GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 10, 2019

Dr. Greg Poole
Superintendent
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, Texas 77580-1108

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 Lone Star NGL Asset Holdings II, LLC, Application 1336

Dear Superintendent Poole:

On March 1, 2019, the Comptroller issued written notice that Lone Star NGL Asset Holdings II, LLC (applicant) submitted a completed application (Application 1336) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on January 21, 2019, 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 1336.

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, 2019.

Note that any building or improvement existing as of the application review start date of March 1, 2019, 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 Lone Star NGL Asset Holdings II, LLC (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 Lone Star NGL Asset Holdings II, LLC.

Applicant	Lone Star NGL Asset Holdings II, LLC
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)	2020-2021
Number of new qualifying jobs committed to by applicant	12*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,274
Minimum annual wage committed to by applicant for qualified jobs	$66,222
Minimum weekly wage required for non-qualifying jobs	$1,214
Minimum annual wage required for non-qualifying jobs	$63,103
Investment per Qualifying Job	$22,083,333
Estimated M&O levy without any limit (15 years)	$31,869,430
Estimated M&O levy with Limitation (15 years)	$16,051,580
Estimated gross M&O tax benefit (15 years)	$15,817,850

** 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 Lone Star NGL Asset Holdings II, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	300	431	731	$19,866,660	$36,133,340	$56,000,000
2020	312	496	808	$20,661,326	$45,338,674	$66,000,000
2021	12	104	116	$794,666	$14,205,334	$15,000,000
2022	12	66	78	$794,666	$10,205,334	$11,000,000
2023	12	33	45	$794,666	$7,205,334	$8,000,000
2024	12	19	31	$794,666	$5,205,334	$6,000,000
2025	12	16	28	$794,666	$4,205,334	$5,000,000
2026	12	20	32	$794,666	$4,205,334	$5,000,000
2027	12	26	38	$794,666	$5,205,334	$6,000,000
2028	12	34	46	$794,666	$6,205,334	$7,000,000
2029	12	41	53	$794,666	$6,205,334	$7,000,000
2030	12	48	60	$794,666	$7,205,334	$8,000,000
2031	12	50	62	$794,666	$8,205,334	$9,000,000
2032	12	52	64	$794,666	$8,205,334	$9,000,000
2033	12	54	66	$794,666	$9,205,334	$10,000,000
2034	12	55	67	$794,666	$9,205,334	$10,000,000

Source: CPA REMI, Lone Star NGL Asset Holdings II, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	1.0600		0.5425	
2020	$20,000,000	$20,000,000		$53,960	$212,000	$265,960	$108,510	$374,470
2021	$265,000,000	$265,000,000		$714,970	$2,809,000	$3,523,970	$1,437,752	$4,961,722
2022	$257,050,000	$257,050,000		$693,521	$2,724,730	$3,418,251	$1,394,620	$4,812,871
2023	$249,100,000	$249,100,000		$672,072	$2,640,460	$3,312,532	$1,351,487	$4,664,019
2024	$241,150,000	$241,150,000		$650,623	$2,556,190	$3,206,813	$1,308,355	$4,515,167
2025	$233,200,000	$233,200,000		$629,174	$2,471,920	$3,101,094	$1,265,222	$4,366,316
2026	$225,250,000	$225,250,000		$607,725	$2,387,650	$2,995,375	$1,222,089	$4,217,464
2027	$217,300,000	$217,300,000		$586,275	$2,303,380	$2,889,655	$1,178,957	$4,068,612
2028	$209,350,000	$209,350,000		$564,826	$2,219,110	$2,783,936	$1,135,824	$3,919,761
2029	$201,400,000	$201,400,000		$543,377	$2,134,840	$2,678,217	$1,092,692	$3,770,909
2030	$193,450,000	$193,450,000		$521,928	$2,050,570	$2,572,498	$1,049,559	$3,622,057
2031	$185,500,000	$185,500,000		$500,479	$1,966,300	$2,466,779	$1,006,427	$3,473,206
2032	$177,550,000	$177,550,000		$479,030	$1,882,030	$2,361,060	$963,294	$3,324,354
2033	$169,600,000	$169,600,000		$457,581	$1,797,760	$2,255,341	$920,161	$3,175,502
2034	$161,650,000	$161,650,000		$436,132	$1,713,490	$2,149,622	$877,029	$3,026,651
			Total	$8,111,672	$31,869,430	$39,981,102	$16,311,977	$56,293,079

Source: CPA, Lone Star NGL Asset Holdings II, LLC
*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.

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 ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	1.0600		0.5425	
2020	$20,000,000	$20,000,000		$53,960	$212,000	$265,960	$108,510	$374,470
2021	$265,000,000	$80,000,000		$714,970	$848,000	$1,562,970	$718,876	$2,281,846
2022	$257,050,000	$80,000,000		$693,521	$848,000	$1,541,521	$697,310	$2,238,831
2023	$249,100,000	$80,000,000		$672,072	$848,000	$1,520,072	$675,744	$2,195,815
2024	$241,150,000	$80,000,000		$650,623	$848,000	$1,498,623	$654,177	$2,152,800
2025	$233,200,000	$80,000,000		$629,174	$848,000	$1,477,174	$632,611	$2,109,785
2026	$225,250,000	$80,000,000		$607,725	$848,000	$1,455,725	$611,045	$2,066,769
2027	$217,300,000	$80,000,000		$586,275	$848,000	$1,434,275	$589,478	$2,023,754
2028	$209,350,000	$80,000,000		$564,826	$848,000	$1,412,826	$567,912	$1,980,738
2029	$201,400,000	$80,000,000		$543,377	$848,000	$1,391,377	$546,346	$1,937,723
2030	$193,450,000	$80,000,000		$521,928	$848,000	$1,369,928	$524,780	$1,894,708
2031	$185,500,000	$185,500,000		$500,479	$1,966,300	$2,466,779	$1,006,427	$3,473,206
2032	$177,550,000	$177,550,000		$479,030	$1,882,030	$2,361,060	$963,294	$3,324,354
2033	$169,600,000	$169,600,000		$457,581	$1,797,760	$2,255,341	$920,161	$3,175,502
2034	$161,650,000	$161,650,000		$436,132	$1,713,490	$2,149,622	$877,029	$3,026,651
			Total	**$8,111,672**	**$16,051,580**	**$24,163,252**	**$10,093,699**	**$34,256,951**
			Diff	**$0**	**$15,817,850**	**$15,817,850**	**$6,218,278**	**$22,036,128**
Assumes School Value Limitation and Tax Abatements with the County.								

Source: CPA, Lone Star NGL Asset Holdings II, LLC
*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 Lone Star NGL Asset Holdings II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$212,000	$212,000	$0	$0
Limitation Period (10 Years)	2021	$848,000	$1,060,000	$1,961,000	$1,961,000
	2022	$848,000	$1,908,000	$1,876,730	$3,837,730
	2023	$848,000	$2,756,000	$1,792,460	$5,630,190
	2024	$848,000	$3,604,000	$1,708,190	$7,338,380
	2025	$848,000	$4,452,000	$1,623,920	$8,962,300
	2026	$848,000	$5,300,000	$1,539,650	$10,501,950
	2027	$848,000	$6,148,000	$1,455,380	$11,957,330
	2028	$848,000	$6,996,000	$1,371,110	$13,328,440
	2029	$848,000	$7,844,000	$1,286,840	$14,615,280
	2030	$848,000	$8,692,000	$1,202,570	$15,817,850
Maintain Viable Presence (5 Years)	2031	$1,966,300	$10,658,300	$0	$15,817,850
	2032	$1,882,030	$12,540,330	$0	$15,817,850
	2033	$1,797,760	$14,338,090	$0	$15,817,850
	2034	$1,713,490	$16,051,580	$0	$15,817,850
	2035	$1,629,220	$17,680,800	$0	$15,817,850
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$1,544,950	$19,225,750	$0	$15,817,850
	2037	$1,460,680	$20,686,430	$0	$15,817,850
	2038	$1,376,410	$22,062,840	$0	$15,817,850
	2039	$1,292,140	$23,354,980	$0	$15,817,850
	2040	$1,207,870	$24,562,850	$0	$15,817,850
	2041	$1,123,600	$25,686,450	$0	$15,817,850
	2042	$1,039,330	$26,725,780	$0	$15,817,850
	2043	$955,060	$27,680,840	$0	$15,817,850
	2044	$870,790	$28,551,630	$0	$15,817,850
	2045	$786,520	$29,338,150	$0	$15,817,850

$29,338,150 is greater than **$15,817,850**

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

Source: CPA, Lone Star NGL Asset Holdings II, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Lone Star NGL Asset Holdings II LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Frac VIII Plant economics. Approval of such agreement will be an influential factor in determing the establishment of the plant, especially since there are multiple other potential projects presently competing for the same capital expenditures by the company, including possible plants in Louisiana and in New Mexico."
  B. "The vast footprint of ETC provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. In the event a 313 agreement is not permitted, Energy Transfer will relocate Frac VIII to another area more financially viable for the continuation of this project. Unfortunately, this would also dismiss Chambers County from receiving the economic benefits associated with the development of an additional natural gas processing plant within their county. It is our goal to reach a 313 value limitation agreement for Frac VIII for the benefit of both Chambers County, Texas, and Energy Transfer."
- On November 13, 2018 in the *2018 ET RBC Conference Presentation* Energy Transfer stated "Lone Star is the fastest growing NGLs business in Mont Belvieu. Fracs I through V in-service. Fracs VI and VII expected in-service Q1 2019 and Q1 2020, respectively. Plot plan in place for additional Frac on existing footprint (7 fractionators in Total)… ET's Lone Star presence in Mont Belvieu combined with its Nederland terminal provide opportunities for multiple growth projects."
- On November 7, 2018 in a press release Energy Transfer stated "The company maintains a leading position for NGL fractionation, and with the completion of Fractionators VI and VII, Lone Star will be

capable of fractionating over 900,000 barrels per day at Mont Belvieu supported by long-term fee-based agreements. In addition, Lone Star announced today that it will expand the Lone Star Express Pipeline… This new pipeline will provide capacity for the significant transportation commitments Lone Star has secured from the Delaware and Permian Basins."

- On November 8, 2018 Pipeline & Gas Journal reported that "Energy Transfer's Lone Star NGL subsidiary will expand the Lone Star Express Pipeline… the projects will connect constrained production from the Delaware and Permian Basins to Lone Star's rapidly expanding Mont Belvieu complex, where the seventh fractionator will add 150,000 bpd of capacity."
- The qualified property for the Fractionator VIII (Application #1336) will be placed next to the qualified property of Fractionator IV (Application #1034) and adjacent to the qualified property of Fractionator VII (Application #1298). The qualified property of Fractionator V (Application #1035) was placed to the right of Fractionator IV and adjacent to both the qualified property of Fractionator III (Application #1016) and Fractionator VII. Fractionators III-V are in service. Commercial operations for Fractionators VI-VIII are estimated to begin on Q1 2019, Q1 2020, and Q4 2020, respectively. (See attached map provided by the Comptroller)

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

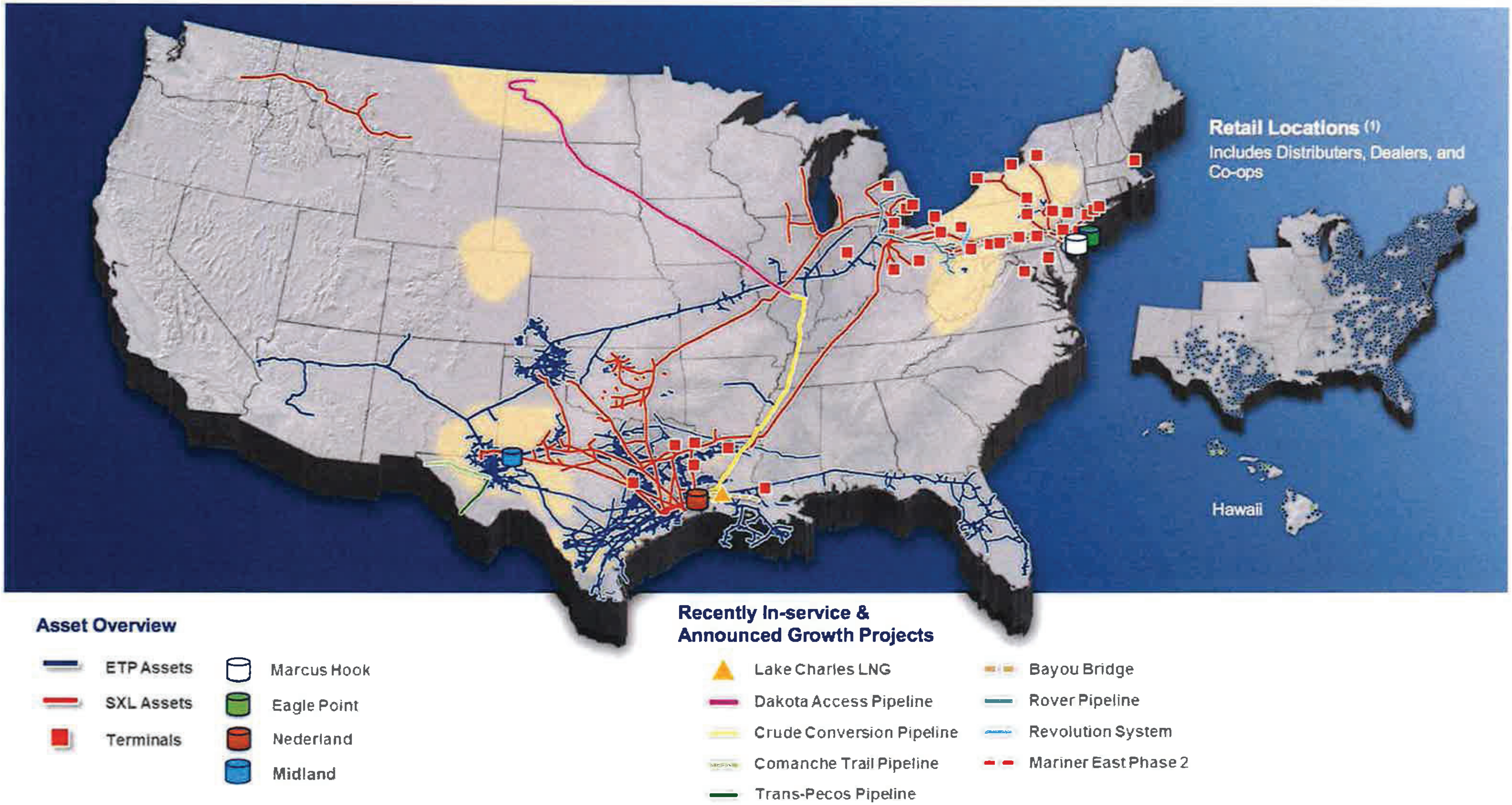
ETC Texas Pipeline, LTD is a leading midstream company whose primary activities include gathering, treating, processing, and transporting natural gas and natural gas liquids to a variety of markets and states. Currently, Energy Transfer operates over 34,050 miles of pipeline, 32 gas processing plants, 19 gas treating facilities, and 3 gas conditioning plants. The states where these operations are located include Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas, and Louisiana.

As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Frac VIII Plant economics. Approval of such agreement will be an influential factor in determining the establishment of the plant, especially since there are multiple other potential projects presently competing for the same capital expenditures by the company, including possible plants in Louisiana and in New Mexico where similar property tax incentives such as the following are also offered:

- Louisiana offer a 10-year, 100% property tax abatement under that state's Industrial Tax Exemption program as well as additional state sales tax incentives
- New Mexico offers Industrial Revenue Bonds and Job Training incentive programs

The vast footprint of ETC provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. In the event a 313 agreement is not permitted, Energy Transfer will relocate Frac VIII to another area more financially viable for the continuation of this project. Unfortunately, this would also dismiss Chambers County from receiving the economic benefits associated with the development of an additional natural gas processing plant within their county. It is our goal to reach a 313 value limitation agreement for Frac VIII for the benefit of both Chambers County, Texas, and Energy Transfer.

SIGNIFICANT GEOGRAPHIC FOOTPRINT ACROSS THE FAMILY



(1) Represents Sunoco LP retail locations. On April 6, 2017, Sunoco LP announced the partnership will be divesting approximately 1,100 convenience stores to 7-Eleven. Sunoco LP is currently marketing another 207 convenience stores in North and West Texas, New Mexico and Oklahoma. SUN plans to exit the company-operated convenience store business in the Continental United States during 2017.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

ENERGY TRANSFER

Press Release

Energy Transfer to Construct Seventh Fractionation Facility and Expand Lone Star Express Pipeline, Connecting the Constrained Delaware and Permian Basins to Mont Belvieu

Fractionator VII is fully supported by long-term demand fee-based contracts

24-inch Lone Star Express Expansion will provide the necessary capacity for both current and future transportation commitments out of the Delaware and Permian Basins

DALLAS--(BUSINESS WIRE)--Nov. 7, 2018-- **Energy Transfer LP (NYSE: ET**) today announced that its subsidiary, Lone Star NGL LLC ("Lone Star"), will construct a seventh natural gas liquids (NGL) fractionation facility at Mont Belvieu, Texas. Fractionator VII is scheduled to be operational in the first quarter of 2020. The 150,000 barrel per day fractionator is fully subscribed by multiple long-term contracts and will provide the much needed capacity required to supplement incremental fractionation demand in excess of volumes feeding Fractionators I through VI.

Lone Star's Fractionator V, which was placed in service in July 2018, is fully contracted with long-term commitments and is operating at full capacity. Lone Star's Fractionator VI is currently under construction and is now expected to be in service during the first quarter of 2019, ahead of schedule. Fractionator VI is also fully contracted with long-term commitments and will have a capacity of 150,000 barrels per day. The company maintains a leading position for NGL fractionation, and with the completion of Fractionators VI and VII, Lone Star will be capable of fractionating over 900,000 barrels per day at Mont Belvieu supported by long-term fee-based agreements.

In addition, Lone Star announced today that it will expand the Lone Star Express Pipeline by adding a new 352-mile, 24-inch pipeline extending from Lone Star's pipeline system near Wink, Texas to Lone Star Express' 30-inch pipeline south of Fort Worth, Texas. This new pipeline will provide capacity for the significant transportation commitments Lone Star has secured from the Delaware and Permian Basins. This new pipeline is expected to be in service by early in the fourth quarter of 2020.

About Energy Transfer

Energy Transfer LP (NYSE: ET) owns and operates one of the largest and most diversified portfolios of energy assets in the United States, with a strategic footprint in all of the major domestic production basins. ET is a publicly traded limited partnership with core operations that include complementary natural gas midstream, intrastate and interstate transportation and storage assets; crude oil, natural gas liquids (NGL) and refined product transportation and terminalling assets; NGL fractionation; and various acquisition and marketing assets. ET, through its ownership of Energy Transfer Operating, L.P., formerly known as Energy Transfer Partners, L.P., also owns Lake Charles LNG Company, as well as the general partner interests, the incentive distribution rights and 28.5 million common units of Sunoco LP (NYSE: SUN), and the general partner interests and 39.7 million common units of USA Compression Partners, LP (NYSE: USAC). For more information, visit the Energy Transfer website at www.energytransfer.com.

Forward-Looking Statements

This press release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. An extensive list of factors that can affect future results are discussed in the Partnership's Annual Report on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. The Partnership undertakes no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on our website at energytransfer.com.

View source version on businesswire.com: https://www.businesswire.com/news/home/20181107005959/en/

Source: Energy Transfer LP

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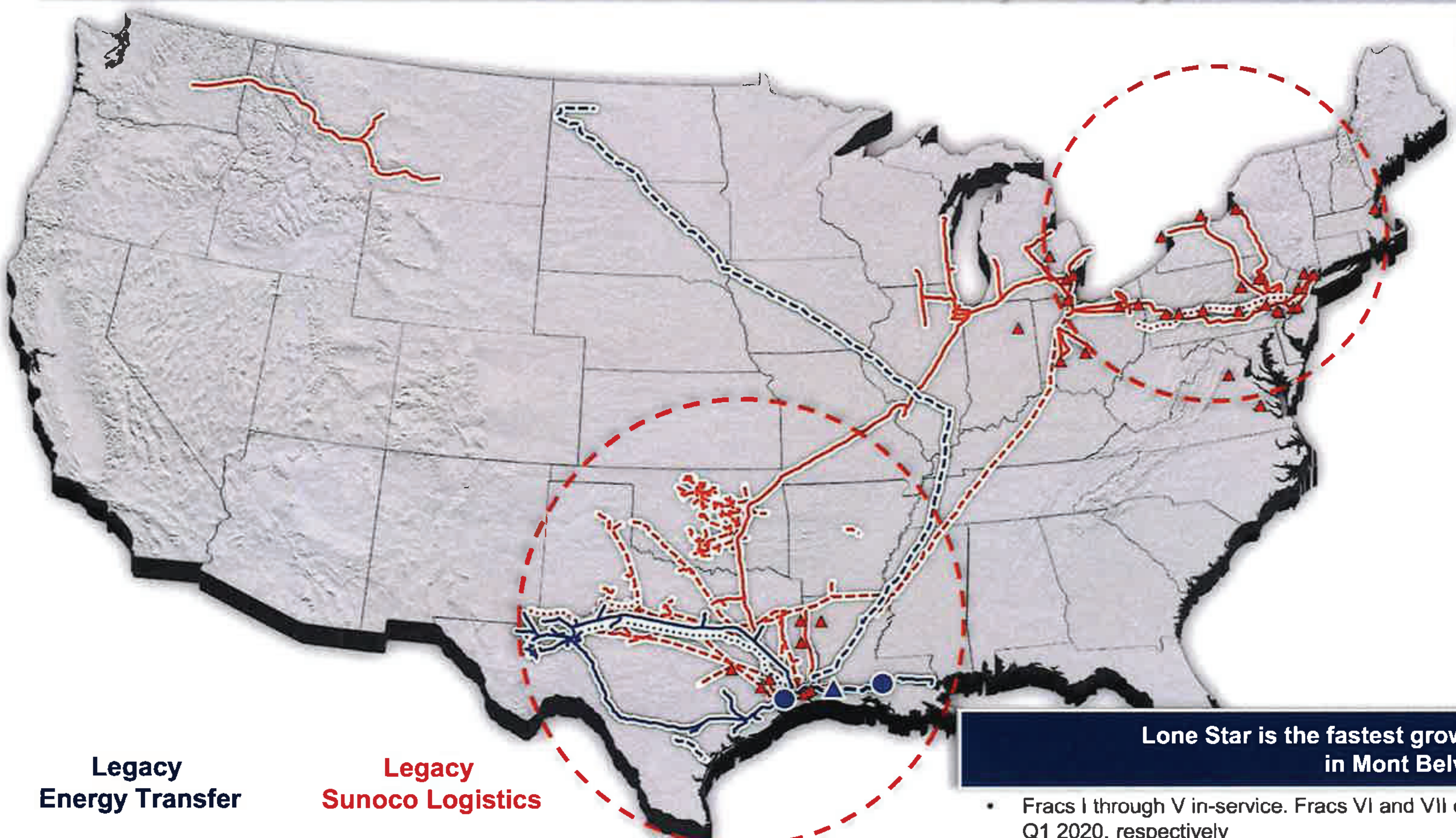
FULLY INTEGRATED MIDSTREAM/LIQUIDS PLATFORM ACROSS NORTH AMERICA

The ability to integrate an end-to-end liquids solution will better serve customers and alleviate bottlenecks currently faced by producers



Legacy Energy Transfer

- NGL Pipelines
- Crude Projects[1]
- NGL Projects
- LNG Facilities
- Fractionator

Legacy Sunoco Logistics

- Refined Products/NGL
- Crude
- Growth Projects
- Facility

(1) Via joint ventures

Marcus Hook: The future Mont Belvieu of the North

- 800 acre site: inbound and outbound pipeline along with infrastructure connectivity
- Logistically and financially advantaged for exports being 1,500 miles closer to Europe, significantly reducing shipping cost.
- Advantaged to local and regional markets
- No ship channel restriction, compared to the Houston Ship Channel
- 4 seaborne export docks can accommodate VLGC sized vessels
- ET's Rover, Revolution and Mariner East systems provide long-term growth potential

Lone Star is the fastest growing NGLs business in Mont Belvieu

- Fracs I through V in-service. Fracs VI and VII expected in-service Q1 2019 and Q1 2020, respectively
- Plot plan in place for an additional Frac on existing footprint (7 fractionators in total)
- Total Frac capacity potentially 800,000 bpd
- ~2,000 miles of NGL pipelines with fully-expanded capacity of ~1,300,000 bpd
- Storage capacity of 53 millions barrels
- ~200,000 bpd LPG export terminal
- ET's Lone Star presence in Mont Belvieu combined with its Nederland terminal provide opportunities for multiple growth projects
- Potential ethane and ethylene projects delivering Lone Star fractionated products to Nederland for export

Pipeline & Gas Journal

Energy Transfer to Expand Lone Star Express Pipeline, Add Fractionator

11/8/2018

Energy Transfer's Lone Star NGL subsidiary will expand the Lone Star Express Pipeline with a new 352-mile pipeline from West Texas and construct another Gulf Coast fractionation facility to meet growing demand, the company said.

The projects will connect constrained production from the Delaware and Permian Basins to Lone Star's rapidly expanding Mont Belvieu complex, where its seventh fractionator will add 150,000 bpd of capacity.

The Lone Star Express Pipeline expansion will be a 24-inch pipeline that connects Lone Star's pipeline system with its 30-inch pipeline south of Fort Worth. Energy Transfer said the expansion will provide capacity for "significant transportation commitments Lone Star has secured from the Delaware and Permian Basins." It is expected to be in service by the fourth quarter of 2020.

Lone Star Express Pipeline is a 532-mile interstate system consisting of 24-inch and 30-inch long-haul, mixed NGLs transportation pipeline that can deliver up to 507,000 Bbls/d of capacity from processing plants in the Permian Basin and Barnett Shale to Mont Belvieu NGL storage and fractionation facilities.

Lone Star's announced Fractionator VII is scheduled to be operational in the first quarter of 2020. Energy Transfer said its 150,000 bpd of capacity has already been fully subscribed by multiple long-term contracts and will provide "the much needed capacity required to supplement incremental fractionation demand in excess of volumes feeding Fractionators I through VI."

Lone Star's fifth fractionator was placed in service in July 2018 and is operating at full capacity. Its sixth Mont Belvieu fractionator is currently under construction and is expected to be in service during the first quarter of 2019, ahead of schedule. Fractionator VI is also fully contracted with long-term commitments and will have a capacity of 150,000 barrels per day, the company said.

With the completion of Fractionators VI and VII, Lone Star said it will be capable of fractionating over 900,000 bd at Mont Belvieu supported by long-term fee-based agreements.

Related News

- Mass. Budgets Statewide Review of Natural Gas Systems (/news/2019/04-apr/mass-budgets-statewide-review-of-natural-gas-systems)

- Trump Signs New Permission for Keystone XL Pipeline (/news/2019/04-apr/trump-signs-new-permission-for-keystone-xl-pipeline)
- Denmark Asks Nord Stream 2 to Assess Third Route Option for Gas Pipeline (/news/2019/03-mar/denmark-asks-nord-stream-2-to-assess-third-route-option-for-gas-pipeline)
- NextDecade to Make Major Announcement at LNG2019 (/news/2019/03-mar/nextdecade-to-make-major-announcement-at-lng2019)
- Michigan Governor Halts Great Lakes Oil Pipeline Tunnel (/news/2019/03-mar/michigan-governor-halts-great-lakes-oil-pipeline-tunnel)
- ACLU Challenges South Dakota Pipeline Protest Legislation (/news/2019/03-mar/aclu-challenges-south-dakota-pipeline-protest-legislation)

App 1016 Frac III
App 1035 Frac V
App 1034 Frac IV
App 1298 Frac VII
App 1336-Frac VIII
Mont Belvieu
1942
146
207
Lone Star NGL Asset Holdings II LLC Frac proximity map
Google earth