 50.44 acre tract bears North 86° 02' 03" East, a distance of
244.71 feet;

THENCE, along the westerly line of said 43.09 acre tract, the easterly line of said 28.22 acre tract and the herein described tract with the following courses,

> South 28° 19' 28" East, a distance of 372.82 feet to a 4-inch steel post found for corner;
> South 32° 08' 26" East, a distance of 46.88 feet to a 4-inch steel post found for corner;
> South 35° 07' 27" East, a distance of385.21 feet to a 4-inch steel post found for corner;
> South 49° 26' 36" East, a distance of 31.09 feet to a 4-inch steel post found for corner; South 21° 46' 00" West, a distance of 107.65 feet to a 4-inch steel post found for corner;
> South 33° 51' 03" East, a distance of 174.06 feet to a 4-inch steel post found for corner; South 04° 34' 35" West, a distance of 214.83 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for corner;
> South 43° 52' 14" East, a distance of 15.41 feet to a 1-1/4-inch galvanized iron pipe found in the northwest line of said 33.27 acre tract, marking the southeast corner of said 28.22 acre tract and the herein described tract;

THENCE, South 56° 57' 45" West, along the northwest line of said 33.27 acre tract, the southeast line of said 28.22 acre tract and the herein described tract, a distance of 650.59 feet to the **POINT OF BEGINNING** and containing 28.241 acres (1,230,197 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

METES AND BOUNDS DESCRIPTION OF TRACT 3
6.343 ACRES (276,298 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 6.343 acres (276,298 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 19.43 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1480, Page 117 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 3) at a 3/4-inch iron rod with aluminum cap found in the southerly right-of-way (R/W) line of Fann to Market Highway Number 565 (FM 565) (70' wide R/W) marking the northeast comer of a called 22.00 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 645 O.P.R.C.C.T., and marking the northwest corner of the aforesaid 19.43 acre tract and the herein described tract; from which, a 3/4-inch iron rod found marking a northwest comer of a residue of a called 157.686 acre tract of land conveyed to Equistar Chemicals, LP as described in deed recorded in Volume 362, Page 1 O.P.R.C.C.T., and marking the southwest comer of said 19.43 acre tract bears South OT 05' 08" East, a distance of 797.52 feet;

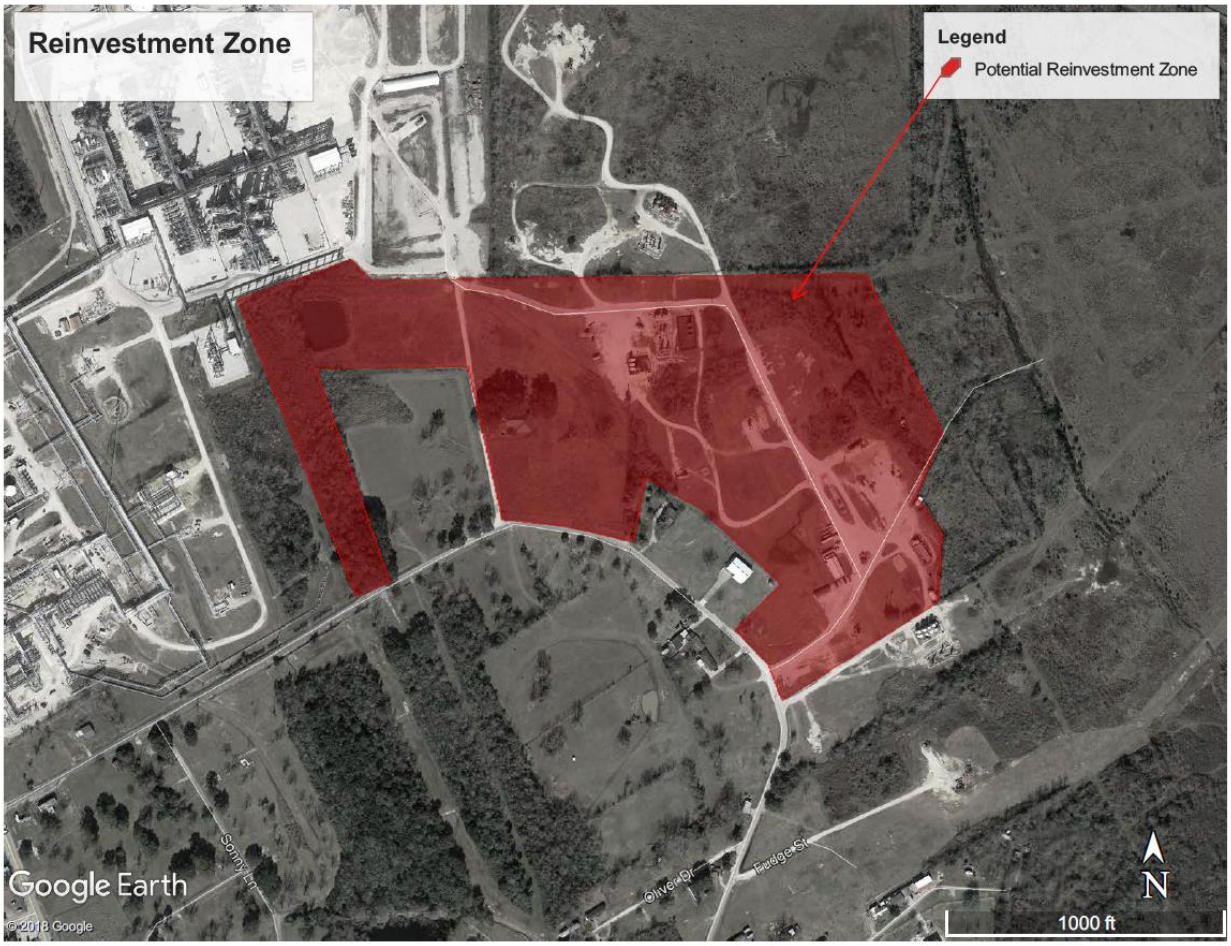
THENCE, along the southerly R/W line of said FM 565, the northerly line of said 19.43 acre tract and the herein described tract with the following courses,

> North 58° 55' 53" East, a distance of 13.59 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent curve to the right;
>
> In a northeasterly direction, 294.57 feet along the arc of said curve to the right, having a radius of 485.92 feet, a central angle of 34° 44' 00", a chord bearing and distance of North 73° 55' 05" East - 290.08 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for the point of tangency of said curve to the right; from which, a 1-inch iron pipe found bears South 58° 44' West, a distance of 1.61 feet;
>
> South 88° 46' 52" East, a distance of 419.41 feet to a 1/2-inch iron rod found for the point of curvature of a non-tangent curve to the left; from which, a 1/2-inch iron rod with cap found bears South 86° 31' West, a distance of 5.91 feet;
>
> In a northeasterly direction, 318.67 feet along the arc of said curve to the left, having a radius of 600.07 feet, a central angle of 30° 25' 38", a chord bearing and distance of North 75° 55' 53" East- 314.94 feet to a Texas Department of Transportation concrete monument found for the point of tangency of said curve to the left and marking the northeast comer of the herein described tract; from which, a 1/2-inch iron rod with cap found bears North 45° 09' East, a distance of 0.26 of a foot;

THENCE, South 33° 03' 34" East, departing said R/W line and the northerly line of said 19.43 acre tract, along the east line of the herein described tract, over and across said 19.43 acre tract, a distance of 28.14 feet to a 5/8-inch iron rod with cap found for the southeast comer of the herein described tract;

THENCE, South ST 11' 07" West, along the south line of the herein described tract, a distance of 1,153.19 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set in the east line of said 22.00 acre tract and the west line of said 19.43 acre tract marking the southwest comer of the herein described tract; from which, a 5/8-inch iron rod with cap found bears South 62° 22' West, a distance of 0.58 feet;

THENCE, North OT 05' 08" West, along the east line of said 22.00 acre tract, the west line of said 19.43 acre tract and the herein described tract, a distance of 497.33 feet to the POINT OF BEGINNING and containing 6.343 acres (276,298 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.


Reinvestment Zone
Legend
Potential Reinvestment Zone
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RESOLUTION OF THE BOARD OF TRUSTEES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE IN CONNECTION WITH AN ECONOMIC DEVELOPMENT UNDER CHAPTER 313 OF THE TEXAS TAX CODE, SUCH REINVESTMENT ZONE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT, CHAMBERS COUNTY, TEXAS, TO BE KNOWN AS THE "ONEOK MB5 REINVESTMENT ZONE"; ESTABLISHING THE BOUNDARIES THEREOF IN CONNECTION WITH AN CERTAIN APPLICATION FOR VALUE LIMITATION AGREEMENT FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES UNDER CHAPTER 313 OF THE TEXAS TAX CODE SUBMITTED BY ONEOK HYDROCARBON, LP (TAXPAYER I.D. 14812520568), COMPTROLLER'S APPLICATION NO. 1282:

WHEREAS, the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE §312.001 et seq.) 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 Barbers Hill 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 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 Chambers 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 (the "Board") 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 certain *Agreements 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 Oneok Hydrocarbon, LP (Texas Taxpayer I.D. No. 14812520568); and,

WHEREAS, the District wishes to designate a reinvestment zone within the boundaries of the school district in Chambers County, Texas to be known as the "Oneok MB5 Reinvestment Zone," as shown on the attached **Exhibit B**.

NOW THEREFORE, BE IT RESOLVED BY THE BARBERS HILL 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, 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 "Oneok MB5 Reinvestment Zone," (the "Reinvestment Zone") 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 "Oneok MB5 Reinvestment Zone" 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 Reinvestment Zone, and that the improvements sought are feasible and practical; and,

(d) That the "Oneok MB5 Reinvestment Zone" described in **Exhibit A** meets the criteria for the creation of a reinvestment zone as set forth in TEXAS TAX CODE §312.0025 of 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 Reinvestment 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 "Oneok MB5 Reinvestment Zone."

EXHIBIT A

SECTION 4. That the "Oneok MB5 Reinvestment Zone" shall take effect upon adoption of this Resolution by the Board 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 Board, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Meetings 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 Barbers Hill Independent School District, Chambers 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.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____

Becky Tice, President
Board of Trustees

ATTEST:

By: _____

Cynthia Erwin, Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF THE "ONEOK MB5 REINVESTMENT ZONE"

FIELD NOTES of a 27.92 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being all of the following tracts of land:

A) residue of 10 acres called Tract 1, 4.75 acres called Tract 2, 1.61 acres called Tract 3, & 3.75 acres called Tract 4 conveyed to B-J Dyer Family Limited Partnership by Charles D. Dyer, et ux, by deed dated December 28, 2006, and recorded in Volume 923 at Page 706 of the Official Public Records of Chambers County, Texas.

B) 1 acre conveyed to Bryant Dyer, et ux, by Mary Beth Dyer, et vir, by deed recorded in Volume 453 at Page 234 of the Official Public Records of Chambers County, Texas.

C) residue of 4.75 acres conveyed to Charles D. Dyer by Virginia Lillich, et al, by deed recorded in Volume 345 at Page 498 of the Deed Records of Chambers County, Texas.

D) 4.7864 acres, 1.61 acres, a tract of land called Tract "A", & a tract of land called Tract "B" conveyed to Bryant Dyer, et al, by Hal K. Jarrell, Trustee, by deed dated December 16, 1997, and recorded in Volume 352 at Page 319 of the Official Public Records of Chambers County, Texas.

This 27.92 acre tract of land is more particularly described by metes and bounds as follows, to- wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE NORTH AND SOUTH LINES OF SAID 4.7864 ACRES.

BEGINNING at a 1 ½ inch iron pipe found leaning for the Southeast corner of this tract of land, the Southeast corner of said 4.7864 acres, the Southwest corner of 4.75 acres called Tract 4D conveyed to Kinnie Lee Fitzgerald by W. L. Fitzgerald, Jr., by deed dated September 25, 1933, and recorded in Volume 36 at Page 623 of the Deed Records of Chambers County, Texas, and in the North line of 15.43 acres conveyed to B. G. Lawrence by P. 0. Wood, et ux, by deed dated February, 1967, and recorded in volume 282 at Page 291 of the Deed Records of Chambers County, Texas.

THENCE South 85°48'45" West with a South line of this tract of land, the South line of said 4.7864 acres, and the North line of said 15.43 acres a distance of 141.39 feet to a 2 inch iron pipe found for an angle corner of this tract of land, the Southwest corner of said 4.7864 acres, the Southeast corner of said 4.75 acres called Tract 2, and an angle corner of said 15.43 acres.

THENCE South 58°53'39" West with a South line of this tract of land, a South line of said 4.75 acres called Tract 2, and the North line of said 15.43 acres a distance of 55.99 feet to a 2 inch iron pipe found for a Southwest corner of this tract of land, a Southwest corner of said 4.75 acres called Tract 2, the Northwest corner of said 15.43 acres, and in the East line of 1.61 acres awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 24°30'18" West with a West line of this tract of land, a West line of said 4.75 acres called Tract 2, and the East line of said 1.61 acres a distance of 28.67 feet to a 2 inch iron pipe found leaning for an interior corner of this tract of land, an interior corner of said 4.75 acres called Tract 2, and the Northeast corner of said 1.61 acres.

THENCE South 56°50'05" West with a South line of this tract of land, the South lines of said 4.75 acres called Tract 2, the South line of said 3.75 acres called Tract 4, the North line of said 1.61 acres, and the North line of 1.61 acres awarded to Mrs. S. E. Morgan by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, at a distance of 97.66 feet found a 1 ½ inch iron pipe on line, in all a total distance of 126.71 feet to a 2 inch iron pipe found in concrete for an interior corner of this tract of land, the Northwest corner of said Morgan 1.61 acres, and the Northeast corner of said Bryant Dyer 1.61 acres.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said Bryant Dyer 1.61 acres, and

the West line of said Morgan 1.61 acres a distance of 1102.57 feet to a ½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said Bryant Dyer 1.61 acres, and the Southwest corner of said Morgan 1.61 acres in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57'23'05" West with a South line of this tract of land, the South line of said Bryant Dyer 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a ½ inch iron rod set for the Southwest corner of this tract of land, the Southwest corner of said Bryant Dyer 1.61 acres, and the Southeast corner of 1.61 acres awarded to Kinzey Lee Fitzgerald, et al, by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 21'37'52" West with a West line of this tract of land, the West line of said Bryant Dyer 1.61 acres, and the East line of said Fitzgerald 1.61 acres a distance of 1101.93 feet to a ½ inch iron rod set for an interior corner of this tract of land, the Northwest corner of said Bryant Dyer 1.61 acres, the Northeast corner of said Fitzgerald 1.61 acres, and in the South line of said
3.75 acres called Tract 4.

THENCE South 56'50'05" West with a South line of this tract of land, the South line of said 3.75 acres called Tract 4, the South line of said Tract "B", and the North line of said Fitzgerald 1.61 acres, at a distance of 60.92 feet found a 2 inch iron pipe on line, in all a total distance of 65.42 feet to a 1 inch iron pipe found for an angle corner of this tract of land, the Northwest corner of said Fitzgerald 1.61 acres, and a Northeast corner of part of 57.07 acres called Parcel "A" conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas. From this corner a capped iron rod found bears South 22'04'15" West a distance of 0.25 feet.

THENCE South 56'36'48" West with a South line of this tract of land, the South line of said Tract "B", and the North line of said part of 57.07 acres a distance of 65.24 feet to a 1 inch iron pipe found for an interior corner of this tract of land, a Northwest corner of said part of 57.07 acres, and the Northeast corner of said 1.61 acres called Tract 3.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said 1.61 acres called Tract 3, and the West line of said part of 57.07 acres a distance of 1100.39 feet to a
½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres called Tract 3, and a Southwest corner of said part of 57.07 acres in the North line of said Winfree Road.

THENCE South 57'23'01" West with a South line of this tract of land, the South line of said 1.61 acres called Tract 3, and the North right of way line of Winfree Road, at a distance of 38.91 feet found a concrete monument on line, in all a total distance of 65.11 feet to a 5/8 inch iron rod inside a 1 inch iron pipe found for a Southwest corner of this tract of land, the Southwest corner of said 1.61 acres called Tract 3, and a Southeast corner of said part of 57.07 acres.

THENCE North 21'37'52" West with the West line of this tract of land, the West line of said 1.61 acres called Tract 3, and an East line of said part of 57.07 acres a distance of 1099.50 feet to a concrete monument found broken for a Northwest corner of this tract of land, the Northwest corner of said 1.61 acres called Tract 3, and an interior corner of said part of 57.07 acres.

THENCE North 56'36'48" East with a North line of this tract of land, the North line of said 1.61 acres called Tract 3, and a South line of said part of 57.07 acres, a distance of 2.95 feet to a concrete monument found broken for a Southwest corner of this tract of land, the Southwest corner of said Tract "B", and a Southeast corner of said part of 57.07 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said Tract "B", and an East line of said part of 57.07 acres a distance of 25.39 feet to a concrete monument found for an interior corner of this tract of land, the Northwest corner of si3id Tract "B", and an interior corner of said part of 57.07 acres.

THENCE North 41°14'12" East with a North line of this tract of land, the North line of said Tract "B", and a South line of said part of 57.07 acres a distance of 145.20 feet to a concrete monument found for an interior corner of this tract of land, the Northeast corner of said Tract "B", a Southeast corner of said part of 57.07 acres, and in the West line of said residue of 10 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said residue of 10 acres, and an East line of said part of 57.07 acres a distance of 1507.93 feet found a concrete monument broken for an interior corner

of this tract of land, the Southeast corner of said Tract "A", and a Northeast corner of said part of 57.07 acres at the South line of Fitzgerald Road, 60 foot wide right of way.

THENCE South 56°54'44" West with a South line of this tract of land, the South line of said Tract "A", the South right of way line of Fitzgerald Road, a North line of said part of 57.07 acres a distance of 25.00 feet to a ½ inch iron rod set for a Southwest corner of this tract of land, the Southwest corner of said Tract **"A",** and an interior corner of said part of 57.07 acres.

THENCE North 31°09'25" West with a West line of this tract of land, the West line of said Tract **"A",** and an East line of said part of 57.07 acres a distance of 30.01 feet to a ½ inch iron rod set for a Northwest corner of this tract of land, the Northwest corner of said Tract **"A",** and a Northeast corner of said part of 57.07 acres.

THENCE North 56°54'44" East with a North line of this tract of land, the North line of said Tract **"A",** the North line of said residue of 10 acres, and the South line of 47.37 acres called Parcel **"B"** conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas, at a distance of 28.90 feet found an aluminum disc on line, at a distance of 30.00 feet found a 3 inch iron pipe for the Northeast corner of said Tract "A", the Northwest corner of said residue of 10 acres, and the Southeast corner of said 47.37 acres, in all a total distance of 196.37 feet to a 5/8 inch iron rod found for an angle corner of this tract of land, an angle corner of said residue of 10 acres, and an angle corner of said 47.37 acres.

THENCE North 87°04'28" East with a North line of this tract of land, a North lines of said residue of 10 acres, 3.75 acres called Tract 4, 4.75 acres called Tract 2, 4.7864 acres, the South line of said 47.37 acres, and the South line of a 0.34 of an acre tract of land conveyed in Lease Agreement from Mary 0. Scott, et vir, to Magnolia Pipe Line Company by instrument dated April 20, 1956, and recorded in Volume 177 at Page 633 of the Deed Records of Chambers County, Texas, at a distance of 386.82 feet found a 1 ½ inch iron pipe in concrete for the Northeast corner of said residue of 10 acres, and the Northwest corner of said 3.75 acres called Tract 4, in all a total distance of 801.61 feet to a ½ inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 4.7864 acres, and the Northwest corner of said Fitzgerald 4.75 acres.

THENCE South 02°36'15" East with an East line of this tract of land, the East line of said 4.7864 acres, and the West line of said Fitzgerald 4.75 acres a distance of 1470.80 feet to the PLACE OF BEGINNING, containing within said boundaries 27.92 acres of land, more or less.

TRACT 1

FIELD NOTES of 2.676 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 2.676 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod found bent for the Northwest corner of this tract of land, an interior corner of said 12.2429 acres, in the South line of9.573 acres called Tract 2, surveyed this date, and the Northeast corner of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas.

THENCE South 89°52'26" East with the North line of this tract of land, a South line of said Tract 2 a distance of255.00 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, and an interior corner of said Tract 2.
THENCE South 04°14'43" East with the East line of this tract of land and a West line of said Tract 2, over and across said 12.2429 acres a distance of 538.26 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, a Southwest corner of said Tract 2, in a South line of said 12.2429 acres, and in the North right of way line of Winfree Road, 80 foot right of way.

THENCE North 82°05'44" West with the South line of this tract of land, the South line of said 12.2429 acres, and the North right of way of Winfree Road a distance of 195.80 feet to a 3/4 inch iron rod found bent for the Southwest corner of this tract of land, the Southwest corner of said 12.2429 acres, and an East corner of 0.4573 of an acre tract of land conveyed to Chambers County Land Company, Trustee by Pauline Taggart Mills in deed dated December 2, 1987, in Volume 32 at Page 397 of the Official Public Records of Chambers County, Texas.

THENCE North 11°12'46" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 0.4573 of an acre a distance of 142.51 feet to a 5/8 inch iron rod found bent for an angle corner of this tract of land, an angle corner of said 12.2429 acres, the Northeast corner of said 0.4573 of an acre, and the Southeast corner of a said 5.0865 acres.

THENCE North 11°10'16" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 5.0865 acres a distance of377.79 feet to the PLACE OF BEGINNING, containing within said boundaries 2.676 acres of land, more or less.

TRACT 2

FIELD NOTES of 9.573 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 9.573 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 4 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 12.2429 acres, in the East line of a 1.61 acre tract of land awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and a Southwest corner of a 27.92 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by B-J Dyer Family Limited Partnership by deed dated April 15, 2008, and recorded in Volume 1036 at Page 98 of the Official Public Records of Chambers County, Texas.

THENCE North 62°19'35" East with a North line of this tract of land, a North line of said 12.2429 acres, and a South

line of said 27.92 acres a distance of56.89 feet to a 3 inch iron pipe found for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and an angle corner of said 27.92 acres.

THENCE North 88°04'00" East with a North line of this tract of land, a North line of said 12.2429 acres, the South line of said 27.92 acres, the South line of 4.75 acres conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by Philip R. Fitzgerald, et al, by deed dated April 29, 2008, and recorded in Volume 1037 at Page 661 of the Official Public Records of Chambers County, Texas, the South line of 4.75 acres awarded to K. M. Fitzgerald by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and the South line of a 4.75 acre tract of land conveyed to Jean Kelly Nicholson by Jean Kelly Nicholson, Executrix, by deed dated January 12, 2010, and recorded in Volume 1165 at Page 509 of the Official Public Records of Chambers County, Texas, a distance of 538.30 feet to a 1/2 inch iron rod set for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and the Northwest corner of the residue of33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE in a Southerly direction with the North lines of this tract of land, the North lines of said 12.2429 acres, and a South or Southwest line of said residue of33.3 acres the following courses to ½ inch iron rods set:

South 66°08'17" East, 156.95 feet;
South 54°21'39" East, 633.93 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 12.2429 acres, and an interior corner of said residue of 33.3 acres.

THENCE South 03°24'1 l" West with the East line of this tract of land, the East line of said 12.2429 acres, the West line of said residue of33.3 acres, and the West line of0.5465 of an acre tract of land conveyed to Barbara Ann Austin by Enterprise Products Operating, LLC., by deed dated January 27, 2009, and recorded in Volume 1096 at Page 300 of the Official Public Records of Chambers County, Texas, at a distance of 283.12 feet found a 5/8 inch iron rod on line, in all a total distance of 446.46 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 12.2429 acres, and a Northeast corner of Winfree Road, right of way width varies.

THENCE in a Northwesterly direction with the South lines of this tract of land, the South lines of said 12.2429 acres, and the North right of way lines of Winfree Road the following courses to 1/2 inch iron rods set:

North 84°11'08" West, 93.21 feet;
South 08°51'08" East, 7.30 feet;
North 85°45'08" West, 90.00 feet;
North 82°05'44" West, 95.54 feet to a 1/2 inch iron rod set for a Southwest corner of this tract of land and the Southeast corner of 2.676 acres called Tract I surveyed this date.

THENCE North 04°14'43" West with a West line of this tract of land and the East line of said Tract I a distance of 538.26 feet to a 1/2 inch iron rod set for an interior corner of this tract of land and the Northeast corner of said Tract I.

THENCE North 89°52'26" West with a South line of this tract of land, a South line of said 12.2429 acres, the North line of said Tract I, and the North line of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas, a distance of 807.06 feet to a 1/2 inch iron rod found bent for a Southwest corner of this tract of land, a Southwest corner of said 12.2429 acres, the Northwest corner of said 5.0865 acres, and in the East line of said 1.61 acres.

THENCE North 19°40'04" West with the West line of this tract of land, the West line of said 12.2429 acres, and the East line of said 1.61 acres a distance of 290.31 feet to the PLACE OF BEGINNING, containing within said boundaries 9.573 acres of land, more or less.

AND

TRACT 3

FIELD NOTES of a 1.618 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being the same 1.61 acres conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry in deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. This 1.618 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS lN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C. BY B-J DYER FAMILY LIMITED PARTNERSHIP IN DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres, and the Southwest corner of 1.61 acres awarded to Mary 0. Scott in deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57°23'05" West with the South line of this tract of land, the South line of said 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a 1/2 inch iron rod found (bent) for the Southwest corner of this tract of land, the Southwest comer of said 1.61 acres, and a Southeast corner of said 27.92 acres.

THENCE North 21°37"57" West with the West line of this tract of land, the West line of said 1.61 acres, and an East line of said 27.92 acres a distance of 1102.57 feet to a 2 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 1.61 acres, and an interior corner of said 27.92 acres.

THENCE North 56°50'05" East with the North line of this tract of land, the North line of said 1.61 acres, and a South line of said 27.92 acres a distance of65.23 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 1.61 acres, and the Northwest corner of said Scott 1.61 acres.

THENCE South 21°37'57" East with the East line of this tract of land, the East line of said 1.61 acres, and the West line of said Scott 1.61 acres a distance of]103.21 feet to the PLACE OF BEGINNING, containing within said boundaries 1.618 acres of land, more or less.

TRACT 1: 1.61 acres of land, more or less, out of the Henry Griffith Survey, Abstract No. 12, Chambers County, Texas, and being Lot 1 of the Fitzgerald Oil Tracts, and being the same land more particularly described as Lot lC in the partition of the Fitzgerald Estate, styled T. S. Fitzgerald vs. F. M. Fitzgerald, et al, Case No. 157, dated March 20, 1918, recorded in Volume A, Page 143, of the District Court Minutes of Chambers County, Texas.

TRACT 2: FIELD NOTES of 4.767 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being that same 4.75 acre tract of land conveyed to Barclay Nicholson by Susan K. Hogan, Trustee, in deed dated September 29, 2010, and recorded in Volume 1227 at Page 547 of the Official Public Records of Chambers County, Texas. This 4.767 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C., BY B-J DYER FAMILY LIMITED PARTNERSHIP BY DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1 ¼ inch iron pipe found for the Northeast corner of this tract of land, the Northeast corner of said 4.75 acres, the Northwest corner of a 50.44 acre tract of land conveyed to ERG Operating Company, Inc., by The Likover 1994 Family Limited Partnership by deed dated April 1, 2005, and recorded in Volume 781 at Page 97 of the Official Public Records of Chambers County, Texas, and in the South line of 47.37 acres called Parcel "B" and conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed dated December 31, 2003, and recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas.

THENCE South 02°36' 15" East with the East line of this tract of land, the East line of said 4.75 acres, and the West line of said 50.44 acres a distance of 1459.28 feet to a 2 ½ inch iron pipe found for the Southeast corner of this tract of land, the Southeast corner of said 4.75 acres, and the Southwest corner of said 50.44 acres in the North line of the residue of 33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE South 85°48'45" West with the South line of this tract of land, the South line of said 4.75 acres, and the North line of said residue of 33.3 acres a distance of 142.22 feet to a nail set in a gravel road for the Southwest comer of this tract of land, the Southwest comer of said 4.75 acres, and the Southeast comer of a 4.75 acre tract of land conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry by deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. From this corner a 2 inch iron pipe found for an interior corner of said 27.92 acres, and a Northwest corner of 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas bears South 85°48'45" West a distance of 567.17 feet.

THENCE North 02°36' 15" West with the West line of this tract of land, the West line of said Nicholson 4.75 acres, and the East line of said Young 4.75 acres a distance of 1462.08 feet to an iron pipe found in concrete for the Northwest corner of this tract of land, the Northwest corner of said Nicholson 4.75 acres, and the Northeast comer of said Young 4.75 acres in the South line of said 47.37 acres.

THENCE North 86°56'31" East with the North line of this tract of land, the North line of said Nicholson 4.75 acres, and the South line of said 47.37 acres a distance of 142.17 feet to the PLACE OF BEGINNING, containing within said boundaries 4.767 acres of land, more or less.

METES AND BOUNDS DESCRIPTION OF TRACT 1
28.241 ACRES (1,230,197 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 28.241 acres (1,230,197 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 28.22 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1374, Page 176 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 1) at a 2-inch iron pipe found in the easterly right-of-way (R/W) line of Winfree Road (called 60' R/W) marking the northwest comer of a called 33.27 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 689 O.P.R.C.C.T., and marking a south comer of the aforesaid 28.22 acre tract; from which, a 5/8-inch iron rod bent found in said R/W line and the westerly line of said 33.27 acre tract bears South 07° 08' 55" East, a distance of 191.91 feet;

THENCE, along the westerly line of said 28.22 acre tract and said easterly R/W line of Winfree Road with the following courses,

North 20° 58' 19" West, a distance of 82.80 feet to a 1/2-inch iron rod (bent) found for comer;
North 30° 09' 36" West, a distance of 58.92 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 37° 53' 54" West, a distance of 30.64 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 47° 35' 28" West, a distance of 54.31 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 51° 19' 28" West, a distance of73.93 feet to a 5/8-inch iron rod with cap found marking the south comer of a called 0.2296 of an acre tract of land conveyed to Enterprise Products Texas Operating, LLC as described in deed recorded in Volume 1023, Page 390 O.P.R.C.C.T., and a southwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 38° 06' 05" East, departing said R/W line, along a northerly line of said 28.22 acre tract, and the southeast line of said 0.2296 acre tract, at a distance of 99.77 feet passing a 1/2-inch iron rod found marking the east comer of said 0.2296 acre tract, in all a total distance of 209.50 feet to a 3/4-inch iron pipe (bent) found for the east comer of a called 0.640 acre tract of land conveyed to Ben Lamar Bean as described in deed recorded in Volume 1034, Page 732 O.P.R.C.C.T., marking a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap found bears South 21° 30' 53" East, a distance of 0.48 foot;

THENCE, North 51° 35' 13" West, along the westerly line of said 28.22 acre tract and the herein described tract, a distance of 414.59 feet to a 1/2-inch iron rod with cap stamped "H&H LAND" found marking the north comer of a called 0.93 acre tract of land conveyed to Suzanne Cornelius as described in deed recorded in Volume 1282, Page 311 O.P.R.C.C.T., and marking a east comer of a called 0.5465 acre tract of land conveyed to Barbara Ann Austin as described in deed recorded in Volume 1096, Page 300 O.P.R.C.C.T., and marking a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 53° 29' 06" West, along the east line of said 0.5465 acre tract, the westerly line of said 28.22 acre tract and the herein described tract, a distance of 128.41 feet to a 5/8- inch iron rod found for the northeast comer of said 0.5465 acre tract and a west comer of said
28.22 acre tract and the herein described tract;

THENCE, North 81° 25' 53" West, continuing along the common line of said 0.5465 acre tract, said 28.22 acre tract and the herein described tract, a distance of 117.59 feet to a 5/8- inch iron rod found in the southeast line of a compiled 12.249 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1462, Page 600 O.P.R.C.C.T., marking the northwest comer of said 0.5465 acre tract, a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap stamped "H&H LAND" found in said southeast line of 12.249 acre tract bears South 01° 09' 53" West, a distance of 198.89 feet;

THENCE, North 01° 14' 18" East, along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 283.11 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found marking the northeast comer of said
12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 56° 34' 22" West, continuing along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 634.13 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found marking a north comer of said 12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 68° 23' 44" West, along the northeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 156.80 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found in the south line of a called 4.763 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1319, Page 63 O.P.R.C.C.T., marking a north comer of said 12.249 acre tract, the northwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 00' 31" East, along the north line of said 28.22 acre tract and the herein described tract, a distance of 169.79 feet to a 2-inch iron pipe found marking the southeast comer of a called 4.75 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1333, Page 354 O.P.R.C.C.T., and marking the southwest corner of a called 50.44 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1506, Page 433 O.P.R.C.C.T., and marking a north corner of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 16' 38" East, along the south line of said 50.44 acre tract, the north line of said 28.22 acre tract and the herein described tract, a distance of 1,140.63 feet to a 1-1/4- inch galvanized iron pipe found marking the northwest corner of a called 43.09 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 317 O.P.R.C.C.T., and marking the northeast corner of said
28.22 acre tract and the herein described tract; from which, a 4-inch steel post (leaning) found marking a southeast corner of said 50.44 acre tract bears North 86° 02' 03" East, a distance of
244.71 feet;

THENCE, along the westerly line of said 43.09 acre tract, the easterly line of said 28.22 acre tract and the herein described tract with the following courses,

South 28° 19' 28" East, a distance of 372.82 feet to a 4-inch steel post found for corner;
South 32° 08' 26" East, a distance of 46.88 feet to a 4-inch steel post found for corner;
South 35° 07' 27" East, a distance of385.21 feet to a 4-inch steel post found for corner;
South 49° 26' 36" East, a distance of 31.09 feet to a 4-inch steel post found for corner; South 21° 46' 00" West, a distance of 107.65 feet to a 4-inch steel post found for corner;
South 33° 51' 03" East, a distance of 174.06 feet to a 4-inch steel post found for corner; South 04° 34' 35" West, a distance of 214.83 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for corner;
South 43° 52' 14" East, a distance of 15.41 feet to a 1-1/4-inch galvanized iron pipe found in the northwest line of said 33.27 acre tract, marking the southeast corner of said 28.22 acre tract and the herein described tract;

THENCE, South 56° 57' 45" West, along the northwest line of said 33.27 acre tract, the southeast line of said 28.22 acre tract and the herein described tract, a distance of 650.59 feet to the **POINT OF BEGINNING** and containing 28.241 acres (1,230,197 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

METES AND BOUNDS DESCRIPTION OF TRACT 3
6.343 ACRES (276,298 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 6.343 acres (276,298 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 19.43 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1480, Page 117 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 3) at a 3/4-inch iron rod with aluminum cap found in the southerly right-of-way (R/W) line of Fann to Market Highway Number 565 (FM 565) (70' wide R/W) marking the northeast comer of a called 22.00 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 645 O.P.R.C.C.T., and marking the northwest corner of the aforesaid 19.43 acre tract and the herein described tract; from which, a 3/4-inch iron rod found marking a northwest comer of a residue of a called 157.686 acre tract of land conveyed to Equistar Chemicals, LP as described in deed recorded in Volume 362, Page 1 O.P.R.C.C.T., and marking the southwest comer of said 19.43 acre tract bears South OT 05' 08" East, a distance of 797.52 feet;

THENCE, along the southerly R/W line of said FM 565, the northerly line of said 19.43 acre tract and the herein described tract with the following courses,

> North 58° 55' 53" East, a distance of 13.59 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent curve to the right;
>
> In a northeasterly direction, 294.57 feet along the arc of said curve to the right, having a radius of 485.92 feet, a central angle of 34° 44' 00", a chord bearing and distance of North 73° 55' 05" East - 290.08 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for the point of tangency of said curve to the right; from which, a 1-inch iron pipe found bears South 58° 44' West, a distance of 1.61 feet;
>
> South 88° 46' 52" East, a distance of 419.41 feet to a 1/2-inch iron rod found for the point of curvature of a non-tangent curve to the left; from which, a 1/2-inch iron rod with cap found bears South 86° 31' West, a distance of 5.91 feet;
>
> In a northeasterly direction, 318.67 feet along the arc of said curve to the left, having a radius of 600.07 feet, a central angle of 30° 25' 38", a chord bearing and distance of North 75° 55' 53" East- 314.94 feet to a Texas Department of Transportation concrete monument found for the point of tangency of said curve to the left and marking the northeast comer of the herein described tract; from which, a 1/2-inch iron rod with cap found bears North 45° 09' East, a distance of 0.26 of a foot;

THENCE, South 33° 03' 34" East, departing said R/W line and the northerly line of said 19.43 acre tract, along the east line of the herein described tract, over and across said 19.43 acre tract, a distance of 28.14 feet to a 5/8-inch iron rod with cap found for the southeast comer of the herein described tract;

THENCE, South ST 11' 07" West, along the south line of the herein described tract, a distance of 1,153.19 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set in the east line of said 22.00 acre tract and the west line of said 19.43 acre tract marking the southwest comer of the herein described tract; from which, a 5/8-inch iron rod with cap found bears South 62° 22' West, a distance of 0.58 feet;

THENCE, North OT 05' 08" West, along the east line of said 22.00 acre tract, the west line of said 19.43 acre tract and the herein described tract, a distance of 497.33 feet to the POINT OF BEGINNING and containing 6.343 acres (276,298 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

EXHIBIT B

SURVEY MAP OF THE
"ONEOK MB5 REINVESTMENT ZONE"

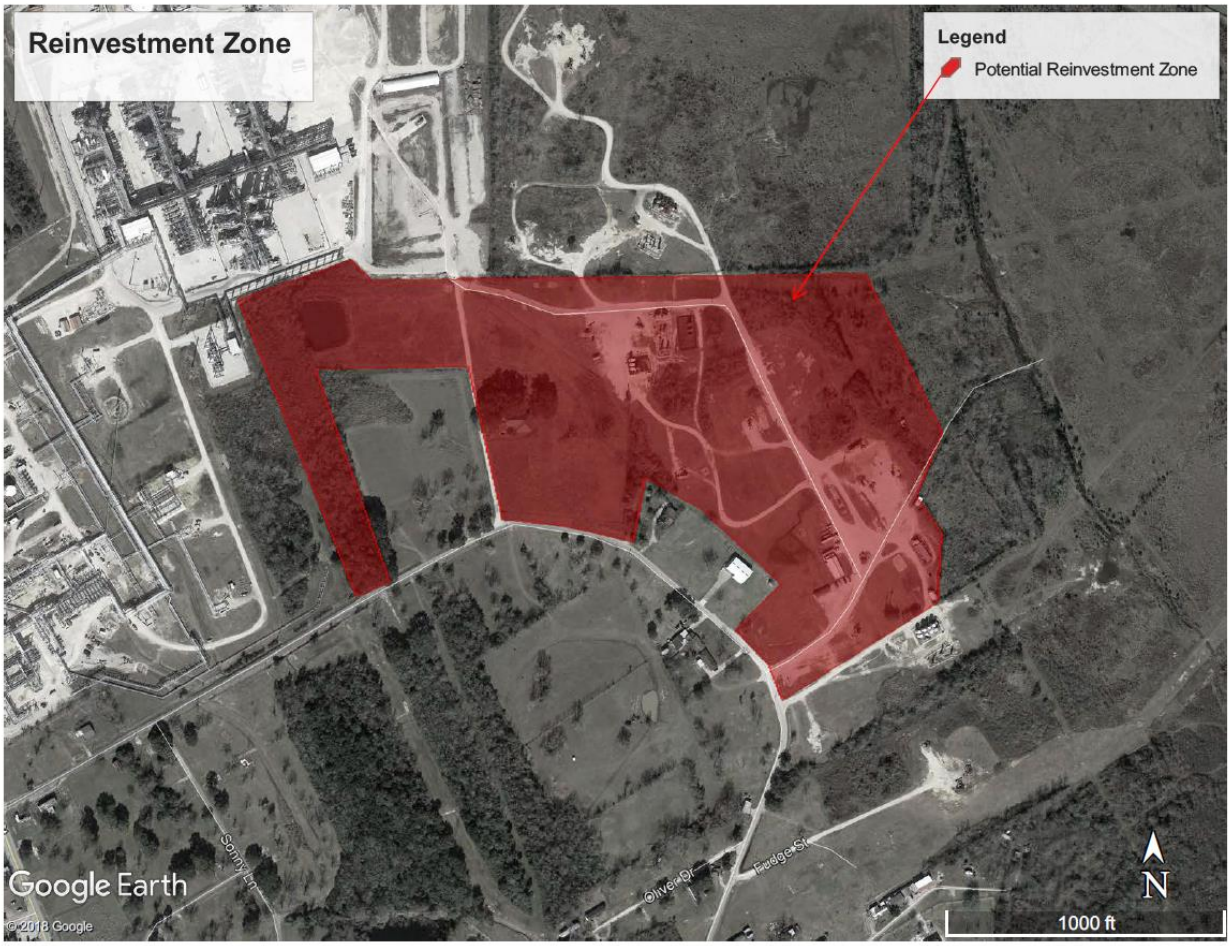

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

FIELD NOTES of a 27.92 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being all of the following tracts of land:

E) residue of 10 acres called Tract 1, 4.75 acres called Tract 2, 1.61 acres called Tract 3, & 3.75 acres called Tract 4 conveyed to B-J Dyer Family Limited Partnership by Charles D. Dyer, et ux, by deed dated December 28, 2006, and recorded in Volume 923 at Page 706 of the Official Public Records of Chambers County, Texas.

F) 1 acre conveyed to Bryant Dyer, et ux, by Mary Beth Dyer, et vir, by deed recorded in Volume 453 at Page 234 of the Official Public Records of Chambers County, Texas.

G) residue of 4.75 acres conveyed to Charles D. Dyer by Virginia Lillich, et al, by deed recorded in Volume 345 at Page 498 of the Deed Records of Chambers County, Texas.

H) 4.7864 acres, 1.61 acres, a tract of land called Tract "A", & a tract of land called Tract "B" conveyed to Bryant Dyer, et al, by Hal K. Jarrell, Trustee, by deed dated December 16, 1997, and recorded in Volume 352 at Page 319 of the Official Public Records of Chambers County, Texas.

This 27.92 acre tract of land is more particularly described by metes and bounds as follows, to- wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE NORTH AND SOUTH LINES OF SAID 4.7864 ACRES.

BEGINNING at a 1 ½ inch iron pipe found leaning for the Southeast corner of this tract of land, the Southeast corner of said 4.7864 acres, the Southwest corner of 4.75 acres called Tract 4D conveyed to Kinnie Lee Fitzgerald by W. L. Fitzgerald, Jr., by deed dated September 25, 1933, and recorded in Volume 36 at Page 623 of the Deed Records of Chambers County, Texas, and in the North line of 15.43 acres conveyed to B. G. Lawrence by P. 0. Wood, et ux, by deed dated February, 1967, and recorded in volume 282 at Page 291 of the Deed Records of Chambers County, Texas.

THENCE South 85°48'45" West with a South line of this tract of land, the South line of said 4.7864 acres, and the North line of said 15.43 acres a distance of 141.39 feet to a 2 inch iron pipe found for an angle corner of this tract of land, the Southwest corner of said 4.7864 acres, the Southeast corner of said 4.75 acres called Tract 2, and an angle corner of said 15.43 acres.

THENCE South 58°53'39" West with a South line of this tract of land, a South line of said 4.75 acres called Tract 2, and the North line of said 15.43 acres a distance of 55.99 feet to a 2 inch iron pipe found for a Southwest corner of this tract of land, a Southwest corner of said 4.75 acres called Tract 2, the Northwest corner of said 15.43 acres, and in the East line of 1.61 acres awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 24°30'18" West with a West line of this tract of land, a West line of said 4.75 acres called Tract 2, and the East line of said 1.61 acres a distance of 28.67 feet to a 2 inch iron pipe found leaning for an interior corner of this tract of land, an interior corner of said 4.75 acres called Tract 2, and the Northeast corner of said 1.61 acres.

THENCE South 56°50'05" West with a South line of this tract of land, the South lines of said 4.75 acres called Tract 2, the South line of said 3.75 acres called Tract 4, the North line of said 1.61 acres, and the North line of 1.61 acres awarded to Mrs. S. E. Morgan by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, at a distance of 97.66 feet found a 1 ½ inch iron pipe on line, in all a total distance of 126.71 feet to a 2 inch iron pipe found in concrete for an interior corner of this tract of land, the Northwest corner of said Morgan 1.61 acres, and the Northeast corner of said Bryant Dyer 1.61 acres.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said Bryant Dyer 1.61 acres, and the West line of said Morgan 1.61 acres a distance of 1102.57 feet to a ½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said Bryant Dyer 1.61 acres, and the Southwest corner of said Morgan 1.61 acres in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57'23'05" West with a South line of this tract of land, the South line of said Bryant Dyer 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a ½ inch iron rod set for the Southwest corner of this tract of land, the Southwest corner of said Bryant Dyer 1.61 acres, and the Southeast corner of 1.61 acres awarded to Kinzey Lee Fitzgerald, et al, by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 21'37'52" West with a West line of this tract of land, the West line of said Bryant Dyer 1.61 acres, and the East line of said Fitzgerald 1.61 acres a distance of 1101.93 feet to a ½ inch iron rod set for an interior corner of this tract of land, the Northwest corner of said Bryant Dyer 1.61 acres, the Northeast corner of said Fitzgerald 1.61 acres, and in the South line of said
3.75 acres called Tract 4.

THENCE South 56'50'05" West with a South line of this tract of land, the South line of said 3.75 acres called Tract 4, the South line of said Tract "B", and the North line of said Fitzgerald 1.61 acres, at a distance of 60.92 feet found a 2 inch iron pipe on line, in all a total distance of 65.42 feet to a 1 inch iron pipe found for an angle corner of this tract of land, the Northwest corner of said Fitzgerald 1.61 acres, and a Northeast corner of part of 57.07 acres called Parcel "A" conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas. From this corner a capped iron rod found bears South 22'04'15" West a distance of 0.25 feet.

THENCE South 56'36'48" West with a South line of this tract of land, the South line of said Tract "B", and the North line of said part of 57.07 acres a distance of 65.24 feet to a 1 inch iron pipe found for an interior corner of this tract of land, a Northwest corner of said part of 57.07 acres, and the Northeast corner of said 1.61 acres called Tract 3.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said 1.61 acres called Tract 3, and the West line of said part of 57.07 acres a distance of 1100.39 feet to a
½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres called Tract 3, and a Southwest corner of said part of 57.07 acres in the North line of said Winfree Road.

THENCE South 57'23'01" West with a South line of this tract of land, the South line of said 1.61 acres called Tract 3, and the North right of way line of Winfree Road, at a distance of 38.91 feet found a concrete monument on line, in all a total distance of 65.11 feet to a 5/8 inch iron rod inside a 1 inch iron pipe found for a Southwest corner of this tract of land, the Southwest corner of said 1.61 acres called Tract 3, and a Southeast corner of said part of 57.07 acres.

THENCE North 21'37'52" West with the West line of this tract of land, the West line of said 1.61 acres called Tract 3, and an East line of said part of 57.07 acres a distance of 1099.50 feet to a concrete monument found broken for a Northwest corner of this tract of land, the Northwest corner of said 1.61 acres called Tract 3, and an interior corner of said part of 57.07 acres.

THENCE North 56'36'48" East with a North line of this tract of land, the North line of said 1.61 acres called Tract 3, and a South line of said part of 57.07 acres, a distance of 2.95 feet to a concrete monument found broken for a Southwest corner of this tract of land, the Southwest corner of said Tract "B", and a Southeast corner of said part of 57.07 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said Tract "B", and an East line of said part of 57.07 acres a distance of 25.39 feet to a concrete monument found for an interior corner of this tract of land, the Northwest corner of si3id Tract "B", and an interior corner of said part of 57.07 acres.

THENCE North 41°14'12" East with a North line of this tract of land, the North line of said Tract "B", and a South line of said part of 57.07 acres a distance of 145.20 feet to a concrete monument found for an interior corner of this tract of land, the Northeast corner of said Tract "B", a Southeast corner of said part of 57.07 acres, and in the West line of said residue of 10 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said residue of 10 acres, and an East line of said part of 57.07 acres a distance of 1507.93 feet found a concrete monument broken for an interior corner of this tract of land, the Southeast corner of said Tract "A", and a Northeast corner of said part of 57.07 acres at the South line of Fitzgerald Road, 60 foot wide right of way.

THENCE South 56°54'44" West with a South line of this tract of land, the South line of said Tract "A", the South right of way line of Fitzgerald Road, a North line of said part of 57.07 acres a distance of 25.00 feet to a ½ inch iron rod set for a Southwest corner of this tract of land, the Southwest corner of said Tract **"A",** and an interior corner of said part of 57.07 acres.

THENCE North 31°09'25" West with a West line of this tract of land, the West line of said Tract **"A",** and an East line of said part of 57.07 acres a distance of 30.01 feet to a ½ inch iron rod set for a Northwest corner of this tract of land, the Northwest corner of said Tract **"A",** and a Northeast corner of said part of 57.07 acres.

THENCE North 56°54'44" East with a North line of this tract of land, the North line of said Tract **"A",** the North line of said residue of 10 acres, and the South line of 47.37 acres called Parcel **"B"** conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas, at a distance of 28.90 feet found an aluminum disc on line, at a distance of 30.00 feet found a 3 inch iron pipe for the Northeast corner of said Tract "A", the Northwest corner of said residue of 10 acres, and the Southeast corner of said 47.37 acres, in all a total distance of 196.37 feet to a 5/8 inch iron rod found for an angle corner of this tract of land, an angle corner of said residue of 10 acres, and an angle corner of said 47.37 acres.

THENCE North 87°04'28" East with a North line of this tract of land, a North lines of said residue of 10 acres, 3.75 acres called Tract 4, 4.75 acres called Tract 2, 4.7864 acres, the South line of said 47.37 acres, and the South line of a 0.34 of an acre tract of land conveyed in Lease Agreement from Mary 0. Scott, et vir, to Magnolia Pipe Line Company by instrument dated April 20, 1956, and recorded in Volume 177 at Page 633 of the Deed Records of Chambers County, Texas, at a distance of 386.82 feet found a 1 ½ inch iron pipe in concrete for the Northeast corner of said residue of 10 acres, and the Northwest corner of said 3.75 acres called Tract 4, in all a total distance of 801.61 feet to a ½ inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 4.7864 acres, and the Northwest corner of said Fitzgerald 4.75 acres.

THENCE South 02°36'15" East with an East line of this tract of land, the East line of said 4.7864 acres, and the West line of said Fitzgerald 4.75 acres a distance of 1470.80 feet to the PLACE OF BEGINNING, containing within said boundaries 27.92 acres of land, more or less.

TRACT 1

FIELD NOTES of 2.676 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 2.676 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod found bent for the Northwest corner of this tract of land, an interior corner of said 12.2429 acres, in the South line of9.573 acres called Tract 2, surveyed this date, and the Northeast corner of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas.

THENCE South 89°52'26" East with the North line of this tract of land, a South line of said Tract 2 a distance of255.00 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, and an interior corner of said Tract 2.
THENCE South 04°14'43" East with the East line of this tract of land and a West line of said Tract 2, over and across said 12.2429 acres a distance of 538.26 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, a Southwest corner of said Tract 2, in a South line of said 12.2429 acres, and in the North right of way line of Winfree Road, 80 foot right of way.

THENCE North 82°05'44" West with the South line of this tract of land, the South line of said 12.2429 acres, and the North right of way of Winfree Road a distance of 195.80 feet to a 3/4 inch iron rod found bent for the Southwest corner of this tract of land, the Southwest corner of said 12.2429 acres, and an East corner of 0.4573 of an acre tract of land conveyed to Chambers County Land Company, Trustee by Pauline Taggart Mills in deed dated December 2, 1987, in Volume 32 at Page 397 of the Official Public Records of Chambers County, Texas.

THENCE North 11°12'46" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 0.4573 of an acre a distance of 142.51 feet to a 5/8 inch iron rod found bent for an angle corner of this tract of land, an angle corner of said 12.2429 acres, the Northeast corner of said 0.4573 of an acre, and the Southeast corner of a said 5.0865 acres.

THENCE North 11°10'16" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 5.0865 acres a distance of377.79 feet to the PLACE OF BEGINNING, containing within said boundaries 2.676 acres of land, more or less.

TRACT 2

FIELD NOTES of 9.573 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 9.573 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 4 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 12.2429 acres, in the East line of a 1.61 acre tract of land awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and a Southwest corner of a 27.92 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by B-J Dyer Family Limited Partnership by deed dated April 15, 2008, and recorded in Volume 1036 at Page 98 of the Official Public Records of Chambers County, Texas.

THENCE North 62°19'35" East with a North line of this tract of land, a North line of said 12.2429 acres, and a South line of said 27.92 acres a distance of56.89 feet to a 3 inch iron pipe found for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and an angle corner of said 27.92 acres.

THENCE North 88°04'00" East with a North line of this tract of land, a North line of said 12.2429 acres, the South line of said 27.92 acres, the South line of 4.75 acres conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by Philip R. Fitzgerald, et al, by deed dated April 29, 2008, and recorded in Volume 1037 at Page 661 of the Official Public Records of Chambers County, Texas, the South line of 4.75 acres awarded to K. M. Fitzgerald by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and the South line of a 4.75 acre tract of land conveyed to Jean Kelly Nicholson by Jean Kelly Nicholson, Executrix, by deed dated January 12, 2010, and recorded in Volume 1165 at Page 509 of the Official Public Records of Chambers County, Texas, a distance of 538.30 feet to a 1/2 inch iron rod set for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and the Northwest corner of the residue of33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE in a Southerly direction with the North lines of this tract of land, the North lines of said 12.2429 acres, and a South or Southwest line of said residue of33.3 acres the following courses to ½ inch iron rods set:

South 66°08'17" East, 156.95 feet;
South 54°21'39" East, 633.93 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 12.2429 acres, and an interior corner of said residue of 33.3 acres.

THENCE South 03°24'1 l" West with the East line of this tract of land, the East line of said 12.2429 acres, the West line of said residue of33.3 acres, and the West line of0.5465 of an acre tract of land conveyed to Barbara Ann Austin by Enterprise Products Operating, LLC., by deed dated January 27, 2009, and recorded in Volume 1096 at Page 300 of the Official Public Records of Chambers County, Texas, at a distance of 283.12 feet found a 5/8 inch iron rod on line, in all a total distance of 446.46 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 12.2429 acres, and a Northeast corner of Winfree Road, right of way width varies.

THENCE in a Northwesterly direction with the South lines of this tract of land, the South lines of said 12.2429 acres, and the North right of way lines of Winfree Road the following courses to 1/2 inch iron rods set:

North 84°11'08" West, 93.21 feet;
South 08°51'08" East, 7.30 feet;
North 85°45'08" West, 90.00 feet;
North 82°05'44" West, 95.54 feet to a 1/2 inch iron rod set for a Southwest corner of this tract of land and the Southeast corner of 2.676 acres called Tract I surveyed this date.

THENCE North 04°14'43" West with a West line of this tract of land and the East line of said Tract I a distance of 538.26 feet to a 1/2 inch iron rod set for an interior corner of this tract of land and the Northeast corner of said Tract I.

THENCE North 89°52'26" West with a South line of this tract of land, a South line of said 12.2429 acres, the North line of said Tract I, and the North line of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas, a distance of 807.06 feet to a 1/2 inch iron rod found bent for a Southwest corner of this tract of land, a Southwest corner of said 12.2429 acres, the Northwest corner of said 5.0865 acres, and in the East line of said 1.61 acres.

THENCE North 19°40'04" West with the West line of this tract of land, the West line of said 12.2429 acres, and the East line of said 1.61 acres a distance of 290.31 feet to the PLACE OF BEGINNING, containing within said boundaries 9.573 acres of land, more or less.

AND

TRACT 3

FIELD NOTES of a 1.618 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being the same 1.61 acres conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry in deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. This 1.618 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS lN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C. BY B-J DYER FAMILY LIMITED PARTNERSHIP IN DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres, and the Southwest corner of 1.61 acres awarded to Mary 0. Scott in deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57°23'05" West with the South line of this tract of land, the South line of said 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a 1/2 inch iron rod found (bent) for the Southwest corner of this tract of land, the Southwest comer of said 1.61 acres, and a Southeast corner of said 27.92 acres.

THENCE North 21°37"57" West with the West line of this tract of land, the West line of said 1.61 acres, and an East line of said 27.92 acres a distance of 1102.57 feet to a 2 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 1.61 acres, and an interior corner of said 27.92 acres.

THENCE North 56°50'05" East with the North line of this tract of land, the North line of said 1.61 acres, and a South line of said 27.92 acres a distance of65.23 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 1.61 acres, and the Northwest corner of said Scott 1.61 acres.

THENCE South 21°37'57" East with the East line of this tract of land, the East line of said 1.61 acres, and the West line of said Scott 1.61 acres a distance of]103.21 feet to the PLACE OF BEGINNING, containing within said boundaries 1.618 acres of land, more or less.

TRACT 1: 1.61 acres of land, more or less, out of the Henry Griffith Survey, Abstract No. 12, Chambers County, Texas, and being Lot 1 of the Fitzgerald Oil Tracts, and being the same land more particularly described as Lot lC in the partition of the Fitzgerald Estate, styled T. S. Fitzgerald vs. F. M. Fitzgerald, et al, Case No. 157, dated March 20, 1918, recorded in Volume A, Page 143, of the District Court Minutes of Chambers County, Texas.

TRACT 2: FIELD NOTES of 4.767 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being that same 4.75 acre tract of land conveyed to Barclay Nicholson by Susan K. Hogan, Trustee, in deed dated September 29, 2010, and recorded in Volume 1227 at Page 547 of the Official Public Records of Chambers County, Texas. This 4.767 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C., BY B-J DYER FAMILY LIMITED PARTNERSHIP BY DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1 ¼ inch iron pipe found for the Northeast corner of this tract of land, the Northeast corner of said 4.75 acres, the Northwest corner of a 50.44 acre tract of land conveyed to ERG Operating Company, Inc., by The Likover 1994 Family Limited Partnership by deed dated April 1, 2005, and recorded in Volume 781 at Page 97 of the Official Public Records of Chambers County, Texas, and in the South line of 47.37 acres called Parcel "B" and conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed dated December 31, 2003, and recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas.

THENCE South 02°36' 15" East with the East line of this tract of land, the East line of said 4.75 acres, and the West line of said 50.44 acres a distance of 1459.28 feet to a 2 ½ inch iron pipe found for the Southeast corner of this tract of land, the Southeast corner of said 4.75 acres, and the Southwest corner of said 50.44 acres in the North line of the residue of 33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE South 85°48'45" West with the South line of this tract of land, the South line of said 4.75 acres, and the North line of said residue of 33.3 acres a distance of 142.22 feet to a nail set in a gravel road for the Southwest comer of this tract of land, the Southwest comer of said 4.75 acres, and the Southeast comer of a 4.75 acre tract of land conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry by deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. From this corner a 2 inch iron pipe found for an interior corner of said 27.92 acres, and a Northwest corner of 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas bears South 85°48'45" West a distance of 567.17 feet.

THENCE North 02°36' 15" West with the West line of this tract of land, the West line of said Nicholson 4.75 acres, and the East line of said Young 4.75 acres a distance of 1462.08 feet to an iron pipe found in concrete for the Northwest corner of this tract of land, the Northwest corner of said Nicholson 4.75 acres, and the Northeast comer of said Young 4.75 acres in the South line of said 47.37 acres.

THENCE North 86°56'31" East with the North line of this tract of land, the North line of said Nicholson 4.75 acres, and the South line of said 47.37 acres a distance of 142.17 feet to the PLACE OF BEGINNING, containing within said boundaries 4.767 acres of land, more or less.

METES AND BOUNDS DESCRIPTION OF TRACT 1
28.241 ACRES (1,230,197 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 28.241 acres (1,230,197 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 28.22 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1374, Page 176 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 1) at a 2-inch iron pipe found in the easterly right-of-way (R/W) line of Winfree Road (called 60' R/W) marking the northwest comer of a called 33.27 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 689 O.P.R.C.C.T., and marking a south comer of the aforesaid 28.22 acre tract; from which, a 5/8-inch iron rod bent found in said R/W line and the westerly line of said 33.27 acre tract bears South 07° 08' 55" East, a distance of 191.91 feet;

THENCE, along the westerly line of said 28.22 acre tract and said easterly R/W line of Winfree Road with the following courses,

North 20° 58' 19" West, a distance of 82.80 feet to a 1/2-inch iron rod (bent) found for comer;
North 30° 09' 36" West, a distance of 58.92 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 37° 53' 54" West, a distance of 30.64 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 47° 35' 28" West, a distance of 54.31 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 51° 19' 28" West, a distance of73.93 feet to a 5/8-inch iron rod with cap found marking the south comer of a called 0.2296 of an acre tract of land conveyed to Enterprise Products Texas Operating, LLC as described in deed recorded in Volume 1023, Page 390 O.P.R.C.C.T., and a southwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 38° 06' 05" East, departing said R/W line, along a northerly line of said 28.22 acre tract, and the southeast line of said 0.2296 acre tract, at a distance of 99.77 feet passing a 1/2-inch iron rod found marking the east comer of said 0.2296 acre tract, in all a total distance of 209.50 feet to a 3/4-inch iron pipe (bent) found for the east comer of a called 0.640 acre tract of land conveyed to Ben Lamar Bean as described in deed recorded in Volume 1034, Page 732 O.P.R.C.C.T., marking a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap found bears South 21° 30' 53" East, a distance of 0.48 foot;

THENCE, North 51° 35' 13" West, along the westerly line of said 28.22 acre tract and the herein described tract, a distance of 414.59 feet to a 1/2-inch iron rod with cap stamped "H&H LAND" found marking the north comer of a called 0.93 acre tract of land conveyed to Suzanne Cornelius as described in deed recorded in Volume 1282, Page 311 O.P.R.C.C.T., and marking a east comer of a called 0.5465 acre tract of land conveyed to Barbara Ann Austin as described in deed recorded in Volume 1096, Page 300 O.P.R.C.C.T., and marking a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 53° 29' 06" West, along the east line of said 0.5465 acre tract, the westerly line of said 28.22 acre tract and the herein described tract, a distance of 128.41 feet to a 5/8- inch iron rod found for the northeast comer of said 0.5465 acre tract and a west comer of said
28.22 acre tract and the herein described tract;

THENCE, North 81° 25' 53" West, continuing along the common line of said 0.5465 acre tract, said 28.22 acre tract and the herein described tract, a distance of 117.59 feet to a 5/8- inch iron rod found in the southeast line of a compiled 12.249 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1462, Page 600 O.P.R.C.C.T., marking the northwest comer of said 0.5465 acre tract, a west comer of said 28.22 acre tract

and the herein described tract; from which, a 1/2-inch iron rod with cap stamped "H&H LAND" found in said southeast line of 12.249 acre tract bears South 01° 09' 53" West, a distance of 198.89 feet;

THENCE, North 01° 14' 18" East, along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 283.11 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found marking the northeast comer of said
12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 56° 34' 22" West, continuing along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 634.13 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found marking a north comer of said 12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 68° 23' 44" West, along the northeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 156.80 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found in the south line of a called 4.763 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1319, Page 63 O.P.R.C.C.T., marking a north comer of said 12.249 acre tract, the northwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 00' 31" East, along the north line of said 28.22 acre tract and the herein described tract, a distance of 169.79 feet to a 2-inch iron pipe found marking the southeast comer of a called 4.75 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1333, Page 354 O.P.R.C.C.T., and marking the southwest corner of a called 50.44 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1506, Page 433 O.P.R.C.C.T., and marking a north corner of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 16' 38" East, along the south line of said 50.44 acre tract, the north line of said 28.22 acre tract and the herein described tract, a distance of 1,140.63 feet to a 1-1/4- inch galvanized iron pipe found marking the northwest corner of a called 43.09 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 317 O.P.R.C.C.T., and marking the northeast corner of said
28.22 acre tract and the herein described tract; from which, a 4-inch steel post (leaning) found marking a southeast corner of said 50.44 acre tract bears North 86° 02' 03" East, a distance of
244.71 feet;

THENCE, along the westerly line of said 43.09 acre tract, the easterly line of said 28.22 acre tract and the herein described tract with the following courses,

> South 28° 19' 28" East, a distance of 372.82 feet to a 4-inch steel post found for corner;
> South 32° 08' 26" East, a distance of 46.88 feet to a 4-inch steel post found for corner;
> South 35° 07' 27" East, a distance of385.21 feet to a 4-inch steel post found for corner;
> South 49° 26' 36" East, a distance of 31.09 feet to a 4-inch steel post found for corner; South 21° 46' 00" West, a distance of 107.65 feet to a 4-inch steel post found for corner;
> South 33° 51' 03" East, a distance of 174.06 feet to a 4-inch steel post found for corner; South 04° 34' 35" West, a distance of 214.83 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for corner;
> South 43° 52' 14" East, a distance of 15.41 feet to a 1-1/4-inch galvanized iron pipe found in the northwest line of said 33.27 acre tract, marking the southeast corner of said 28.22 acre tract and the herein described tract;

THENCE, South 56° 57' 45" West, along the northwest line of said 33.27 acre tract, the southeast line of said 28.22 acre tract and the herein described tract, a distance of 650.59 feet to the **POINT OF BEGINNING** and containing 28.241 acres (1,230,197 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

METES AND BOUNDS DESCRIPTION OF TRACT 3
6.343 ACRES (276,298 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 6.343 acres (276,298 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 19.43 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1480, Page 117 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 3) at a 3/4-inch iron rod with aluminum cap found in the southerly right-of-way (R/W) line of Fann to Market Highway Number 565 (FM 565) (70' wide R/W) marking the northeast comer of a called 22.00 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 645 O.P.R.C.C.T., and marking the northwest corner of the aforesaid 19.43 acre tract and the herein described tract; from which, a 3/4-inch iron rod found marking a northwest comer of a residue of a called 157.686 acre tract of land conveyed to Equistar Chemicals, LP as described in deed recorded in Volume 362, Page 1 O.P.R.C.C.T., and marking the southwest comer of said 19.43 acre tract bears South OT 05' 08" East, a distance of 797.52 feet;

THENCE, along the southerly R/W line of said FM 565, the northerly line of said 19.43 acre tract and the herein described tract with the following courses,

> North 58° 55' 53" East, a distance of 13.59 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent curve to the right;
>
> In a northeasterly direction, 294.57 feet along the arc of said curve to the right, having a radius of 485.92 feet, a central angle of 34° 44' 00", a chord bearing and distance of North 73° 55' 05" East - 290.08 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for the point of tangency of said curve to the right; from which, a 1-inch iron pipe found bears South 58° 44' West, a distance of 1.61 feet;
>
> South 88° 46' 52" East, a distance of 419.41 feet to a 1/2-inch iron rod found for the point of curvature of a non-tangent curve to the left; from which, a 1/2-inch iron rod with cap found bears South 86° 31' West, a distance of 5.91 feet;
>
> In a northeasterly direction, 318.67 feet along the arc of said curve to the left, having a radius of 600.07 feet, a central angle of 30° 25' 38", a chord bearing and distance of North 75° 55' 53" East- 314.94 feet to a Texas Department of Transportation concrete monument found for the point of tangency of said curve to the left and marking the northeast comer of the herein described tract; from which, a 1/2-inch iron rod with cap found bears North 45° 09' East, a distance of 0.26 of a foot;

THENCE, South 33° 03' 34" East, departing said R/W line and the northerly line of said 19.43 acre tract, along the east line of the herein described tract, over and across said 19.43 acre tract, a distance of 28.14 feet to a 5/8-inch iron rod with cap found for the southeast comer of the herein described tract;

THENCE, South ST 11' 07" West, along the south line of the herein described tract, a distance of 1,153.19 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set in the east line of said 22.00 acre tract and the west line of said 19.43 acre tract marking the southwest comer of the herein described tract; from which, a 5/8-inch iron rod with cap found bears South 62° 22' West, a distance of 0.58 feet;

THENCE, North OT 05' 08" West, along the east line of said 22.00 acre tract, the west line of said 19.43 acre tract and the herein described tract, a distance of 497.33 feet to the POINT OF BEGINNING and containing 6.343 acres (276,298 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Oneok Hydrocarbon, LP requests an appraised value limitation from Barbers Hill Independent School District. Oneok Hydrocarbon, LP is proposing to construct a 5th (fifth) Natural Gas Liquid (NGL) fractionation unit (MB5 Fractionation Plant) in Chambers County, Texas.

The facility will be located in the northwestern portion of the county. Additionally, the entirety of the project will be within Barbers Hill Independent School District. Please find attached in the map below that further define the location of the facility.

The facility itself is expected to have a total capacity of 125 KB per day of natural gas liquids, and will produce industrial gases including ethane, propane, butane, n-butane, and natural gasoline (CS+) products from incoming Y-Grade natural gas liquids (NGL's). Construction is anticipated to commence in March of 2019 and is projected to be complete by January 2021, when the plant will also be fully operational.

Oneoak Hydrocarbon, LP requests that this application includes but is not limited to the following components of this project:

- Pre-treatment Systems
- De-Ethanizer Unit
- De-Propanizer Unit
- De-Butanizer Unit
- Associated Towers
- Additional Storage Facilities for Y-grade liquids and other components
- All Appurtenant Components
- Heat Medium
- Gasoline Treater
- Compression Equipment
- Butane Splitter

The manufacturing process consists of first pre-treating the incoming NGL's with feed filter coalescers and amine contactors to remove any impurities such as particulates, sulfides and carbon dioxide. Any residual moisture is removed from the treated NGL's by dehydrators. The NGL's are then heated under pressure and fed into the De-Ethanizer Unit where it is separated into an overhead gas phase and an NGL phase. Ethane in the overhead gas phase is further purified and sent to product storage. The remaining NGL's are then heated under pressure and fed into an overhead gas phase and an NGL phase. Ethane in the overhead gas phase is further purified and sent to product storage. The remaining NGL's are then heated under pressure and fed into the De-Propanizer Unit where it is separated into an overhead gas phase and an NGL phase. Propane in the overhead gas phase is further purified and sent to product storage.

The remaining NGL's are then heated under pressure and fed into the De-Butanizer Unit where it is separated into an overhead gas phase of mixed Butanes and natural gasolines. The mixed Butane in the overhead gas phase is sent to the Butane Splitter (De-IsoButanizer) where it is separated into n-Butane and Iso-Butane. Natural gasoline are then sent off for purchase via pipeline.

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso-butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the net lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components. This facility will also be built with the necessary equipment to produce International Grade Propane.

Demand for NGLs

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene. (Like ethylene, propylene is an important building block used in the manufacturing of plastics.) The bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.
- **Normal Butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.
- **Isobutane.** Isobutane has the same molecular formula as a normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.
- **Natural Gasoline.** Natural gasoline is used primarily as a blendstock.

Oneok Hydrocarbon, LP is a premier energy company, specializing in midstream oil & gas operations. Currently, Oneok Hydrocarbon, LP operates over 2,600 miles of pipeline, 3 gas processing plants, and 6 fractionation facilities. Their operations are located in Kansas, Oklahoma, and Texas.

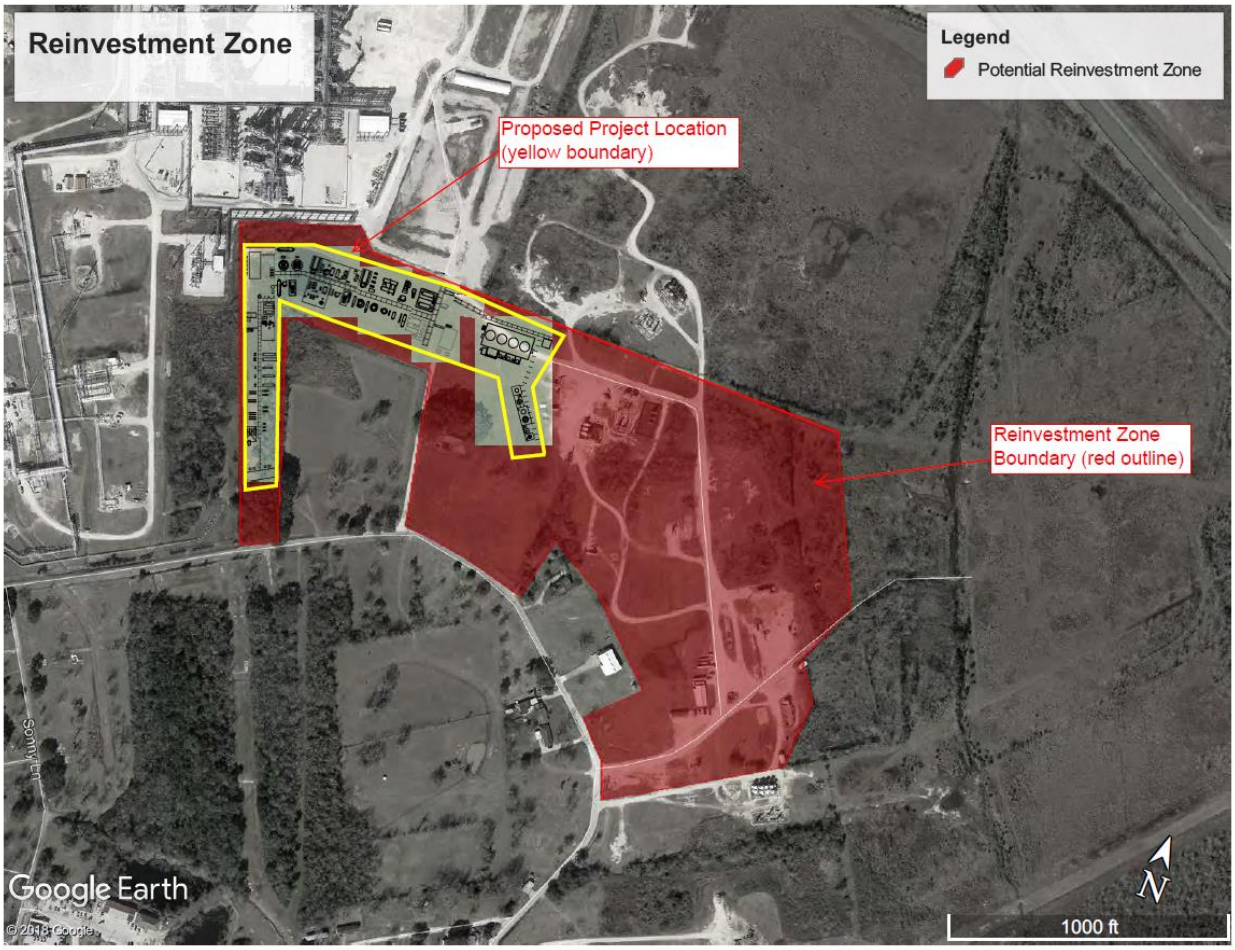
Reinvestment Zone
Legend
Potential Reinvestment Zone
Proposed Project Location
(yellow boundary)
Reinvestment Zone
Boundary (red outline)
Google Earth
© 2018 Google
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EXHIBIT 4

APPLICANT'S QUALIFIED PROPERTY

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Oneok Hydrocarbon, LP requests an appraised value limitation from Barbers Hill Independent School District. Oneok Hydrocarbon, LP is proposing to construct a 5th (fifth) Natural Gas Liquid (NGL) fractionation unit (MB5 Fractionation Plant) in Chambers County, Texas.

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Oneoak Hydrocarbon, LP requests that this application includes but is not limited to the following components of this project:

- Pre-treatment Systems
- De-Ethanizer Unit
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- De-Butanizer Unit
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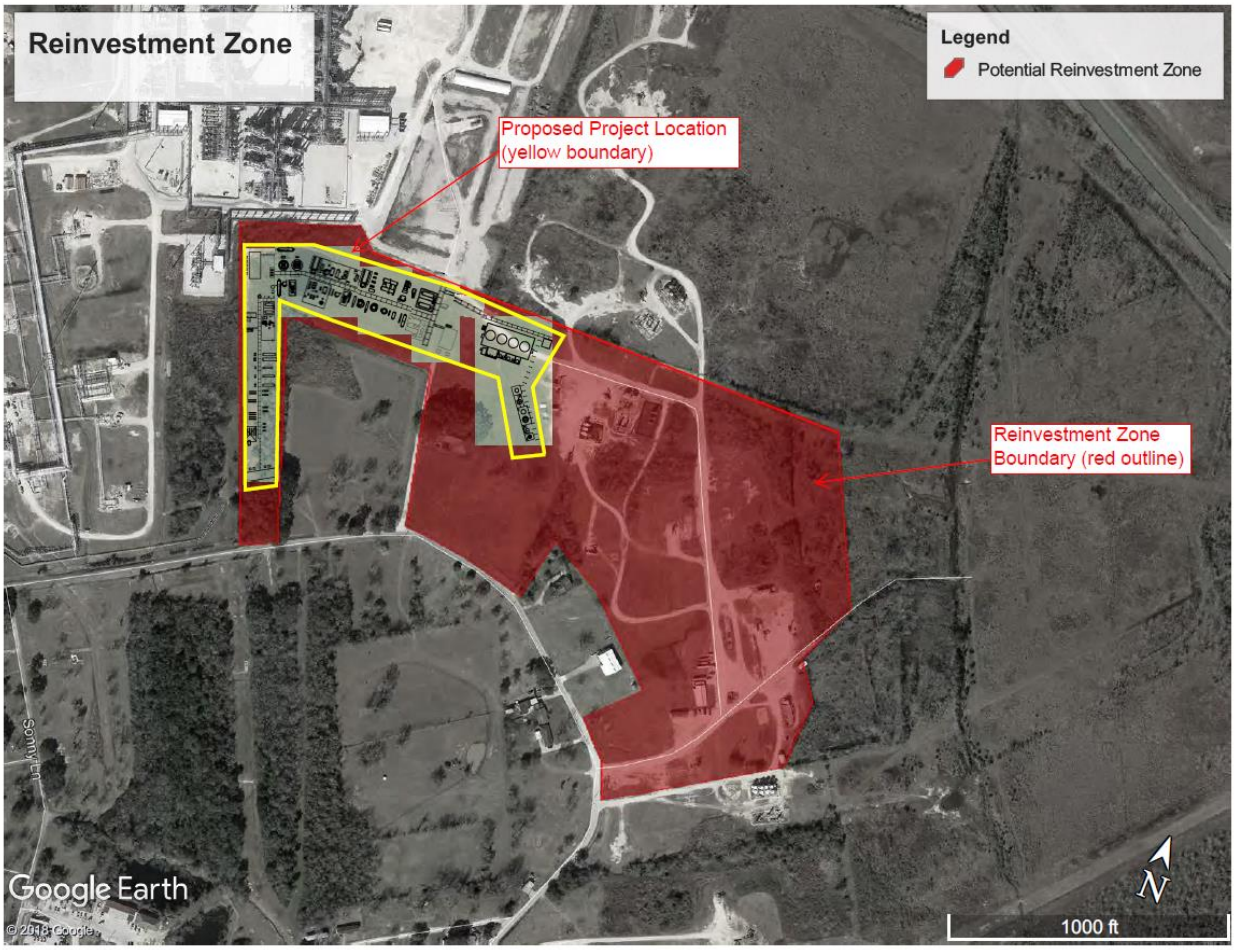

Reinvestment Zone
Legend
Potential Reinvestment Zone
Proposed Project Location
(yellow boundary)
Reinvestment Zone
Boundary (red outline)
Google Earth
© 2018 Google
N
1000 ft

RESOLUTION OF THE BOARD OF TRUSTEES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE IN CONNECTION WITH AN ECONOMIC DEVELOPMENT UNDER CHAPTER 313 OF THE TEXAS TAX CODE, SUCH REINVESTMENT ZONE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT, CHAMBERS COUNTY, TEXAS, TO BE KNOWN AS THE "ONEOK MB5 REINVESTMENT ZONE"; ESTABLISHING THE BOUNDARIES THEREOF IN CONNECTION WITH AN CERTAIN APPLICATION FOR VALUE LIMITATION AGREEMENT FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES UNDER CHAPTER 313 OF THE TEXAS TAX CODE SUBMITTED BY ONEOK HYDROCARBON, LP (TAXPAYER I.D. 14812520568), COMPTROLLER'S APPLICATION NO. 1282:

WHEREAS, the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE §312.001 et seq.) 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 Barbers Hill 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 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 Chambers 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 (the "Board") 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 certain *Agreements 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 Oneok Hydrocarbon, LP (Texas Taxpayer I.D. No. 14812520568); and,

WHEREAS, the District wishes to designate a reinvestment zone within the boundaries of the school district in Chambers County, Texas to be known as the "Oneok MB5 Reinvestment Zone," as shown on the attached **Exhibit B**.

NOW THEREFORE, BE IT RESOLVED BY THE BARBERS HILL 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, 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 "Oneok MB5 Reinvestment Zone," (the "Reinvestment Zone") 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 "Oneok MB5 Reinvestment Zone" 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 Reinvestment Zone, and that the improvements sought are feasible and practical; and,

(d) That the "Oneok MB5 Reinvestment Zone" described in **Exhibit A** meets the criteria for the creation of a reinvestment zone as set forth in TEXAS TAX CODE §312.0025 of 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 Reinvestment 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 "Oneok MB5 Reinvestment Zone."

EXHIBIT A

SECTION 4. That the "Oneok MB5 Reinvestment Zone" shall take effect upon adoption of this Resolution by the Board 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 Board, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Meetings 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 Barbers Hill Independent School District, Chambers 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.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
Becky Tice, President
Board of Trustees

ATTEST:

By: _____
Cynthia Erwin, Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF THE "ONEOK MB5 REINVESTMENT ZONE"

FIELD NOTES of a 27.92 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being all of the following tracts of land:

A) residue of 10 acres called Tract 1, 4.75 acres called Tract 2, 1.61 acres called Tract 3, & 3.75 acres called Tract 4 conveyed to B-J Dyer Family Limited Partnership by Charles D. Dyer, et ux, by deed dated December 28, 2006, and recorded in Volume 923 at Page 706 of the Official Public Records of Chambers County, Texas.

B) 1 acre conveyed to Bryant Dyer, et ux, by Mary Beth Dyer, et vir, by deed recorded in Volume 453 at Page 234 of the Official Public Records of Chambers County, Texas.

C) residue of 4.75 acres conveyed to Charles D. Dyer by Virginia Lillich, et al, by deed recorded in Volume 345 at Page 498 of the Deed Records of Chambers County, Texas.

D) 4.7864 acres, 1.61 acres, a tract of land called Tract "A", & a tract of land called Tract "B" conveyed to Bryant Dyer, et al, by Hal K. Jarrell, Trustee, by deed dated December 16, 1997, and recorded in Volume 352 at Page 319 of the Official Public Records of Chambers County, Texas.

This 27.92 acre tract of land is more particularly described by metes and bounds as follows, to- wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE NORTH AND SOUTH LINES OF SAID 4.7864 ACRES.

BEGINNING at a 1 ½ inch iron pipe found leaning for the Southeast corner of this tract of land, the Southeast corner of said 4.7864 acres, the Southwest corner of 4.75 acres called Tract 4D conveyed to Kinnie Lee Fitzgerald by W. L. Fitzgerald, Jr., by deed dated September 25, 1933, and recorded in Volume 36 at Page 623 of the Deed Records of Chambers County, Texas, and in the North line of 15.43 acres conveyed to B. G. Lawrence by P. 0. Wood, et ux, by deed dated February, 1967, and recorded in volume 282 at Page 291 of the Deed Records of Chambers County, Texas.

THENCE South 85°48'45" West with a South line of this tract of land, the South line of said 4.7864 acres, and the North line of said 15.43 acres a distance of 141.39 feet to a 2 inch iron pipe found for an angle corner of this tract of land, the Southwest corner of said 4.7864 acres, the Southeast corner of said 4.75 acres called Tract 2, and an angle corner of said 15.43 acres.

THENCE South 58°53'39" West with a South line of this tract of land, a South line of said 4.75 acres called Tract 2, and the North line of said 15.43 acres a distance of 55.99 feet to a 2 inch iron pipe found for a Southwest corner of this tract of land, a Southwest corner of said 4.75 acres called Tract 2, the Northwest corner of said 15.43 acres, and in the East line of 1.61 acres awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 24°30'18" West with a West line of this tract of land, a West line of said 4.75 acres called Tract 2, and the East line of said 1.61 acres a distance of 28.67 feet to a 2 inch iron pipe found leaning for an interior corner of this tract of land, an interior corner of said 4.75 acres called Tract 2, and the Northeast corner of said 1.61 acres.

THENCE South 56°50'05" West with a South line of this tract of land, the South lines of said 4.75 acres called Tract 2, the South line of said 3.75 acres called Tract 4, the North line of said 1.61 acres, and the North line of 1.61 acres awarded to Mrs. S. E. Morgan by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, at a distance of 97.66 feet found a 1 ½ inch iron pipe on line, in all a total distance of 126.71 feet to a 2 inch iron pipe found in concrete for an interior corner of this tract of land, the Northwest corner of said Morgan 1.61 acres, and the Northeast corner of said Bryant Dyer 1.61 acres.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said Bryant Dyer 1.61 acres, and

the West line of said Morgan 1.61 acres a distance of 1102.57 feet to a ½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said Bryant Dyer 1.61 acres, and the Southwest corner of said Morgan 1.61 acres in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57'23'05" West with a South line of this tract of land, the South line of said Bryant Dyer 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a ½ inch iron rod set for the Southwest corner of this tract of land, the Southwest corner of said Bryant Dyer 1.61 acres, and the Southeast corner of 1.61 acres awarded to Kinzey Lee Fitzgerald, et al, by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas.

THENCE North 21'37'52" West with a West line of this tract of land, the West line of said Bryant Dyer 1.61 acres, and the East line of said Fitzgerald 1.61 acres a distance of 1101.93 feet to a ½ inch iron rod set for an interior corner of this tract of land, the Northwest corner of said Bryant Dyer 1.61 acres, the Northeast corner of said Fitzgerald 1.61 acres, and in the South line of said
3.75 acres called Tract 4.

THENCE South 56'50'05" West with a South line of this tract of land, the South line of said 3.75 acres called Tract 4, the South line of said Tract "B", and the North line of said Fitzgerald 1.61 acres, at a distance of 60.92 feet found a 2 inch iron pipe on line, in all a total distance of 65.42 feet to a 1 inch iron pipe found for an angle corner of this tract of land, the Northwest corner of said Fitzgerald 1.61 acres, and a Northeast corner of part of 57.07 acres called Parcel "A" conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas. From this corner a capped iron rod found bears South 22'04'15" West a distance of 0.25 feet.

THENCE South 56'36'48" West with a South line of this tract of land, the South line of said Tract "B", and the North line of said part of 57.07 acres a distance of 65.24 feet to a 1 inch iron pipe found for an interior corner of this tract of land, a Northwest corner of said part of 57.07 acres, and the Northeast corner of said 1.61 acres called Tract 3.

THENCE South 21'37'52" East with an East line of this tract of land, the East line of said 1.61 acres called Tract 3, and the West line of said part of 57.07 acres a distance of 1100.39 feet to a
½ inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres called Tract 3, and a Southwest corner of said part of 57.07 acres in the North line of said Winfree Road.

THENCE South 57'23'01" West with a South line of this tract of land, the South line of said 1.61 acres called Tract 3, and the North right of way line of Winfree Road, at a distance of 38.91 feet found a concrete monument on line, in all a total distance of 65.11 feet to a 5/8 inch iron rod inside a 1 inch iron pipe found for a Southwest corner of this tract of land, the Southwest corner of said 1.61 acres called Tract 3, and a Southeast corner of said part of 57.07 acres.

THENCE North 21'37'52" West with the West line of this tract of land, the West line of said 1.61 acres called Tract 3, and an East line of said part of 57.07 acres a distance of 1099.50 feet to a concrete monument found broken for a Northwest corner of this tract of land, the Northwest corner of said 1.61 acres called Tract 3, and an interior corner of said part of 57.07 acres.

THENCE North 56'36'48" East with a North line of this tract of land, the North line of said 1.61 acres called Tract 3, and a South line of said part of 57.07 acres, a distance of 2.95 feet to a concrete monument found broken for a Southwest corner of this tract of land, the Southwest corner of said Tract "B", and a Southeast corner of said part of 57.07 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said Tract "B", and an East line of said part of 57.07 acres a distance of 25.39 feet to a concrete monument found for an interior corner of this tract of land, the Northwest corner of si3id Tract "B", and an interior corner of said part of 57.07 acres.

THENCE North 41°14'12" East with a North line of this tract of land, the North line of said Tract "B", and a South line of said part of 57.07 acres a distance of 145.20 feet to a concrete monument found for an interior corner of this tract of land, the Northeast corner of said Tract "B", a Southeast corner of said part of 57.07 acres, and in the West line of said residue of 10 acres.

THENCE North 21°45'25" West with a West line of this tract of land, the West line of said residue of 10 acres, and an East line of said part of 57.07 acres a distance of 1507.93 feet found a concrete monument broken for an interior corner

of this tract of land, the Southeast corner of said Tract "A", and a Northeast corner of said part of 57.07 acres at the South line of Fitzgerald Road, 60 foot wide right of way.

THENCE South 56°54'44" West with a South line of this tract of land, the South line of said Tract "A", the South right of way line of Fitzgerald Road, a North line of said part of 57.07 acres a distance of 25.00 feet to a ½ inch iron rod set for a Southwest corner of this tract of land, the Southwest corner of said Tract **"A",** and an interior corner of said part of 57.07 acres.

THENCE North 31°09'25" West with a West line of this tract of land, the West line of said Tract **"A",** and an East line of said part of 57.07 acres a distance of 30.01 feet to a ½ inch iron rod set for a Northwest corner of this tract of land, the Northwest corner of said Tract **"A",** and a Northeast corner of said part of 57.07 acres.

THENCE North 56°54'44" East with a North line of this tract of land, the North line of said Tract **"A",** the North line of said residue of 10 acres, and the South line of 47.37 acres called Parcel **"B"** conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas, at a distance of 28.90 feet found an aluminum disc on line, at a distance of 30.00 feet found a 3 inch iron pipe for the Northeast corner of said Tract "A", the Northwest corner of said residue of 10 acres, and the Southeast corner of said 47.37 acres, in all a total distance of 196.37 feet to a 5/8 inch iron rod found for an angle corner of this tract of land, an angle corner of said residue of 10 acres, and an angle corner of said 47.37 acres.

THENCE North 87°04'28" East with a North line of this tract of land, a North lines of said residue of 10 acres, 3.75 acres called Tract 4, 4.75 acres called Tract 2, 4.7864 acres, the South line of said 47.37 acres, and the South line of a 0.34 of an acre tract of land conveyed in Lease Agreement from Mary 0. Scott, et vir, to Magnolia Pipe Line Company by instrument dated April 20, 1956, and recorded in Volume 177 at Page 633 of the Deed Records of Chambers County, Texas, at a distance of 386.82 feet found a 1 ½ inch iron pipe in concrete for the Northeast corner of said residue of 10 acres, and the Northwest corner of said 3.75 acres called Tract 4, in all a total distance of 801.61 feet to a ½ inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 4.7864 acres, and the Northwest corner of said Fitzgerald 4.75 acres.

THENCE South 02°36'15" East with an East line of this tract of land, the East line of said 4.7864 acres, and the West line of said Fitzgerald 4.75 acres a distance of 1470.80 feet to the PLACE OF BEGINNING, containing within said boundaries 27.92 acres of land, more or less.

TRACT 1

FIELD NOTES of 2.676 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 2.676 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod found bent for the Northwest corner of this tract of land, an interior corner of said 12.2429 acres, in the South line of9.573 acres called Tract 2, surveyed this date, and the Northeast corner of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas.

THENCE South 89°52'26" East with the North line of this tract of land, a South line of said Tract 2 a distance of255.00 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, and an interior corner of said Tract 2.
THENCE South 04°14'43" East with the East line of this tract of land and a West line of said Tract 2, over and across said 12.2429 acres a distance of 538.26 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, a Southwest corner of said Tract 2, in a South line of said 12.2429 acres, and in the North right of way line of Winfree Road, 80 foot right of way.

THENCE North 82°05'44" West with the South line of this tract of land, the South line of said 12.2429 acres, and the North right of way of Winfree Road a distance of 195.80 feet to a 3/4 inch iron rod found bent for the Southwest corner of this tract of land, the Southwest corner of said 12.2429 acres, and an East corner of 0.4573 of an acre tract of land conveyed to Chambers County Land Company, Trustee by Pauline Taggart Mills in deed dated December 2, 1987, in Volume 32 at Page 397 of the Official Public Records of Chambers County, Texas.

THENCE North 11°12'46" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 0.4573 of an acre a distance of 142.51 feet to a 5/8 inch iron rod found bent for an angle corner of this tract of land, an angle corner of said 12.2429 acres, the Northeast corner of said 0.4573 of an acre, and the Southeast corner of a said 5.0865 acres.

THENCE North 11°10'16" West with a West line of this tract of land, a West line of said 12.2429 acres, and the East line of said 5.0865 acres a distance of377.79 feet to the PLACE OF BEGINNING, containing within said boundaries 2.676 acres of land, more or less.

TRACT 2

FIELD NOTES of 9.573 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being out of and a part of that same 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas. This 9.573 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE MOST NORTHERLY SOUTH LINE OF SAID 12.2429 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 4 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 12.2429 acres, in the East line of a 1.61 acre tract of land awarded to Mary 0. Scott by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and a Southwest corner of a 27.92 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by B-J Dyer Family Limited Partnership by deed dated April 15, 2008, and recorded in Volume 1036 at Page 98 of the Official Public Records of Chambers County, Texas.

THENCE North 62°19'35" East with a North line of this tract of land, a North line of said 12.2429 acres, and a South

line of said 27.92 acres a distance of56.89 feet to a 3 inch iron pipe found for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and an angle corner of said 27.92 acres.

THENCE North 88°04'00" East with a North line of this tract of land, a North line of said 12.2429 acres, the South line of said 27.92 acres, the South line of 4.75 acres conveyed to ONEOK Mont Belvieu Storage Company, L.L.C., by Philip R. Fitzgerald, et al, by deed dated April 29, 2008, and recorded in Volume 1037 at Page 661 of the Official Public Records of Chambers County, Texas, the South line of 4.75 acres awarded to K. M. Fitzgerald by deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, and the South line of a 4.75 acre tract of land conveyed to Jean Kelly Nicholson by Jean Kelly Nicholson, Executrix, by deed dated January 12, 2010, and recorded in Volume 1165 at Page 509 of the Official Public Records of Chambers County, Texas, a distance of 538.30 feet to a 1/2 inch iron rod set for an angle corner of this tract of land, an angle corner of said 12.2429 acres, and the Northwest corner of the residue of33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE in a Southerly direction with the North lines of this tract of land, the North lines of said 12.2429 acres, and a South or Southwest line of said residue of33.3 acres the following courses to ½ inch iron rods set:

South 66°08'17" East, 156.95 feet;
South 54°21'39" East, 633.93 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 12.2429 acres, and an interior corner of said residue of 33.3 acres.

THENCE South 03°24'1 l" West with the East line of this tract of land, the East line of said 12.2429 acres, the West line of said residue of33.3 acres, and the West line of0.5465 of an acre tract of land conveyed to Barbara Ann Austin by Enterprise Products Operating, LLC., by deed dated January 27, 2009, and recorded in Volume 1096 at Page 300 of the Official Public Records of Chambers County, Texas, at a distance of 283.12 feet found a 5/8 inch iron rod on line, in all a total distance of 446.46 feet to a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 12.2429 acres, and a Northeast corner of Winfree Road, right of way width varies.

THENCE in a Northwesterly direction with the South lines of this tract of land, the South lines of said 12.2429 acres, and the North right of way lines of Winfree Road the following courses to 1/2 inch iron rods set:

North 84°11'08" West, 93.21 feet;
South 08°51'08" East, 7.30 feet;
North 85°45'08" West, 90.00 feet;
North 82°05'44" West, 95.54 feet to a 1/2 inch iron rod set for a Southwest corner of this tract of land and the Southeast corner of 2.676 acres called Tract I surveyed this date.

THENCE North 04°14'43" West with a West line of this tract of land and the East line of said Tract I a distance of 538.26 feet to a 1/2 inch iron rod set for an interior corner of this tract of land and the Northeast corner of said Tract I.

THENCE North 89°52'26" West with a South line of this tract of land, a South line of said 12.2429 acres, the North line of said Tract I, and the North line of a 5.0865 acre tract of land conveyed to Chambers County Land Company, Trustee, by Douglas A. Williams, et ux, by deed dated December 2, 1987, and recorded in Volume 32 at Page 379 of the Official Public Records of Chambers County, Texas, a distance of 807.06 feet to a 1/2 inch iron rod found bent for a Southwest corner of this tract of land, a Southwest corner of said 12.2429 acres, the Northwest corner of said 5.0865 acres, and in the East line of said 1.61 acres.

THENCE North 19°40'04" West with the West line of this tract of land, the West line of said 12.2429 acres, and the East line of said 1.61 acres a distance of 290.31 feet to the PLACE OF BEGINNING, containing within said boundaries 9.573 acres of land, more or less.

AND

TRACT 3

FIELD NOTES of a 1.618 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being the same 1.61 acres conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry in deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. This 1.618 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS lN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C. BY B-J DYER FAMILY LIMITED PARTNERSHIP IN DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/2 inch iron rod set for the Southeast corner of this tract of land, the Southeast corner of said 1.61 acres, and the Southwest corner of 1.61 acres awarded to Mary 0. Scott in deed dated March 30, 1918, and recorded in Volume 309 at Page 667 of the Deed Records of Chambers County, Texas, in the North right of way line of Winfree Road, 60 foot wide right of way.

THENCE South 57°23'05" West with the South line of this tract of land, the South line of said 1.61 acres, and the North right of way line of Winfree Road a distance of 65.11 feet to a 1/2 inch iron rod found (bent) for the Southwest corner of this tract of land, the Southwest comer of said 1.61 acres, and a Southeast corner of said 27.92 acres.

THENCE North 21°37"57" West with the West line of this tract of land, the West line of said 1.61 acres, and an East line of said 27.92 acres a distance of 1102.57 feet to a 2 inch iron pipe found for the Northwest corner of this tract of land, the Northwest corner of said 1.61 acres, and an interior corner of said 27.92 acres.

THENCE North 56°50'05" East with the North line of this tract of land, the North line of said 1.61 acres, and a South line of said 27.92 acres a distance of65.23 feet to a 1/2 inch iron rod set for the Northeast corner of this tract of land, the Northeast corner of said 1.61 acres, and the Northwest corner of said Scott 1.61 acres.

THENCE South 21°37'57" East with the East line of this tract of land, the East line of said 1.61 acres, and the West line of said Scott 1.61 acres a distance of]103.21 feet to the PLACE OF BEGINNING, containing within said boundaries 1.618 acres of land, more or less.

TRACT 1: 1.61 acres of land, more or less, out of the Henry Griffith Survey, Abstract No. 12, Chambers County, Texas, and being Lot 1 of the Fitzgerald Oil Tracts, and being the same land more particularly described as Lot lC in the partition of the Fitzgerald Estate, styled T. S. Fitzgerald vs. F. M. Fitzgerald, et al, Case No. 157, dated March 20, 1918, recorded in Volume A, Page 143, of the District Court Minutes of Chambers County, Texas.

TRACT 2: FIELD NOTES of 4.767 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, being that same 4.75 acre tract of land conveyed to Barclay Nicholson by Susan K. Hogan, Trustee, in deed dated September 29, 2010, and recorded in Volume 1227 at Page 547 of the Official Public Records of Chambers County, Texas. This 4.767 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE EAST LINE OF 27.92 ACRES CONVEYED TO ONEOK MONT BELVIEU STORAGE COMPANY, L.L.C., BY B-J DYER FAMILY LIMITED PARTNERSHIP BY DEED DATED APRIL 15, 2008, AND RECORDED IN VOLUME 1036 AT PAGE 98 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1 ¼ inch iron pipe found for the Northeast corner of this tract of land, the Northeast corner of said 4.75 acres, the Northwest corner of a 50.44 acre tract of land conveyed to ERG Operating Company, Inc., by The Likover 1994 Family Limited Partnership by deed dated April 1, 2005, and recorded in Volume 781 at Page 97 of the Official Public Records of Chambers County, Texas, and in the South line of 47.37 acres called Parcel "B" and conveyed to Valero Refining Texas, L.P., by EOTT Energy Liquids, L.P., by deed dated December 31, 2003, and recorded in Volume 669 at Page 586 of the Official Public Records of Chambers County, Texas.

THENCE South 02°36' 15" East with the East line of this tract of land, the East line of said 4.75 acres, and the West line of said 50.44 acres a distance of 1459.28 feet to a 2 ½ inch iron pipe found for the Southeast corner of this tract of land, the Southeast corner of said 4.75 acres, and the Southwest corner of said 50.44 acres in the North line of the residue of 33.3 acres conveyed to Larry Gene Lawrence by Charles Donald Lawrence by deed dated June 27, 2003, and recorded in Volume 627 at Page 315 of the Official Public Records of Chambers County, Texas.

THENCE South 85°48'45" West with the South line of this tract of land, the South line of said 4.75 acres, and the North line of said residue of 33.3 acres a distance of 142.22 feet to a nail set in a gravel road for the Southwest comer of this tract of land, the Southwest comer of said 4.75 acres, and the Southeast comer of a 4.75 acre tract of land conveyed to Rowena F. Young, et al, by Rowena Mulitz Mabry by deed dated November 24, 1997, and recorded in Volume 350 at Page 796 of the Official Public Records of Chambers County, Texas. From this corner a 2 inch iron pipe found for an interior corner of said 27.92 acres, and a Northwest corner of 12.2429 acre tract of land conveyed to Cecil Parker, Jr., et ux, by Larry Gene Lawrence by deed dated September 27, 2004, and recorded in Volume 728 at Page 387 of the Official Public Records of Chambers County, Texas bears South 85°48'45" West a distance of 567.17 feet.

THENCE North 02°36' 15" West with the West line of this tract of land, the West line of said Nicholson 4.75 acres, and the East line of said Young 4.75 acres a distance of 1462.08 feet to an iron pipe found in concrete for the Northwest corner of this tract of land, the Northwest corner of said Nicholson 4.75 acres, and the Northeast comer of said Young 4.75 acres in the South line of said 47.37 acres.

THENCE North 86°56'31" East with the North line of this tract of land, the North line of said Nicholson 4.75 acres, and the South line of said 47.37 acres a distance of 142.17 feet to the PLACE OF BEGINNING, containing within said boundaries 4.767 acres of land, more or less.

METES AND BOUNDS DESCRIPTION OF TRACT 1
28.241 ACRES (1,230,197 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 28.241 acres (1,230,197 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 28.22 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1374, Page 176 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 1) at a 2-inch iron pipe found in the easterly right-of-way (R/W) line of Winfree Road (called 60' R/W) marking the northwest comer of a called 33.27 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 689 O.P.R.C.C.T., and marking a south comer of the aforesaid 28.22 acre tract; from which, a 5/8-inch iron rod bent found in said R/W line and the westerly line of said 33.27 acre tract bears South 07° 08' 55" East, a distance of 191.91 feet;

THENCE, along the westerly line of said 28.22 acre tract and said easterly R/W line of Winfree Road with the following courses,

North 20° 58' 19" West, a distance of 82.80 feet to a 1/2-inch iron rod (bent) found for comer;
North 30° 09' 36" West, a distance of 58.92 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 37° 53' 54" West, a distance of 30.64 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 47° 35' 28" West, a distance of 54.31 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found for comer;
North 51° 19' 28" West, a distance of73.93 feet to a 5/8-inch iron rod with cap found marking the south comer of a called 0.2296 of an acre tract of land conveyed to Enterprise Products Texas Operating, LLC as described in deed recorded in Volume 1023, Page 390 O.P.R.C.C.T., and a southwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 38° 06' 05" East, departing said R/W line, along a northerly line of said 28.22 acre tract, and the southeast line of said 0.2296 acre tract, at a distance of 99.77 feet passing a 1/2-inch iron rod found marking the east comer of said 0.2296 acre tract, in all a total distance of 209.50 feet to a 3/4-inch iron pipe (bent) found for the east comer of a called 0.640 acre tract of land conveyed to Ben Lamar Bean as described in deed recorded in Volume 1034, Page 732 O.P.R.C.C.T., marking a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap found bears South 21° 30' 53" East, a distance of 0.48 foot;

THENCE, North 51° 35' 13" West, along the westerly line of said 28.22 acre tract and the herein described tract, a distance of 414.59 feet to a 1/2-inch iron rod with cap stamped "H&H LAND" found marking the north comer of a called 0.93 acre tract of land conveyed to Suzanne Cornelius as described in deed recorded in Volume 1282, Page 311 O.P.R.C.C.T., and marking a east comer of a called 0.5465 acre tract of land conveyed to Barbara Ann Austin as described in deed recorded in Volume 1096, Page 300 O.P.R.C.C.T., and marking a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 53° 29' 06" West, along the east line of said 0.5465 acre tract, the westerly line of said 28.22 acre tract and the herein described tract, a distance of 128.41 feet to a 5/8- inch iron rod found for the northeast comer of said 0.5465 acre tract and a west comer of said
28.22 acre tract and the herein described tract;

THENCE, North 81° 25' 53" West, continuing along the common line of said 0.5465 acre tract, said 28.22 acre tract and the herein described tract, a distance of 117.59 feet to a 5/8- inch iron rod found in the southeast line of a compiled 12.249 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1462, Page 600 O.P.R.C.C.T., marking the northwest comer of said 0.5465 acre tract, a west comer of said 28.22 acre tract and the herein described tract; from which, a 1/2-inch iron rod with cap stamped "H&H LAND" found in said southeast line of 12.249 acre tract bears South 01° 09' 53" West, a distance of 198.89 feet;

THENCE, North 01° 14' 18" East, along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 283.11 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found marking the northeast comer of said
12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 56° 34' 22" West, continuing along the southeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 634.13 feet to a 1/2-inch iron rod with cap stamped "CHANDLER" found marking a north comer of said 12.249 acre tract, a west comer of said 28.22 acre tract and the herein described tract;

THENCE, North 68° 23' 44" West, along the northeast line of said 12.249 acre tract, westerly line of said 28.22 acre tract and the herein described tract, a distance of 156.80 feet to a 1/2- inch iron rod with cap stamped "CHANDLER" found in the south line of a called 4.763 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1319, Page 63 O.P.R.C.C.T., marking a north comer of said 12.249 acre tract, the northwest comer of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 00' 31" East, along the north line of said 28.22 acre tract and the herein described tract, a distance of 169.79 feet to a 2-inch iron pipe found marking the southeast comer of a called 4.75 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1333, Page 354 O.P.R.C.C.T., and marking the southwest corner of a called 50.44 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1506, Page 433 O.P.R.C.C.T., and marking a north corner of said 28.22 acre tract and the herein described tract;

THENCE, North 86° 16' 38" East, along the south line of said 50.44 acre tract, the north line of said 28.22 acre tract and the herein described tract, a distance of 1,140.63 feet to a 1-1/4- inch galvanized iron pipe found marking the northwest corner of a called 43.09 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 317 O.P.R.C.C.T., and marking the northeast corner of said
28.22 acre tract and the herein described tract; from which, a 4-inch steel post (leaning) found marking a southeast corner of said 50.44 acre tract bears North 86° 02' 03" East, a distance of
244.71 feet;

THENCE, along the westerly line of said 43.09 acre tract, the easterly line of said 28.22 acre tract and the herein described tract with the following courses,

South 28° 19' 28" East, a distance of 372.82 feet to a 4-inch steel post found for corner;
South 32° 08' 26" East, a distance of 46.88 feet to a 4-inch steel post found for corner;
South 35° 07' 27" East, a distance of385.21 feet to a 4-inch steel post found for corner;
South 49° 26' 36" East, a distance of 31.09 feet to a 4-inch steel post found for corner; South 21° 46' 00" West, a distance of 107.65 feet to a 4-inch steel post found for corner;
South 33° 51' 03" East, a distance of 174.06 feet to a 4-inch steel post found for corner; South 04° 34' 35" West, a distance of 214.83 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for corner;
South 43° 52' 14" East, a distance of 15.41 feet to a 1-1/4-inch galvanized iron pipe found in the northwest line of said 33.27 acre tract, marking the southeast corner of said 28.22 acre tract and the herein described tract;

THENCE, South 56° 57' 45" West, along the northwest line of said 33.27 acre tract, the southeast line of said 28.22 acre tract and the herein described tract, a distance of 650.59 feet to the **POINT OF BEGINNING** and containing 28.241 acres (1,230,197 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

METES AND BOUNDS DESCRIPTION OF TRACT 3
6.343 ACRES (276,298 SQUARE FEET)
HENRY GRIFFITH SURVEY, ABSTRACT NUMBER 12, CHAMBERS COUNTY, TEXAS

Being a tract or parcel containing 6.343 acres (276,298 square feet) of land situated in the Henry Griffith Survey, Abstract Number 12, Chambers County, Texas; being part of and out of a called 19.43 acre tract of land conveyed to MONT BELVIEU CAVERNS, LLC as described in a deed recorded Volume 1480, Page 117 of the Official Public Records of Chambers County, Texas (O.R.P.C.C.T.). (Bearings shown hereon are referenced to Texas State Plane Coordinate System, South Central Zone, NAD83. Distances hereon are ground surface and may be converted to grid by multiplying a combined scale factor of 0.9999019536)

POINT OF BEGINNING (P.O.B.-TRACT 3) at a 3/4-inch iron rod with aluminum cap found in the southerly right-of-way (R/W) line of Fann to Market Highway Number 565 (FM 565) (70' wide R/W) marking the northeast comer of a called 22.00 acre tract of land conveyed to ONEOK Mont Belvieu Storage Company, L.L.C. as described in deed recorded in Volume 1353, Page 645 O.P.R.C.C.T., and marking the northwest corner of the aforesaid 19.43 acre tract and the herein described tract; from which, a 3/4-inch iron rod found marking a northwest comer of a residue of a called 157.686 acre tract of land conveyed to Equistar Chemicals, LP as described in deed recorded in Volume 362, Page 1 O.P.R.C.C.T., and marking the southwest comer of said 19.43 acre tract bears South OT 05' 08" East, a distance of 797.52 feet;

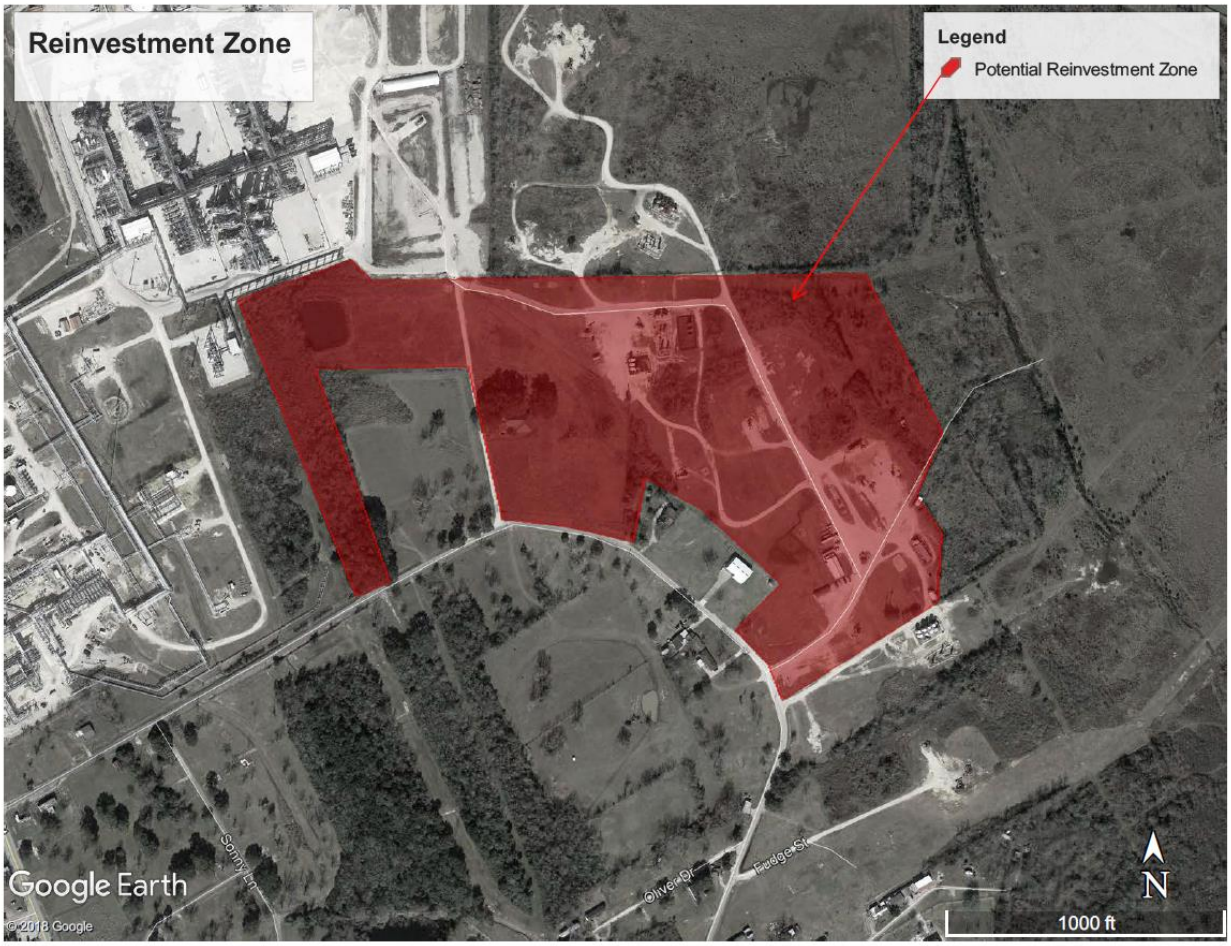
THENCE, along the southerly R/W line of said FM 565, the northerly line of said 19.43 acre tract and the herein described tract with the following courses,

> North 58° 55' 53" East, a distance of 13.59 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent curve to the right;
>
> In a northeasterly direction, 294.57 feet along the arc of said curve to the right, having a radius of 485.92 feet, a central angle of 34° 44' 00", a chord bearing and distance of North 73° 55' 05" East - 290.08 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set for the point of tangency of said curve to the right; from which, a 1-inch iron pipe found bears South 58° 44' West, a distance of 1.61 feet;
>
> South 88° 46' 52" East, a distance of 419.41 feet to a 1/2-inch iron rod found for the point of curvature of a non-tangent curve to the left; from which, a 1/2-inch iron rod with cap found bears South 86° 31' West, a distance of 5.91 feet;
>
> In a northeasterly direction, 318.67 feet along the arc of said curve to the left, having a radius of 600.07 feet, a central angle of 30° 25' 38", a chord bearing and distance of North 75° 55' 53" East- 314.94 feet to a Texas Department of Transportation concrete monument found for the point of tangency of said curve to the left and marking the northeast comer of the herein described tract; from which, a 1/2-inch iron rod with cap found bears North 45° 09' East, a distance of 0.26 of a foot;

THENCE, South 33° 03' 34" East, departing said R/W line and the northerly line of said 19.43 acre tract, along the east line of the herein described tract, over and across said 19.43 acre tract, a distance of 28.14 feet to a 5/8-inch iron rod with cap found for the southeast comer of the herein described tract;

THENCE, South ST 11' 07" West, along the south line of the herein described tract, a distance of 1,153.19 feet to a 3/4-inch iron rod with cap stamped "MPH INC" set in the east line of said 22.00 acre tract and the west line of said 19.43 acre tract marking the southwest comer of the herein described tract; from which, a 5/8-inch iron rod with cap found bears South 62° 22' West, a distance of 0.58 feet;

THENCE, North OT 05' 08" West, along the east line of said 22.00 acre tract, the west line of said 19.43 acre tract and the herein described tract, a distance of 497.33 feet to the POINT OF BEGINNING and containing 6.343 acres (276,298 square feet) of land. This description is based on a plat or map made by Morris P. Hebert, Inc., dated July 8, 2015. MPH Project Number 12116.

EXHIBIT B

SURVEY MAP OF THE
"ONEOK MB5 REINVESTMENT ZONE"