GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 16, 2019

Phil Edwards
Superintendent
Angleton Independent School District
1900 N. Downing Road
Angleton, Texas 77515

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Angleton Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1360

Dear Superintendent Edwards:

On June 16, 2019, the Comptroller issued written notice that MarkWest Energy West Texas Gas Company, L.L.C. (applicant) submitted a completed application (Application 1360) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on April 1, 2019, to the Angleton Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

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

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

Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1360.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

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

Note that any building or improvement existing as of the application review start date of June 16, 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 MarkWest Energy West Texas Gas Company, L.L.C. (project) applying to Angleton Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative
Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of MarkWest Energy West Texas Gas Company, L.L.C.

Applicant	MarkWest Energy West Texas Gas Company, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Angleton ISD
Estimated 2017-2018 Average Daily Attendance	6,320
County	Brazoria
Proposed Total Investment in District	$950,000,000
Proposed Qualified Investment	$460,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,274
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	$1,138
Minimum annual wage required for non-qualifying jobs	$59,177
Investment per Qualifying Job	$95,000,000
Estimated M&O levy without any limit (15 years)	$75,434,591
Estimated M&O levy with Limitation (15 years)	$23,530,095
Estimated gross M&O tax benefit (15 years)	$51,904,496

Table 2 is the estimated statewide economic impact of MarkWest Energy West Texas Gas Company, L.L.C. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	502	640	1,142	$33,243,444	$57,253,239	$90,496,683
2022	110	239	349.019	$7,284,420	$25,954,092	$33,238,512
2023	410	575	985	$27,151,020	$60,747,681	$87,898,701
2024	210	354	564	$13,906,620	$43,720,542	$57,627,162
2025	10	93	103	$662,220	$18,587,406	$19,249,626
2026	10	34	44	$662,220	$12,172,475	$12,834,695
2027	10	3	13	$662,220	$8,063,910	$8,726,130
2028	10	(6)	4	$662,220	$5,993,613	$6,655,833
2029	10	(1)	9	$662,220	$5,399,066	$6,061,286
2030	10	10	20	$662,220	$5,826,523	$6,488,743
2031	10	23	33	$662,220	$6,808,885	$7,471,105
2032	10	37	47	$662,220	$8,085,848	$8,748,068
2033	10	38	48	$662,220	$8,303,657	$8,965,877
2034	10	44	54	$662,220	$9,064,645	$9,726,865
2035	10	48	58	$662,220	$9,827,416	$10,489,636
2036	10	52	62	$662,220	$10,532,785	$11,195,005
2037	10	54	64	$662,220	$11,151,339	$11,813,559

Source: CPA REMI, MarkWest Energy West Texas Gas Company, L.L.C.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College District Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4152	0.9700		0.4279	0.1878	0.1500	
2023	$380,000,000	$380,000,000		$1,577,760	$3,686,000	$5,263,760	$1,626,073	$713,545	$570,000	$8,173,378
2024	$503,500,000	$503,500,000		$2,090,532	$4,883,950	$6,974,482	$2,154,547	$945,447	$755,250	$10,829,726
2025	$708,225,000	$708,225,000		$2,940,550	$6,869,783	$9,810,333	$3,030,594	$1,329,869	$1,062,338	$15,233,134
2026	$672,814,000	$672,814,000		$2,793,524	$6,526,296	$9,319,820	$2,879,065	$1,263,376	$1,009,221	$14,471,482
2027	$639,173,000	$639,173,000		$2,653,846	$6,199,978	$8,853,824	$2,735,111	$1,200,207	$958,760	$13,747,902
2028	$607,214,000	$607,214,000		$2,521,153	$5,889,976	$8,411,128	$2,598,354	$1,140,196	$910,821	$13,060,499
2029	$576,853,000	$576,853,000		$2,395,094	$5,595,474	$7,990,568	$2,468,435	$1,083,186	$865,280	$12,407,468
2030	$548,010,000	$548,010,000		$2,275,338	$5,315,697	$7,591,035	$2,345,012	$1,029,026	$822,015	$11,787,087
2031	$520,610,000	$520,610,000		$2,161,573	$5,049,917	$7,211,490	$2,227,763	$977,575	$780,915	$11,197,743
2032	$494,580,000	$494,580,000		$2,053,496	$4,797,426	$6,850,922	$2,116,377	$928,698	$741,870	$10,637,867
2033	$469,851,000	$469,851,000		$1,950,821	$4,557,555	$6,508,376	$2,010,558	$882,263	$704,777	$10,105,973
2034	$446,358,000	$446,358,000		$1,853,278	$4,329,673	$6,182,951	$1,910,028	$838,149	$669,537	$9,600,665
2035	$424,040,000	$424,040,000		$1,760,614	$4,113,188	$5,873,802	$1,814,527	$796,241	$636,060	$9,120,630
2036	$402,838,000	$402,838,000		$1,672,583	$3,907,529	$5,580,112	$1,723,800	$756,429	$604,257	$8,664,598
2037	$382,696,000	$382,696,000		$1,588,954	$3,712,151	$5,301,105	$1,637,610	$718,607	$574,044	$8,231,366
			Total	$32,289,116	$75,434,591	$107,723,707	$33,277,853	$14,602,815	$11,665,143	$167,269,518

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Alvin Community College and Brazoria County and Conservation & Reclamation District #3 with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College District Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4152	0.9700		0.4279	0.1878	0.1500	
2023	$380,000,000	$30,000,000		$1,577,760	$291,000	$1,868,760	$0	$713,545	$570,000	$3,152,305
2024	$503,500,000	$30,000,000		$2,090,532	$291,000	$2,381,532	$0	$945,447	$755,250	$4,082,229
2025	$708,225,000	$30,000,000		$2,940,550	$291,000	$3,231,550	$0	$1,329,869	$1,062,338	$5,623,757
2026	$672,814,000	$30,000,000		$2,793,524	$291,000	$3,084,524	$0	$1,263,376	$1,009,221	$5,357,121
2027	$639,173,000	$30,000,000		$2,653,846	$291,000	$2,944,846	$0	$1,200,207	$958,760	$5,103,813
2028	$607,214,000	$30,000,000		$2,521,153	$291,000	$2,812,153	$0	$1,140,196	$910,821	$4,863,170
2029	$576,853,000	$30,000,000		$2,395,094	$291,000	$2,686,094	$0	$1,083,186	$865,280	$4,634,559
2030	$548,010,000	$30,000,000		$2,275,338	$291,000	$2,566,338	$2,345,012	$1,029,026	$822,015	$6,762,390
2031	$520,610,000	$30,000,000		$2,161,573	$291,000	$2,452,573	$2,227,763	$977,575	$780,915	$6,438,826
2032	$494,580,000	$30,000,000		$2,053,496	$291,000	$2,344,496	$2,116,377	$928,698	$741,870	$6,131,441
2033	$469,851,000	$469,851,000		$1,950,821	$4,557,555	$6,508,376	$2,010,558	$882,263	$704,777	$10,105,973
2034	$446,358,000	$446,358,000		$1,853,278	$4,329,673	$6,182,951	$1,910,028	$838,149	$669,537	$9,600,665
2035	$424,040,000	$424,040,000		$1,760,614	$4,113,188	$5,873,802	$1,814,527	$796,241	$636,060	$9,120,630
2036	$402,838,000	$402,838,000		$1,672,583	$3,907,529	$5,580,112	$1,723,800	$756,429	$604,257	$8,664,598
2037	$382,696,000	$382,696,000		$1,588,954	$3,712,151	$5,301,105	$1,637,610	$718,607	$574,044	$8,231,366
			Total	**$32,289,116**	**$23,530,095**	**$55,819,211**	**$15,785,675**	**$14,602,815**	**$11,665,143**	**$97,872,843**
			Diff	**$0**	**$51,904,496**	**$51,904,496**	**$17,492,179**	**$0**	**$0**	**$69,396,675**
Assumes School Value Limitation and Tax Abatements with the County.										

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.
*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 MarkWest Energy West Texas Gas Company, L.L.C. (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	2020	$0	$0	$0	$0
	2021	$727,500	$727,500	$0	$0
	2022	$3,395,000	$4,122,500	$0	$0
Limitation Period (10 Years)	2023	$291,000	$4,413,500	$3,395,000	$3,395,000
	2024	$291,000	$4,704,500	$4,592,950	$7,987,950
	2025	$291,000	$4,995,500	$6,578,783	$14,566,733
	2026	$291,000	$5,286,500	$6,235,296	$20,802,028
	2027	$291,000	$5,577,500	$5,908,978	$26,711,006
	2028	$291,000	$5,868,500	$5,598,976	$32,309,982
	2029	$291,000	$6,159,500	$5,304,474	$37,614,456
	2030	$291,000	$6,450,500	$5,024,697	$42,639,153
	2031	$291,000	$6,741,500	$4,758,917	$47,398,070
	2032	$291,000	$7,032,500	$4,506,426	$51,904,496
Maintain Viable Presence (5 Years)	2033	$4,557,555	$11,590,055	$0	$51,904,496
	2034	$4,329,673	$15,919,727	$0	$51,904,496
	2035	$4,113,188	$20,032,915	$0	$51,904,496
	2036	$3,907,529	$23,940,444	$0	$51,904,496
	2037	$3,712,151	$27,652,595	$0	$51,904,496
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	$3,526,542	$31,179,137	$0	$51,904,496
	2039	$3,350,215	$34,529,352	$0	$51,904,496
	2040	$3,182,706	$37,712,058	$0	$51,904,496
	2041	$3,023,568	$40,735,625	$0	$51,904,496
	2042	$2,872,393	$43,608,018	$0	$51,904,496
	2043	$2,728,775	$46,336,793	$0	$51,904,496
	2044	$2,592,335	$48,929,128	$0	$51,904,496
	2045	$2,462,714	$51,391,842	$0	$51,904,496
	2046	$2,339,582	$53,731,423	$0	$51,904,496
	2047	$2,222,600	$55,954,023	$0	$51,904,496

$55,954,023 is greater than **$51,904,496**

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, MarkWest Energy West Texas Gas Company, L.L.C.

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 MarkWest Energy West Texas Gas Company, L.L.C.'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 MarkWest Energy West Texas Gas Company, L.L.C. in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations."
  B. "The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana."
  C. "The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and Oklahoma. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and Louisiana, this project could be located in either state and still have the necessary pipeline access."
  D. "The value limitation is a determining factor for several reasons, including but not limited to the following:
     - Texas has high property tax rates when compared to Louisiana.
     - Louisiana offers property tax exemptions for new manufacturing facilities
     - This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

- There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary."

- A February 11, 2019 *Natural Gas Intelligence* article reported the following:
  A. "The midstream master limited partnership of refiner Marathon Petroleum Corp. has built a dominant position in the Northeast, primarily through its acquisition of MarkWest Energy Partners LP in 2015. Now it wants to mimic that growth in Oklahoma, in the Permian Basin's Delaware sub-basin in Texas, elsewhere in that state and in Louisiana."
  B. "`In the Delaware Basin, we are focused on developing a super system, very similar to what we have in the Northeast,' said President Michael Hennigan, during a recent conference call to discuss quarterly results. `...We are also intently focused on building out our export capabilities. We've identified five locations along the Texas and Louisiana Gulf Coast that are expected to provide increased opportunities to connect growing domestic supply to global demand centers.'"
  C. "MPLX plans to invest $2.2 billion this year and $2 billion next year on organic growth projects. Some of the keys to that plan include Permian long-haul crude oil, natural gas and natural gas liquids pipelines, and export facilities that would enhance the value of its logistics and storage segment. The company also expects to add 800 MMcf/d of gas processing capacity and 100,000 b/d of fractionation capacity this year to its gathering and processing segment in both the Northeast and Southwest."
- According to a *Kallanish Energy* article dated March 12, 2019, "[MPLX] said it intends to spend about $2.2 billion in 2019 on its capital budget. In 2019, the company is planning to add six additional plants to process 800 million cubic feet of natural gas per day and to fractionate an additional 100,000 barrels per day. That includes projects in the Appalachian Basin, the Permian Basin and the STACK play in Oklahoma. But most of the capital money will be budgeted for long-haul pipelines from the Permian Basin in West Texas and New Mexico to the Gulf Coast. [MPLX] is looking at several pipeline options, said president Mike Hennigan. The pipelines could move crude oil, natural gas and natural gas liquids. The company is also looking at five Gulf Coast sites in Texas and Louisiana for building out its export capabilities."
- MPLX, LP, MarkWest Energy's parent company acknowledged new fractionators along the Gulf Coast/Sweeny area in its presentation material – MPLX June Investor Presentation, June 2019.
- A July 24, 2019 *Engineering News-Record* article stated, "MarkWest Energy Partners, L.P. is considering constructing a natural gas liquids fractionator in Brazoria County. The project scope includes construction of equipment foundations; purchase and erection of structural steel; fabrication and erection of NGL storage tanks; and purchase and installation of fractionation towers, heat exchangers, and supporting equipment and systems. Construction is expected to begin in the fourth quarter of 2020, pending corporate approvals. MarkWest Energy Partners is a subsidiary of MPLX LP, based in Findlay, Ohio. The estimated EPC cost is $460 million."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

Documentation to Assist in Determining if Limitation is a Determining Factor

1. Does the applicant currently own land on which the proposed project will occur?

   NO

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

   NO

3. Does the applicant have current business activities at the location where the proposed project will occur?

   NO

7. Is the applicant evaluating other locations not in Texas for the proposed project?

   MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

   The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

   The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and Oklahoma. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and Louisiana, this project could be located in either state and still have the necessary pipeline access.

   The value limitation is a determining factor for several reasons, including but not limited to the following:

   a. Texas has high property tax rates when compared to Louisiana.
   b. Louisiana offers property tax exemptions for new manufacturing facilities.
   c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

TAB 5 (continued)

d. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.

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

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

MPLX Developing Permian 'Super System,' Gulf Coast Export Projects

MPLX LP plans to expand its operations in the Southwest to match growing activity in the Permian Basin and along the Gulf Coast as 2019 gets into high gear.

The midstream master limited partnership of refiner Marathon Petroleum Corp. has built a dominant position in the Northeast, primarily through its acquisition of MarkWest Energy Partners LP in 2015. Now it wants to mimic that growth in Oklahoma, in the Permian Basin's Delaware sub-basin in Texas, elsewhere in that state and in Louisiana.

"In the Delaware Basin, we are focused on developing a super system, very similar to what we have in the Northeast," said President Michael Hennigan, during a recent conference call to discuss quarterly results. "...We are also intently focused on building out our export capabilities. We've identified five locations along the Texas and Louisiana Gulf Coast that are expected to provide increased opportunities to connect growing domestic supply to global demand centers."

MPLX plans to invest $2.2 billion this year and $2 billion next year on organic growth projects. Some of the keys to that plan include Permian long-haul crude oil, natural gas and natural gas liquids pipelines, and export facilities that would enhance the value of its logistics and storage segment. The company also expects to add 800 MMcf/d of gas processing capacity and 100,000 b/d of fractionation capacity this year to its gathering and processing segment in both the Northeast and Southwest.

One expansion plan is the 40-inch diameter oil pipeline, the Capline reversal, expected to enter service next year. The pipeline would move crude from Pakota, IL, to St. James, LA. The system would connect to Plains All American LP's Diamond Pipeline, which originates in Cushing, OK, with a connection point to Capline in Tennessee.

Hennigan said once barrels make it to St. James, they would flow onto the 600,000 b/d Swordfish Pipeline now in the works. Swordfish would move oil from St. James to a storage hub in Clovelly, LA, providing shippers with more access to services, including vessel loading through the existing Louisiana Offshore Oil Port, or LOOP.

The plans come after another record year for the company in which management said it came away confident in the stable operations of its customers even as activity is poised to slow in both oil and gas basins on a variety of factors including commodity prices and demand.

Total pipeline throughput at MPLX was 3.36 million b/d last year, up 11% from 2017. Gathered volumes were 4.5 Bcf/d in 2018, or 26% higher than in the previous year. Processed volumes also increased 9% year/year to 7.0 Bcf/d, while fractionated volumes were up 16% over the same time to 459,000 b/d.

The gathering and processing segment was lifted primarily by operations in the Marcellus and Utica shales, but gathered volumes increased by 11% year/year in the Southwest. Processed volumes were also up by 8% over the same period.

For the the year, the company generated $2.8 billion in net cash from operating activity and distributable cash flow of $2.8 billion, returning $2.1 billion to unitholders.

MPLX reported 2018 net income of $1.8 billion ($2.29/unit), compared with a profit of $800 million ($1.07) in 2017. Net income in the fourth quarter was $434 million (52 cents/unit), compared with earnings of $238 million (31 cents) in 4Q2017.

Mplx had 'extraordinary' year in 2018, adds 11 plants

March 12, 2019 Company News, Crude Oil, In Focus, Infrastructure, Natural Gas, News, North America, Pipeline, Unconventionals 0

Last year was a big-number year for Mplx LP.

In 2018, the midstreamer added 11 plants with an additional 1.5 billion cubic feet per day of natural gas processing capacity and an added 100,000 barrels per day of fractionation.

That included eight new natural gas-processing plants and three new fractionation facilities in the Marcellus and Utica shales in the Appalachian Basin, in the Delaware Basin of West Texas and New Mexico and in the Cana-Woodford formations in Oklahoma.

Mplx, a subsidiary of Ohio-based Marathon Petroleum, increased its processing capacity in 2018 by nearly 20%

Shell's GoM assets

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Texas drilling permits dropped 25.6% in April

Xom completes expansion of elastomer plant in Wales

One dies after Saipem vessel explosion

more than 9.3 billion cubic feet per day, **Kallanish Energy** reports.

Those projects included the Sherwood 10 and 11 plants in West Virginia and Harmon Creek processing plant in southwest Pennsylvania. They all came online in 4Q 2018.

The three new fractionation plants were in western Pennsylvania, West Virginia and Ohio.

It also plans to expand its operations even more in 2019 and 2020 as drilling is expected to grow in the Appalachian Basin.

In the Delaware Basin, the company operates two processing plants (Hidalgo and Argo), has two additional plants under construction (Tornado and Apollo) and plans to move forward of a fifth plant (Preakness).

That gives the company 1 billion cubic per day of processing capacity and about 125,000 barrels per day of liquids production in the Delaware Basin, when those projects are completed.

Mplx reported record full-year 2018 net income of $1.8 billion and adjusted EBITDA of $3.5 billion. Those totals are $1.0 billion and $1.5 billion, respectively, higher than full-year 2017 totals.

Those results with lots of impressive numbers are "extraordinary," the company said proudly.

"2018 was a transformational year for Mplx," chairman and CEO Gary Heminger said in a statement last month when the company held its 4Q 2018 and full-year 2018 earnings call.

Last year also marked "the single largest increase in annual EBITDA since we became a public company," he said. "We reported 2018 adjusted EBITDA of $3.5 billion, which increased $1.5 billion over the prior year, and nearly $400 million of this increase was driven by organic investments."

For full-year 2018, it generated $2.8 billion in net cash provided by operations and distributable cash flow of $2.8 billion, returning $2.1 billion to shareholders.

The increases in its Gathering and Processing operations was driven by record gathered, processed and fractionated volumes, the company said.

Gathered volumes averaged 4.5 billion cubic feet per day in 2018, a 26% increase over 2017.

Those volumes averaged 4.9 billion cubic feet per day in the 4Q 2018, representing a 17% increase over 4Q 2017.

Processed volumes averaged 7 billion cubic feet per day for the year, a 9% increase over 2017

That was primarily driven by volume increases from the Marcellus Shale in Pennsylvania and West Virginia.

Quarterly processed volumes in 4Q 2018 increased by 9% over 4Q 2017 to 7.4 billion cubic feet per day.

The volumes processed would have been 5% to 6% higher, except for the unplanned downtime at the company's Houston complex in southwest Pennsylvania. It has since resumed normal operations.

Fractionated volumes averaged 459,000 barrels per day for 2018, a 16% increase over 2017.

Those totals might have been higher, except for the problems with Sunoco's Mariner East 2 pipelines. As a result, Mplx was forced to curtail production at its Hopedale complex in Ohio in the 4Q 2018.

The company also reported major growth in the Appalachian Basin.

Gathered volumes averaged 3.0 billion cubic feet per day for the year, a 35% increase over 2017. That was driven primarily by higher Utica dry-gas and Marcellus wet-gas volumes.

Processed volumes in the basin averaged 5.3 billion cubic feet per day, a 10% increase over 2017.

Fractionated volumes averaged 426,000 barrels per day, an 18% increase over 2017.

In Texas and Oklahoma, gathered volumes averaged 1.6 bcf per day in 2018, an 11% increase over 2017. Processed volumes averaged 1.4 bcf per day for the year, an 8% increase over 2017.

The company added 275 million cubic feet of processing capacity in the region in 2018.

The company reported 4Q 2018 record pipeline throughputs of 3.57 million barrels per day, an 11% increase over 4Q 2017.

That was driven largely by increased volumes on its expanded Ozark and Wood River-to-Patoka pipeline systems.

It also reported 4Q 2018 terminal throughputs of 1.52 million barrels per day.

In 2018, the company acquired an export terminal at Mt. Airy, Louisiana; expanded its Ozark and Wood River pipeline systems; added tankage at Texas City and Patoka, Illinois; and increased the size of its marine fleet

Mplx said it intends to spend about $2.2 billion in 2019 on its capital budget.

In 2019, the company is planning to add six additional plants to process 800 million cubic feet of natural gas per day and to fractionate an additional 100,000 barrels per day.

That includes projects in the Appalachian Basin, the Permian Basin and the STACK play in Oklahoma.

But most of the capital money will be budgeted for long-haul pipelines from the Permian Basin in West Texas and New Mexico to the Gulf Coast.

Mplx is looking at several pipeline options, said president Mike Hennigan. The pipelines could move crude oil, natural gas and natural gas liquids.

The company is also looking at five Gulf Coast sites in Texas and Louisiana for building out its export capabilities.

It is also looking at adding butane to its Cornerstone pipeline system in the Midwest to move Utica NGLs.

APPALACHIAN BASIN DELAWARE BASIN GAS-PROCESSING PLANT MARATHON PETROLEUM MIDSTREAMER MPLX OIL AND GAS EARNINGS PIPELINES STACK

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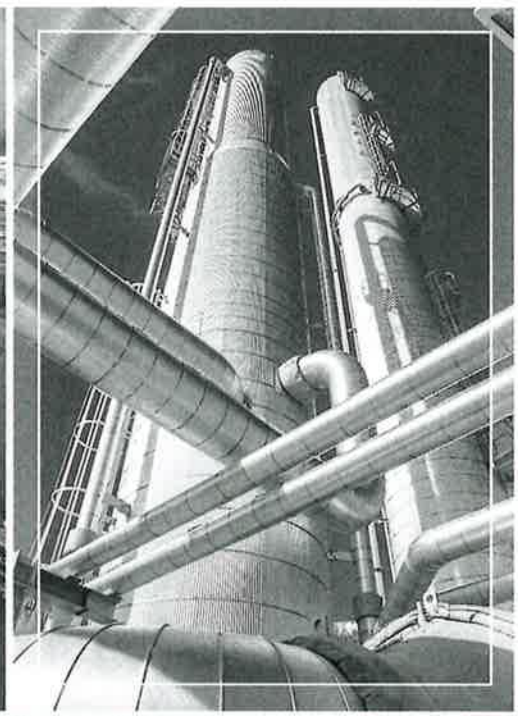


MPLX®

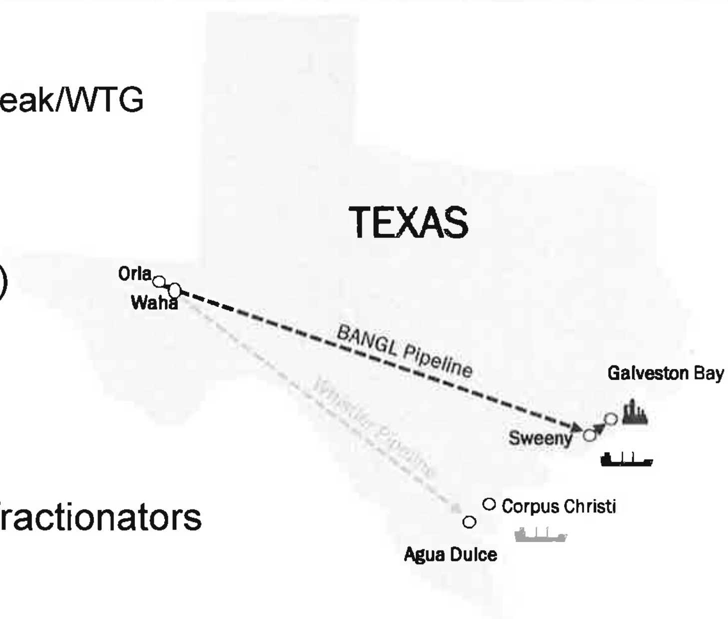
June Investor Presentation

June 2019

② Permian Natural Gas and NGL Pipelines and ③ Fractionation

MPLX

- Whistler Residue Gas Pipeline
  - JV with White Water Midstream and Stonepeak/WTG
  - 42" pipeline with ~2.0 Bcf/d capacity
  - Anticipate in-service 3Q21
- BANGL Pipeline (Belvieu Alternative NGL)
  - JV with White Water Midstream and others
  - 24" pipeline with ~500 MBPD capacity
  - Anticipate in-service early 2021
- Gulf Coast fractionation – three potential fractionators with 150 MBPD C2+ capacity each



Organic Growth Capital Projects
Logistics & Storage Segment

MPLX

Projects	Description	Est. Completion Date
Marine Fleet Expansion	Displaces MPC's third-party barges and supports increased demand	2019
Mt. Airy Terminal Expansion	Constructing 2nd 120 MBPD dock and incremental storage	2020
Swordfish Pipeline[a]	Provide transport of up to 600 MBPD of crude from St. James, LA to the LOOP terminal facility in Clovelly, LA	2020
W2W Pipeline[a]	1.5 MMBPD crude pipeline from Permian Basin to Texas Gulf Coast	1H21
Whistler Pipeline[a]	2.0 Bcf/d natural gas pipeline from Waha, Texas, to Agua Dulce market hub	3Q21
BANGL Pipeline[a]	~500 MBPD NGL pipeline from Permian Basin to Texas Gulf Coast	2021
Gulf Coast C2+ Fractionation	450,000 BPD anticipated in the Sweeney area	2021 - 2024
Texas City Export Terminal	NGL storage and export facilities	2022

[a] Equity method investment

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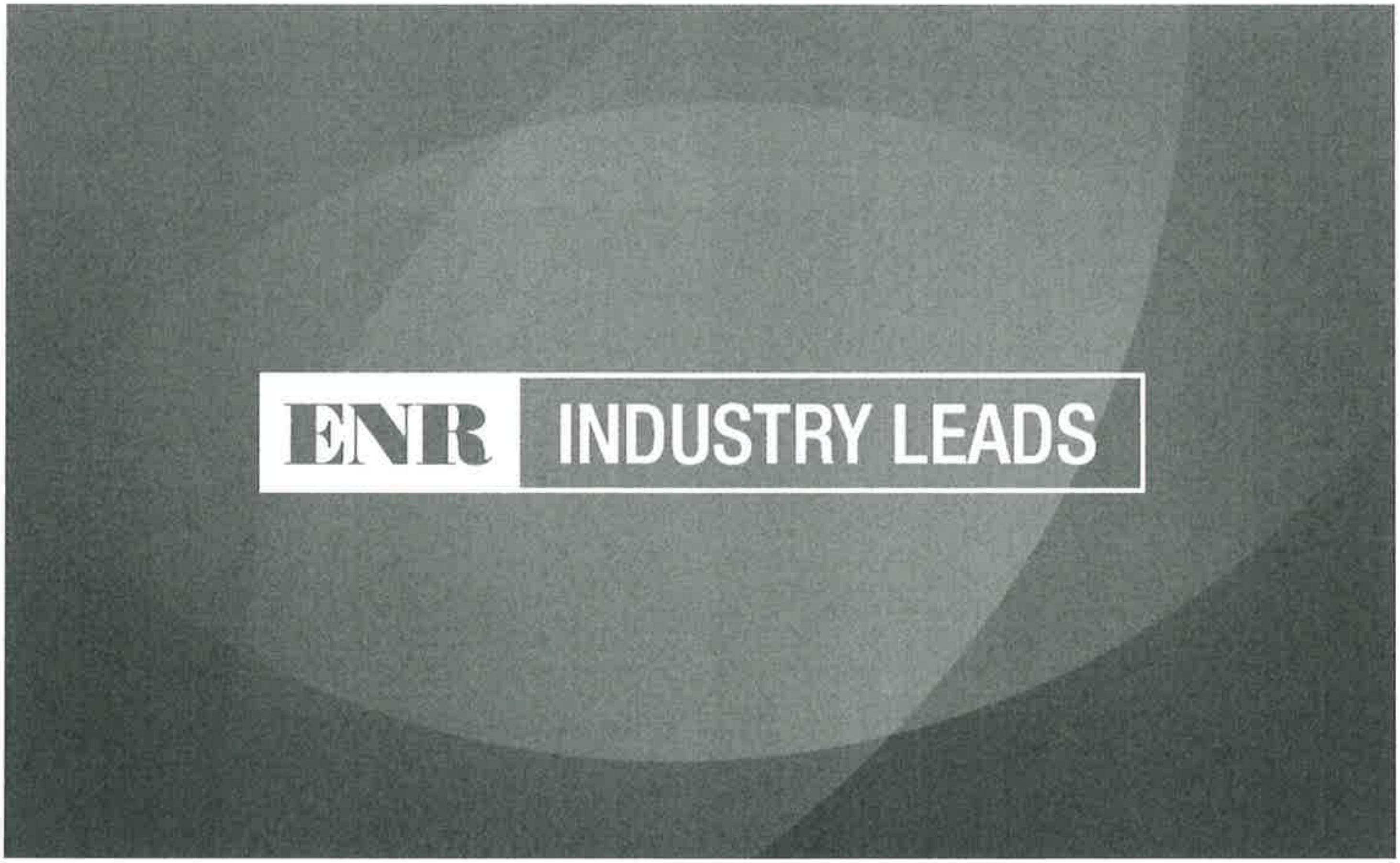
Industry Leads for the Week of July 29, 2019



July 24, 2019

Kentucky Log Still Distilling, LLC is planning to establish a **bourbon distillery** at the 220-acre former Gethsemane Distillery site in New Haven. The project scope includes renovation and construction of building space for distilling, bottling and barrel warehouses; and purchase and installation of stainless-steel piping, fermentation tanks, and distilling, blending, filling, flow-control, packaging and stillage-processing equipment. Doss and Horky Inc. has been selected as the prime contractor for the project. Construction is expected to begin in December 2019. Log Still Distilling will use the facility to produce bourbon, rye whiskey, gin and vodka. The estimated EPC cost is $12 million. **Log Still Distilling, LLC, 3010 Old Hillsboro Rd., Franklin, Tenn., 37604. IR#KY190610.**

Texas MarkWest Energy Partners, L.P. is considering constructing a **natural gas liquids fractionator** in Brazoria County. The project scope includes construction of equipment foundations; purchase and erection of structural steel; fabrication and erection of NGL storage tanks; and purchase and installation of fractionation towers, heat exchangers, and supporting equipment and systems. Construction is expected to begin in the fourth quarter of 2020, pending corporate approvals. MarkWest Energy Partners is a subsidiary of MPLX LP, based in Findlay, Ohio. The estimated EPC cost is $460 million. **MarkWest Energy Partners, L.P., 2448 East 81st St., Tulsa, Okla., 74137. IR#TX190627.**

Washington Selkirk Pharma is planning to construct a **pharmaceutical manufacturing facility** at the Pacific Northwest Technology Park in Spokane. The project scope includes construction of a 65,000-sq-ft building with cleanrooms and sterile formulation and fill suites; and purchase and installation of wet laboratory and packaging equipment and systems. Bernardo-Wills Architects and BCA Architects have been selected to provide design services for the building. Coffman Engineers has been selected to provide engineering services for the project. Construction is expected to begin late in the third quarter of 2019. Selkirk Pharma will use the facility to provide contract sterile filling and packaging services for the pharmaceutical industry. The estimated EPC cost is $30 million. **Selkirk Pharma, 827 West First Ave., Spokane, 99201. IR#WA190605.**

Information is derived from Industrial Reports, a market intelligence firm specializing in industrial construction. To receive the full report with details and contacts for any of the above projects, call 800-235-2330 x2002 or email ENRprojects@industrialreports.com. To see all recent projects or to receive new project alerts, go to: http://www.industrialreports.com/enr.