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August 8, 2019

Dr. Jose A. Cervantes
cc. Texas Comptroller of Public Accounts
Pecos-Barstow-Toyah ISD
1301 S. Eddy Street Pecos, Texas 79772

Re: Application for Texas Property Tax Code Section 313-Value Limitation Agreement

Dr. Cervantes:

Please find attached an application for a Section 313 Value Limitation Agreement. On behalf of our client, Caprock Permian Processing, LLC and in accordance with the guidelines and principles outlined in Section 313 of the Texas Property Tax Code, it is our request that the Pecos-Barstow-Toyah Independent School District consider the approval of a Section 313 Value Limitation Agreement. The approval of this agreement would undoubtedly prove beneficial to the economic development of Pecos-Barstow-Toyah ISD, as well as the viability of this natural gas processing plant to be located within the state of Texas.

The Caprock Permian Processing plant is a natural gas processing facility with an estimated production capacity of 400-600 million cubic feet per day. If established, the facility will provide 10 full-time salary competitive jobs. The project is anticipated to commence in March of 2020 and will be fully operational by October of 2020.

Caprock Permian Processing, LLC is managed by EagleClaw Midstream, a leader in the energy industry, specifically natural gas gathering and processing. As the largest independent gathering and processing company in the Delaware Basin, EagleClaw Midstream has decades of experience in West Texas. They are dedicated to the delivery of gas and crude oil production to market in a responsible manner that protects our natural resources.

If you have any questions, please feel free to contact me at 469-298-1594 or mike@keatax.com. We look forward to working with you.

Sincerely,

Mike Fry

Mike Fry
Energy Services-Director
mfry@keatax.com

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Caprock Permian Processing, LLC

Chapter 313 Application for Appraised Value Limitation to Pecos-Barstow-Toyah Independent School District

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1900 DALROCK ROAD • ROWLETT, TX 75088 • T (469) 298-1594 • F (469) 298-1595 • keatax.com

Tab 1

Pages 1-9 of the application

Application for Appraised Value Limitation on Qualified Property
(Tax Code, Chapter 313, Subchapter B or C)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at comptroller.texas.gov/economy/local/ch313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

August 15, 2019
Date Application Received by District

Dr. Jose
First Name

Cervantes
Last Name

Superintendent
Title

Pecos-Barstow-Toyah ISD
School District Name

1301 South Eddy Street, Pecos, Texas 79772
Street Address

1301 South Eddy Street,
Mailing Address

Pecos
City

Texas
State

79772
ZIP

432-447-7201
Phone Number

432-447-2690
Fax Number

Mobile Number (optional)

jcervantes@pbtisd.esc18.net
Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application? . . . . . ☑ Yes ☐ No

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

Kevin	O'Hanlon
First Name	Last Name
Partner	
Title	
O'Hanlon, Demerath, and Castillo	
Firm Name	
512-494-9949	512-494-9919
Phone Number	Fax Number
	kohanlon@808west.com
Mobile Number *(optional)*	Email Address

4. On what date did the district determine this application complete? . . . . . August 20, 2019

5. Has the district determined that the electronic copy and hard copy are identical? . . . . . [X] Yes [ ] No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Erik	Ballenger	
First Name	Last Name	
Director of Tax	Eagleclaw Midstream Ventures, LLC	
Title	Organization	
2700 Post Oak Boulevard, Suite 300, Houston, Texas 77056		
Street Address		
2700 Post Oak Boulevard, Suite 300		
Mailing Address		
Houston	Texas	77056
City	State	ZIP
713-655-9485	N/A	
Phone Number	Fax Number	
	eballenger@eagleclawmidstream.com	
Mobile Number *(optional)*	Business Email Address	

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? . . . . . [ ] Yes [✓] No

2a. If yes, please fill out contact information for that person.

Steve	Stallato	
First Name	Last Name	
Chief Accounting Officer	Eagleclaw Midstream Ventures LLC	
Title	Organization	
2700 Post Oak Boulevard, Suite 300, Houston, Texas 77056		
Street Address		
2700 Post Oak Boulevard, Suite 300		
Mailing Address		
Houston	Texas	77056
City	State	ZIP
713-655-9485	N/A	
Phone Number	Fax Number	
	sstellato@eagleclawmidstream.com	
Mobile Number *(optional)*	Business Email Address	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? . . . . . [✓] Yes [ ] No

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant *(If Applicable)*

Mike
First Name

Fry
Last Name

Director--Energy Services
Title

KE Andrews
Firm Name

469-331-1356
Phone Number

469-331-1357
Fax Number

mfry@keatax.com
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? . . . . . ☑ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school 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 for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? . . . . . ☐ Yes ☑ No ☐ N/A

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? . . . . . ☐ Yes ☑ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Caprock Permian Processing, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)* 32060471706
3. List the NAICS code 325110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? . . . . . ☐ Yes ☑ No

4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant *(corporation, limited liability corporation, etc)* Limited Liability Company
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? . . . . . ☑ Yes ☐ No

2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

3. Is the applicant current on all tax payments due to the State of Texas? . . . . . ☑ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? . . . . . ☑ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. *(If necessary, attach explanation in **Tab 3**)*

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.

SECTION 9: Projected Timeline

1. Application approval by school board . . . . . January 2, 2020
2. Commencement of construction . . . . . March 1, 2020
3. Beginning of qualifying time period . . . . . January 2, 2020
4. First year of limitation . . . . . January 1, 2021
5. Begin hiring new employees . . . . . February 1, 2020
6. Commencement of commercial operations . . . . . October 1, 2020
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date *(date your application is finally determined to be complete)*? . . . . . ☑ Yes ☐ No

   Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? . . . . . October 1, 2020

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: Reeves County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Reeves CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? . . . . . ☐ Yes ☑ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

   County: Reeves Co., .49952 100% *(Name, tax rate and percent of project)*

   City: N/A *(Name, tax rate and percent of project)*

   Hospital District: Reeves Co. Hosp.District .24 100% *(Name, tax rate and percent of project)*

   Water District: Reeves Co. Groundwater District .004 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: Reeves Water District #2 .125 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: N/A *(Name, tax rate and percent of project)*
5. Is the project located entirely within the ISD listed in Section 1? . . . . . ☑ Yes ☐ No

   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? . . . . . ☐ Yes ☑ No

   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at **comptroller.texas.gov/economy/local/ch313/**.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00

   Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? . . . . . ☑ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
   a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
   b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
   c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? . . . . . ☑ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
   - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 8**);
   - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**); and
   - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (**Tab 11**).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? . . . . . ☐ Yes ☑ No
   - 2a. If yes, attach complete documentation including:
     - a. legal description of the land (**Tab 9**);
     - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (**Tab 9**);
     - c. owner (**Tab 9**);
     - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (**Tab 9**); and
     - e. a detailed map showing the location of the land with vicinity map (**Tab 11**).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? . . . . ☐ Yes ☑ No
   - 3a. If yes, attach the applicable supporting documentation:
     - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (**Tab 16**);
     - b. legal description of reinvestment zone (**Tab 16**);
     - c. order, resolution or ordinance establishing the reinvestment zone (**Tab 16**);
     - d. guidelines and criteria for creating the zone (**Tab 16**); and
     - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (**Tab 11**)
   - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? . . . . . Please See Tab 16

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.

2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).

3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
   - a. maps and/or detailed site plan;
   - b. surveys;
   - c. appraisal district values and parcel numbers;
   - d. inventory lists;
   - e. existing and proposed property lists;
   - f. model and serial numbers of existing property; or
   - g. other information of sufficient detail and description.

4. Total estimated market value of existing property (that property described in response to question 1): . . . . . $ 0.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.

6. Total estimated market value of proposed property not eligible to become qualified property *(that property described in response to question 2)*: . . . . . $ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:

   ☐ First Quarter ☑ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2019 *(year)*

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0

   Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 10

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? . . . . . ☐ Yes ☑ No

   6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

   a. Average weekly wage for all jobs (all industries) in the county is 1,201.50

   b. 110% of the average weekly wage for manufacturing jobs in the county is . . . . . Data Not Available

   c. 110% of the average weekly wage for manufacturing jobs in the region is 59,270.20

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? . . . . . ☐ §313.021(5)(A) or ☑ §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 59,270.20

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,270.20

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? . . . . . ☑ Yes ☐ No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? . . . . . ☐ Yes ☑ No

    12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? . . . . . ☐ Yes ☑ No

    13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. *(not required)*
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

Tab 2

Proof of Payment Application Fee

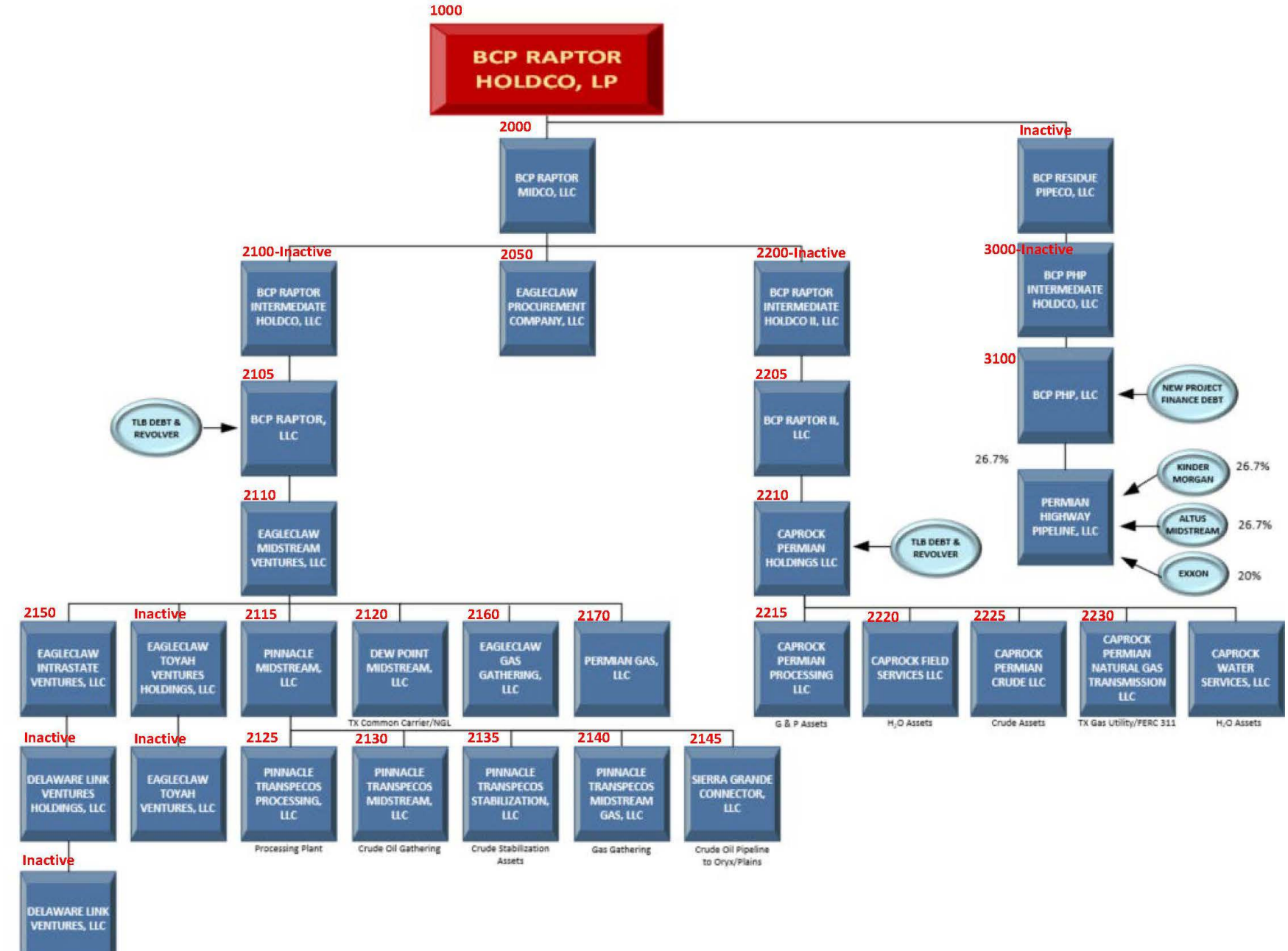
Proof of payment of filing fee received by the Comptroller of Public Accounts per TAC Rule §9.1054 (b)(5)

(Page Inserted by Office of Texas Comptroller of Public Accounts)

Tab 3

Documentation of Combined Group Membership

EAGLECLAW CORPORATE STRUCTURE



Tab 4

Detailed Description of the Project

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.

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Caprock Permian Processing, LLC requests an appraised value limitation from Pecos-Barstow-Toyah Independent School District. Caprock Permian Processing, LLC is a proposed natural gas processing facility which will encompass a reinvestment zone on the eastern boundary of Reeves county. The facility itself is expected to have a total capacity of 400-600 mmcf (million cubic feet). A total of two trains will be built with an estimated 200-300 mmcf capacity per day for each train. Additionally, the entirety of the project will be within Pecos-Barstow-Toyah Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

Caprock Permian Processing, LLC requests that this application includes but is not limited to the following components of this project:

- Maintenance & Operations Buildings
- Inlet Separator
- Boilers
- Natural Gas/Air/H20 Piping
- Dehydration Units
- Slug Catcher
- Vessels
- Liners & Containment
- SCADA (monitoring software) plus Controls
- Foundations
- Amine Unit
- Heat Exchangers
- Control Valves
- Knock Out Drums
- Compressors
- Heat Exchanger
- Flare Stack, Scrubber, Leak Detection

Caprock Permian Processsing, LLC is managed by EagleClaw Midstream, a leader in the energy industry, specifically natural gas gathering and processing. As the largest independent gathering and processing company in the Delaware Basin, EagleClaw Midstream has decades of experience in West Texas. They are dedicated to the delivery of gas and crude oil production to market in a responsible manner that protects our natural resources.

Summary of Production Process

The initial stages of production will begin with raw natural gas produced at the well-head from various sources throughout the Permian Basin. This raw natural gas is then transported through gathering systems where it is either further process into natural gas or natural gas liquids. Upon processing, the products are delivered to the market through newly constructed pipelines. Throughout this process there are a variety of components used including the following:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine Treating for CO2 Removal
- TEG Dehydration for H2O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression Units
- Heat Medium Systems
- Flare System
- Water Systems (supply, drain, waste)
- Utilities

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

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

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

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

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

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

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

Oil and Condensate Removal

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

Water Removal

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

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

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

Glycol Dehydration

An example of absorption dehydration is known as Glycol Dehydration. In this process, a liquid desiccant dehydrator serves to absorb water vapor from the gas stream. Glycol, the principal agent in this process, has a chemical affinity for water. This means that, when in contact with a stream of natural gas that contains water, glycol will serve to 'steal' the water out of the gas stream. Essentially, glycol dehydration involves using a glycol solution, usually either diethylene glycol (DEG)or triethylene glycol (TEG), which is brought into contact with the wet gas stream in what is called the 'contactor'. The glycol solution will absorb water from the wet gas. Once absorbed, the glycol particles become heavier and sink to the bottom of the contactor where they are removed.

The natural gas, having been stripped of most of its water content, is then transported out of the dehydrator. The glycol solution, bearing all of the water stripped from the natural gas, is put through a specialized boiler designed to vaporize only the water out of the solution. While water has a boiling point of 212 degrees Fahrenheit, glycol does not boil until 400 degrees Fahrenheit. This boiling point differential makes it relatively easy to remove water from the glycol solution, allowing it to be reused in the dehydration process. An innovation in this process has been the addition of flash tank separator condensers. As well as absorbing water from the wet gas stream, the glycol solution occasionally carries with it small amounts of methane and other compounds found in the wet gas. In the past, this methane was simply vented out of the boiler. In addition to losing a portion of the natural gas that was extracted, this venting contributes to air pollution and the greenhouse effect. To decrease the amount of methane and other compounds that are lost, flash tank separator-condensers work to remove these compounds before the glycol solution reaches the boiler. Essentially, a flash tank separator consists of a device that reduces the pressure of the glycol solution stream, allowing the methane and other hydrocarbons to vaporize ('flash'). The glycol solution then travels to the boiler, which may also be fitted with air or water-cooled condensers, which serve to capture any remaining organic compounds that may remain in the glycol solution. In practice, according to the Department of Energy's Office of Fossil Energy, these systems have been shown to recover 90 to 99 percent of methane that would otherwise be flared into the atmosphere.

Solid-Desiccant Dehydration

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

Separation of Natural Gas Liquids

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

The Cryogenic Expansion Process

Cryogenic processes are used to extract NGLs from natural gas. Lighter hydrocarbons, such as ethane, are often more difficult to recover from the natural gas stream. In certain instances, it is economic to simply leave the lighter NGLs in the natural gas stream. However, if it is economic to extract ethane and other lighter hydrocarbons, cryogenic processes are required for high recovery rates. Essentially, cryogenic processes consist of dropping the temperature of the gas stream to around -120 degrees Fahrenheit.

There are many ways of chilling the gas to these temperatures, but one of the most effective is known as the turbo expander process. In this process, external refrigerants are used to cool the natural gas stream. Then, an expansion turbine is used to rapidly expand the chilled gases, which causes the temperature to drop significantly. This rapid temperature drop condenses ethane and other hydrocarbons in the gas stream, while maintaining methane in gaseous form. This process allows for the recovery of about 90 to 95 percent of the ethane originally in the gas stream. In addition, the expansion turbine can convert some of the energy released when the natural gas stream is expanded into recompressing the gaseous methane effluent, thus saving energy costs associated with extracting ethane. The extraction of NGLs from the natural gas stream produces both cleaner, purer natural gas, as well as the valuable hydrocarbons that are the NGLs themselves.

Sulfur and Carbon Dioxide Removal

In addition to water, oil, and NGL removal, one of the most important parts of gas processing involves the removal of sulfur and carbon dioxide. Natural gas from some wells contains significant amounts of sulfur and carbon dioxide. This natural

gas, because of the rotten smell provided by its sulfur content, is commonly called 'sour gas'. Sour gas is undesirable because the sulfur compounds it contains can be extremely harmful, even lethal, to breathe. Sour gas can also be extremely corrosive. In addition, the sulfur that exists in the natural gas stream can be extracted and marketed on its own. In fact, according to the USGS, U.S. sulfur production from gas processing plants accounts for about 15 percent of the total U.S. production of sulfur.

Sulfur exists in natural gas as hydrogen sulfide (H_2S), and the gas is usually considered sour if the hydrogen sulfide content exceeds 5.7 milligrams of H_2S per cubic meter of natural gas. The process for removing hydrogen sulfide from sour gas is commonly referred to as 'sweetening' the gas.

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

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

Tab 5

Limitation as a Determining Factor

Caprock Permian Processing, LLC is a subsidiary of EagleClaw Midstream Ventures, LLC. EagleClaw Midstream Ventures, LLC operates four plant sites with more than 1,000 miles of pipeline through the Permian Basin. Their interconnected plant and compression sites provide redundancy, reliability, and ease of future expansion. Other locations that are being evaluated for the construction of the Caprock Permian Processing, LLC include locations in southeastern New Mexico. In the event a 313 value limitation agreement is not reached, the investment for this facility will likely be reallocated to the formation of a processing plant in New Mexico.

EagleClaw Midstream Ventures, LLC is always evaluating various manufacturing projects for development and where to commit substantial long-term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.
Not only EagleClaw Midstream Ventures, LLC but all prudent manufactures, know tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas because of the direct impact on any proposed project's economic viability, so the decision to invest in Texas, or any other state, requires any capital investment by EagleClaw Midstream Ventures, LLC to be based on expected economic return on their investment.

With the property tax liabilities making up a substantial ongoing cost of operation that directly impacts the rate of return on the investment for the Caprock Permian Processing plant. Without the tax incentive, the economics of this project will be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. EagleClaw Midstream Ventures, LLC compares the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. If the rate of return with the valuation limitation agreement exceeds the minimum rate of return then they can proceed Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize EagleClaw Midstream Ventures, LLC to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.

Tab 6

Caprock Permian Processing, LLC is located 100 % in Pecos-Barstow-Toyah Independent School District in Reeves County

Taxing Jurisdiction	Percentage of Project located within Jurisdiction	Tax Rate
Reeves County	100%	.49952
Reeves County Hospital District	100%	.24
Reeves Water District #2	100%	.125
Reeves County Groundwater District	100%	.004

Tab 7

Description of Qualified Investment

Caprock Permian Processing, LLC is a proposed natural gas processing facility which will encompass a reinvestment zone on the eastern boundary of Reeves county. The facility itself is expected to have a total capacity of 400-600 mmcf (million cubic feet). Additionally, the entirety of the project will be within Pecos-Barstow-Toyah Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

Caprock Permian Processing, LLC requests that this application includes but is not limited to the following components of this project:

- Maintenance & Operations Buildings
- Inlet Separator
- Boilers
- Natural Gas/Air/H20 Piping
- Dehydration Units
- Slug Catcher
- Vessels
- Liners & Containment
- SCADA (monitoring software) plus Controls
- Foundations
- Amine Unit
- Heat Exchangers
- Control Valves
- Knock Out Drums
- Compressors
- Heat Exchanger
- Flare Stack, Scrubber, Leak Detection

Summary of Production Process

The initial stages of production will begin with raw natural gas produced at the well-head from various sources throughout the Permian Basin. This raw natural gas is then transported through gathering systems where it is either further process into natural gas or natural gas liquids. Upon processing, the products are delivered to the market through newly constructed pipelines. Throughout this process there are a variety of components used including the following:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine Treating for CO2 Removal
- TEG Dehydration for H2O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression Units
- Heat Medium Systems
- Flare System
- Water Systems (supply, drain, waste)
- Utilities

Tab 8

Description of Qualified Property

Caprock Permian Processing, LLC is a proposed natural gas processing facility which will encompass a reinvestment zone on the eastern boundary of Reeves county. The facility itself is expected to have a total capacity of 400-600 mmcf (million cubic feet). Additionally, the entirety of the project will be within Pecos-Barstow-Toyah Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

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- TEG Dehydration for H2O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression Units
- Heat Medium Systems
- Flare System
- Water Systems (supply, drain, waste)
- Utilities

Tab 9

Description of Land: N/A

Tab 10

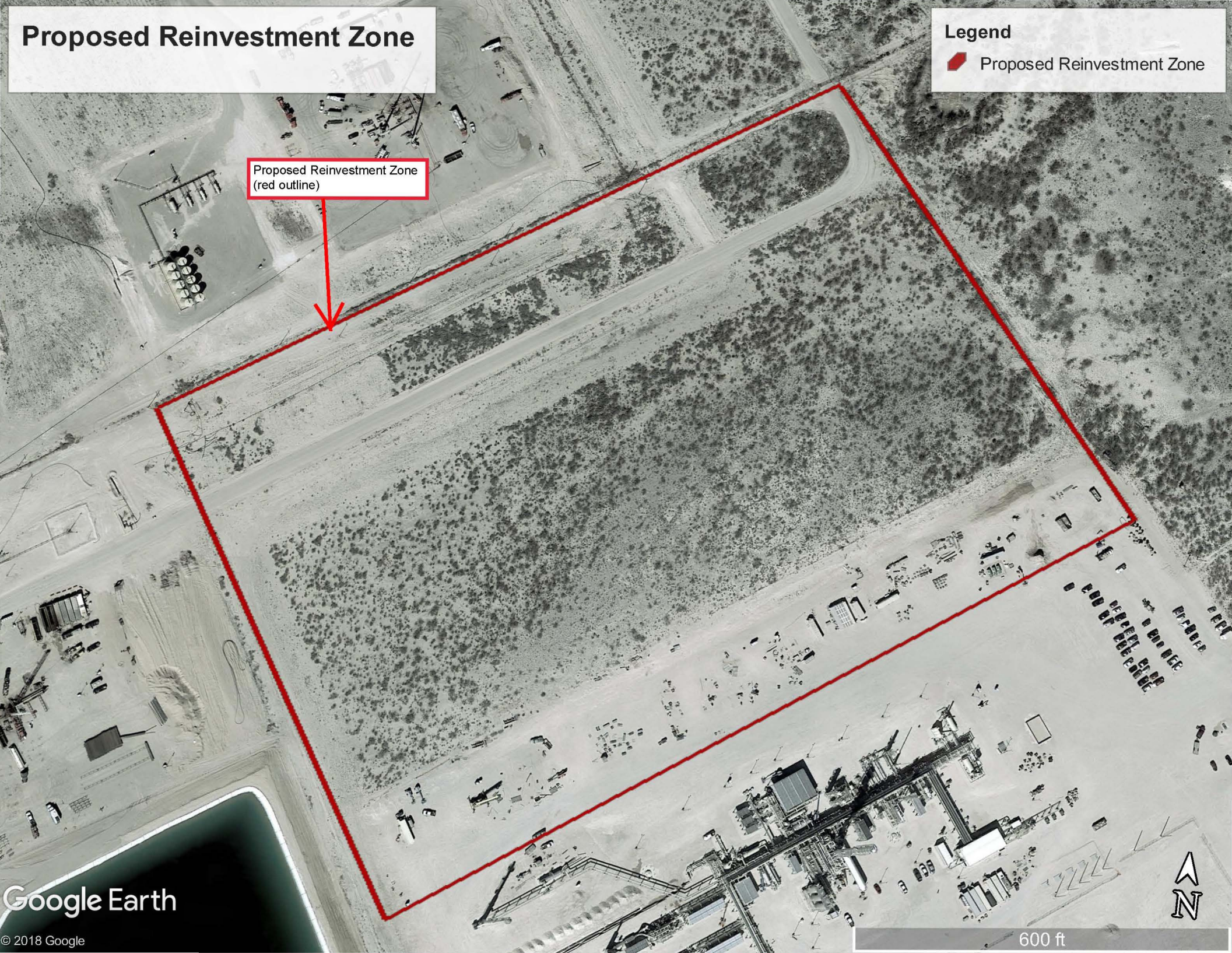
Description of Existing Improvement

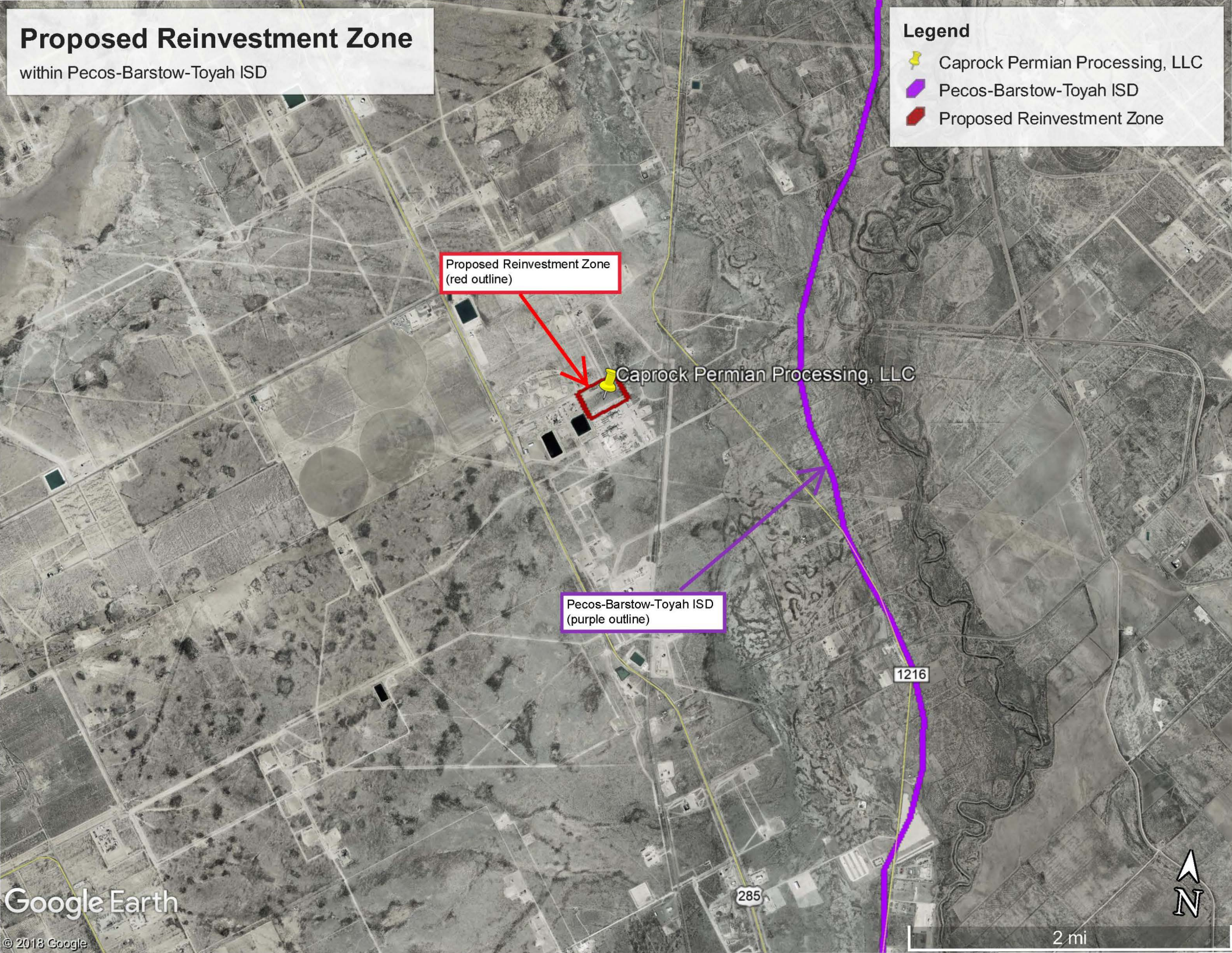
There are no existing improvements related to the project at the proposed site. Please note: any equipment located within the proposed reinvestment zone and project area is temporary and was located within the area for construction of prior trains.

Tab 11

Maps

Proposed Reinvestment Zone




Proposed Reinvestment Zone
within Pecos-Barstow-Toyah ISD
Legend
Caprock Permian Processing, LLC
Pecos-Barstow-Toyah ISD
Proposed Reinvestment Zone
Proposed Reinvestment Zone (red outline)
Caprock Permian Processing, LLC
Pecos-Barstow-Toyah ISD (purple outline)
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Google Earth
© 2018 Google


Project Boundary
within Proposed Reinvestment Zone
Proposed Reinvestment Zone
(red outline)
Project Boundary
(yellow outline)
Legend
Project Boundary
Proposed Reinvestment Zone
Google Earth
© 2018 Google
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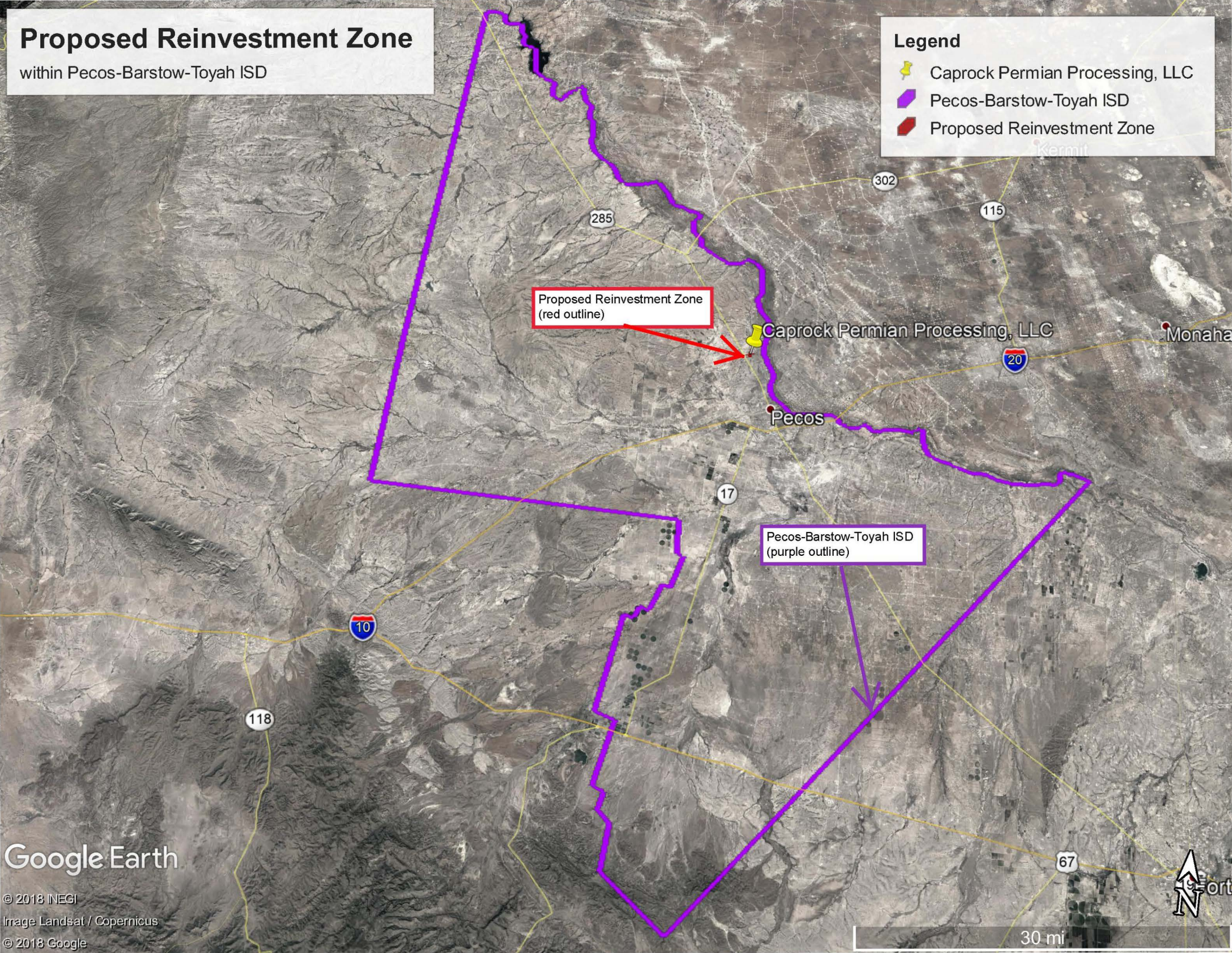
Proposed Reinvestment Zone
within Pecos-Barstow-Toyah ISD
Legend
Caprock Permian Processing, LLC
Pecos-Barstow-Toyah ISD
Proposed Reinvestment Zone
Proposed Reinvestment Zone (red outline)
Pecos-Barstow-Toyah ISD (purple outline)
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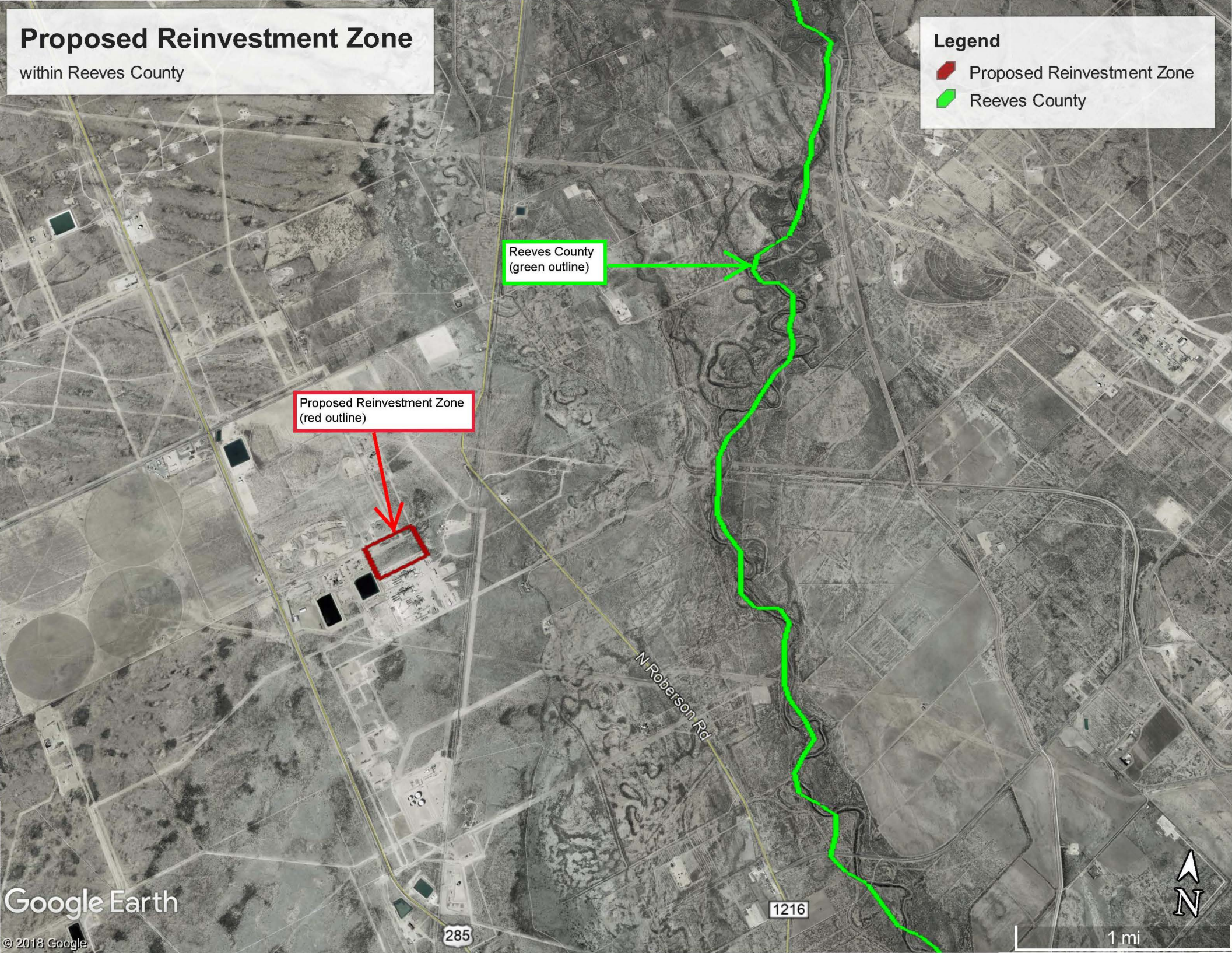
Proposed Reinvestment Zone
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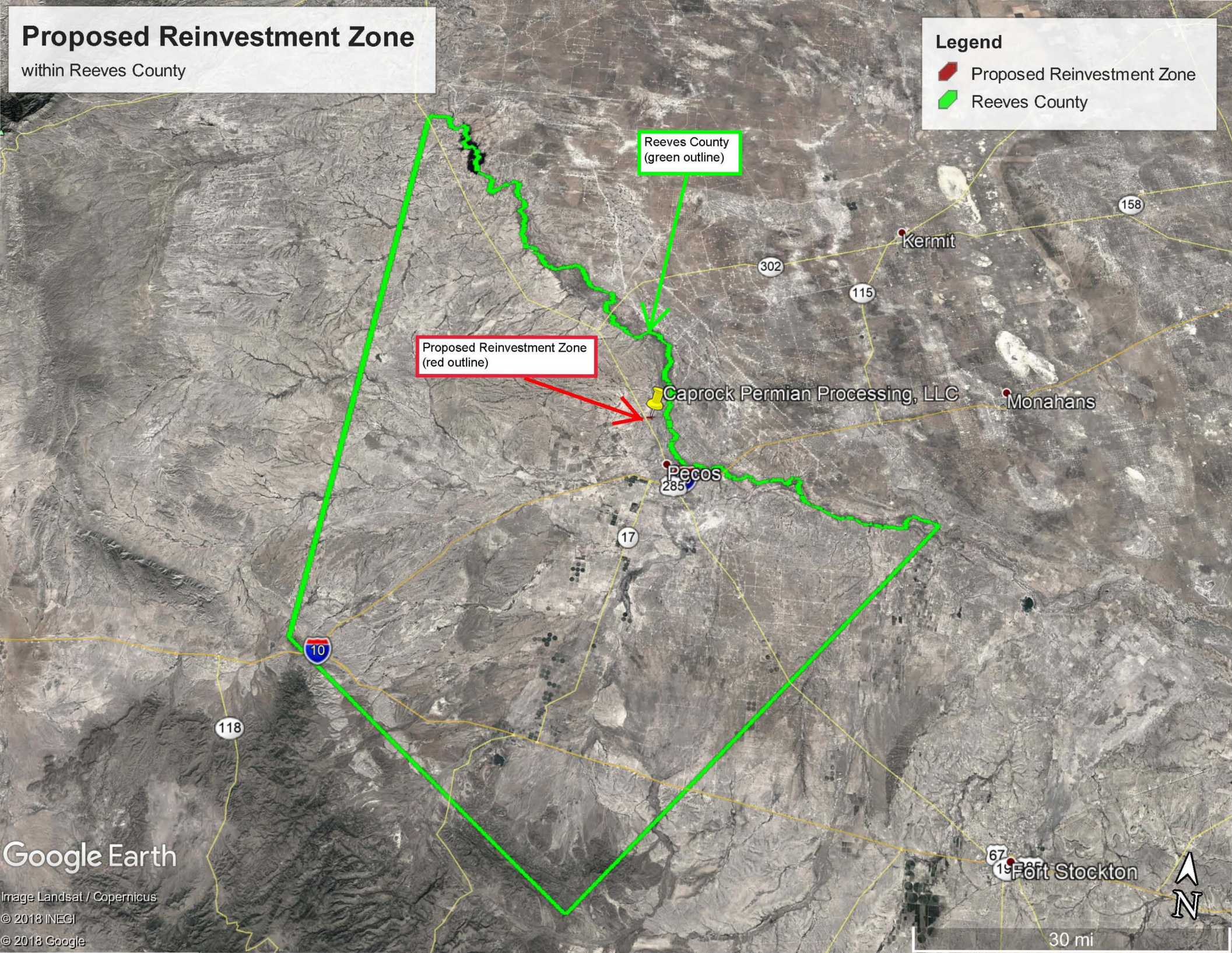
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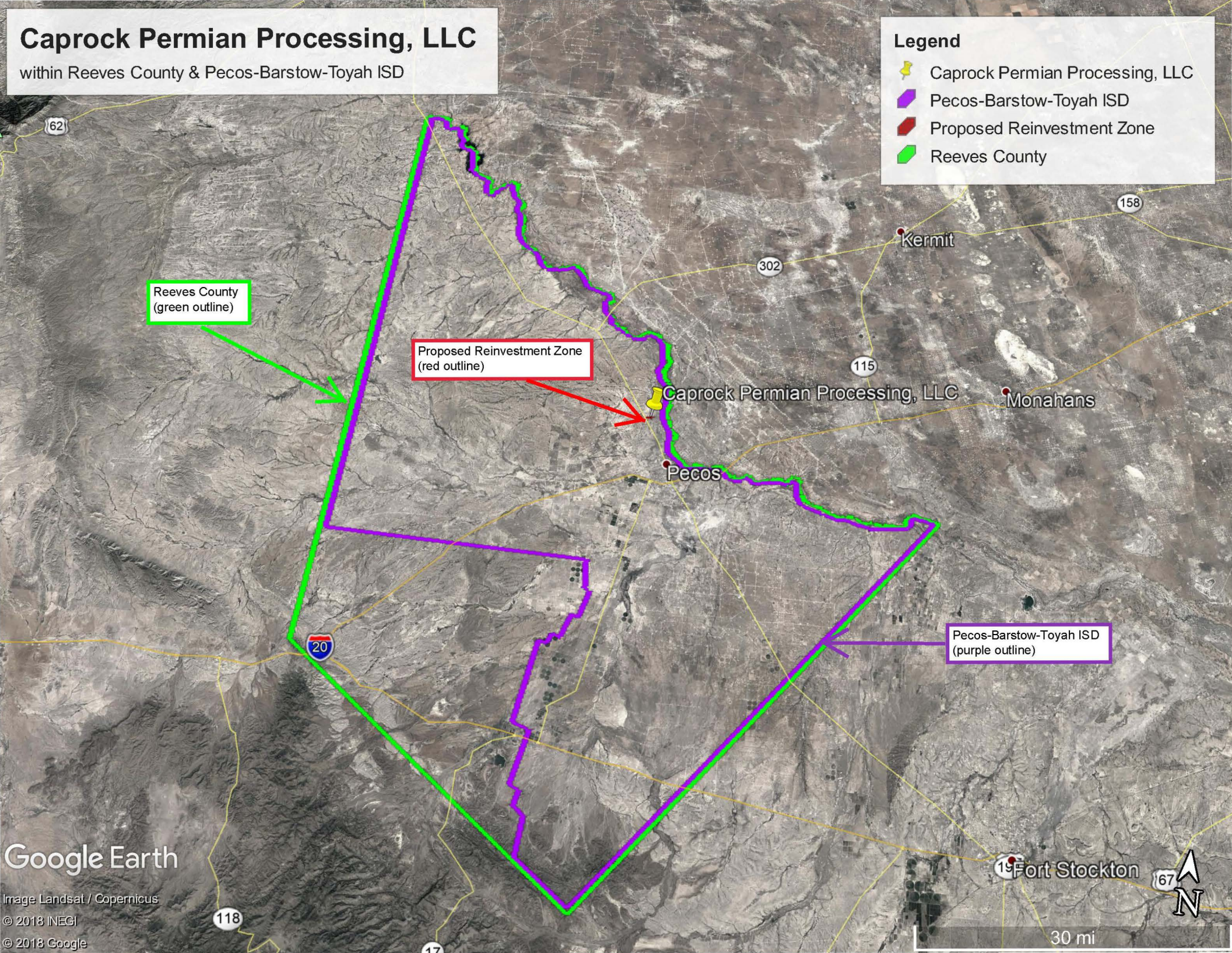
Caprock Permian Processing, LLC
within Reeves County & Pecos-Barstow-Toyah ISD
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Caprock Permian Processing, LLC
Pecos-Barstow-Toyah ISD
Proposed Reinvestment Zone
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Reeves County (green outline)
Proposed Reinvestment Zone (red outline)
Pecos-Barstow-Toyah ISD (purple outline)
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Image Landsat / Copernicus
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Tab 12

Request for Waiver of Job Requirements

Please Refer to Proceeding Letter: N/A

Tab 13

Calculation of Wage Requirements

The proceeding calculations are for the following wage requirements:

Calculation A: Reeves County Average Weekly Wage

Calculation B: 110% of Reeves County Average for Manufacturing Jobs -*N/A: Data does not meet BLS or State Agency Disclosure Standards*

Calculation C: 110% of Permian Basin Regional Planning Commission Average for Manufacturing Jobs

Calculation A: Reeves County Average Weekly Wage for all Jobs

Year	Quarter	Average Weekly Wage
2018	Q2	$1131.00
2018	Q3	$1136.00
2018	Q4	$1238.00
2019	Q1	$1301.00
	Q Average	**$1201.50**

In order to calculate the Reeves County Average Weekly Wage for all Jobs, the following calculations were completed:

Quarterly Average Calculation:

Step 1: $1131.00 +$1136.00 +$1238.00 +$1301.00 =$4806.00

Step 2: $4806.00 /4= $1201.50

Calculation C: 110% of Permian Basin Regional Planning Commission Average Weekly Wage for Manufacturing Jobs

2018 Permian Basin Regional Planning Commission Annual Wage: $53,882.00

2018 110% Permian Basin Regional Planning Commission Wage: $59,270.20 annually or $1,139.81 weekly

In order to calculate 110% of the Permian Basin Regional Planning Commission Wage for Manufacturing Jobs the following calculations were completed:

Step 1: $53,882.00* 1.10= $59,270.20

Step 2: $59,270.20/52= $1,139.81

*All calculations were completed using the most recent data available from the Bureau of Labor Statistics—data attached

Quarterly Census of Employment and Wages (QCEW) Report

Customize the report/Help with Accessibility

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry	Average Weekly Wage
2018	01	Reeves	Total All	Total, All Industries	1,160
2018	02	Reeves	Total All	Total, All Industries	1,131
2018	03	Reeves	Total All	Total, All Industries	1,136
2018	04	Reeves	Total All	Total, All Industries	1,238

Quarterly Census of Employment and Wages (QCEW) Report

Customize the report/Help with Accessibility

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry	Average Weekly Wage
2019	01	Reeves	Total All	Total, All Industries	1,301

2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	COG Number	Wages	
		Hourly	Annual
Texas		**$27.04**	**$56,240**
Alamo Area Council of Governments	18	$22.80	$47,428
Ark-Tex Council of Governments	5	$18.73	$38,962
Brazos Valley Council of Governments	13	$18.16	$37,783
Capital Area Council of Governments	12	$32.36	$67,318
Central Texas Council of Governments	23	$19.60	$40,771
Coastal Bend Council of Governments	20	$28.52	$59,318
Concho Valley Council of Governments	10	$21.09	$43,874
Deep East Texas Council of Governments	14	$18.28	$38,021
East Texas Council of Governments	6	$21.45	$44,616
Golden Crescent Regional Planning Commission	17	$28.56	$59,412
Heart of Texas Council of Governments	11	$22.71	$47,245
Houston-Galveston Area Council	16	$29.76	$61,909
Lower Rio Grande Valley Development Council	21	$17.21	$35,804
Middle Rio Grande Development Council	24	$20.48	$42,604
NORTEX Regional Planning Commission	3	$25.14	$52,284
North Central Texas Council of Governments	4	$27.93	$58,094
Panhandle Regional Planning Commission	1	$24.19	$50,314
Permian Basin Regional Planning Commission	9	$25.90	$53,882
Rio Grande Council of Governments	8	$18.51	$38,493
South East Texas Regional Planning Commission	15	$36.26	$75,430
South Plains Association of Governments	2	$20.04	$41,691
South Texas Development Council	19	$17.83	$37,088
Texoma Council of Governments	22	$21.73	$45,198
West Central Texas Council of Governments	7	$21.84	$45,431

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.
Data published: July 2019
Data published annually, next update will be July 31, 2020
Annual wage figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas Occupational Employment Statistics (OES) data,
and is not to be compared to BLS estimates.
Data intended only for use in implementing Chapter 313, Tax Code.

Tab 14

Schedules A1-D

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date 8/8/2019
Applicant Name Caprock Permian Processing, LLC
ISD Name Pecos-Barstow-Toyah ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	**Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	2019	2019-2020	2019					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period								
Complete tax years of qualifying time period	QTP1	2020-2021	2020	$ 150,000,000.00				$ 150,000,000.00
	QTP2	2021-2022	2021					
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				$ 150,000,000.00				$ 150,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				$ 150,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date 8/8/2019
Applicant Name Caprock Permian Processing, LLC
ISD Name Pecos-Barstow-Toyah ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property {SEE NOTE]	**Total Investment** (A+B+C+D)
Total Investment from Schedule A1*	--	**TOTALS FROM SCHEDULE A1**		Enter amounts from TOTAL row in Schedule A1 in the row below				
				$ 150,000,000.00				$ 150,000,000.00
Each year prior to start of value limitation period**	0	2019-2020	2019					
Each year prior to start of value limitation period**	0	2020-2021	2020	$ 150,000,000.00				$ 150,000,000.00
Value limitation period***	1	2021-2022	2021					
	2	2022-2023	2022					
	3	2023-2024	2023					
	4	2024-2025	2024					
	5	2025-2026	2025					
	6	2026-2027	2026					
	7	2027-2028	2027					
	8	2028-2029	2028					
	9	2029-2030	2029					
	10	2030-2031	2030					
Total Investment made through limitation				$ 150,000,000.00				$ 150,000,000.00
Continue to maintain viable presence	11	2031-2032	2031					
	12	2032-2033	2032					
	13	2033-2034	2033					
	14	2034-2035	2034					
	15	2035-2036	2035					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036					
	17	2037-2038	2037					
	18	2038-2039	2038					
	19	2039-2040	2039					
	20	2040-2041	2040					
	21	2041-2042	2041					
	22	2042-2043	2042					
	23	2043-2044	2043					
	24	2044-2045	2044					
	25	2045-2046	2045					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date 8/8/2019

Applicant Name Caprock Permian Processing, LLC

ISD Name Pecos-Barstow-Toyah ISD

Form 50-296A

Revised May 2014

				Qualified Property			Estimated Taxable Value		
	Year	**School Year** (YYYY-YYYY)	**Tax Year** (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period	0	2019-2020	2019						
Each year prior to start of Value Limitation Period	0	2020-2021	2020						
Value Limitation Period	1	2021-2022	2021			$ 75,000,000.00	$ 75,000,000.00	$ 75,000,000.00	$ 30,000,000.00
	2	2022-2023	2022			$ 150,000,000.00	$ 150,000,000.00	$ 150,000,000.00	$ 30,000,000.00
	3	2023-2024	2023			$ 144,000,000.00	$ 144,000,000.00	$ 144,000,000.00	$ 30,000,000.00
	4	2024-2025	2024			$ 138,000,000.00	$ 138,000,000.00	$ 138,000,000.00	$ 30,000,000.00
	5	2025-2026	2025			$ 132,000,000.00	$ 132,000,000.00	$ 132,000,000.00	$ 30,000,000.00
	6	2026-2027	2026			$ 126,000,000.00	$ 126,000,000.00	$ 126,000,000.00	$ 30,000,000.00
	7	2027-2028	2027			$ 120,000,000.00	$ 120,000,000.00	$ 120,000,000.00	$ 30,000,000.00
	8	2028-2029	2028			$ 114,000,000.00	$ 114,000,000.00	$ 114,000,000.00	$ 30,000,000.00
	9	2029-2030	2029			$ 108,000,000.00	$ 108,000,000.00	$ 108,000,000.00	$ 30,000,000.00
	10	2030-2031	2030			$ 102,000,000.00	$ 102,000,000.00	$ 102,000,000.00	$ 30,000,000.00
Continue to maintain viable presence	11	2031-2032	2031			$ 96,000,000.00	$ 96,000,000.00	$ 96,000,000.00	$ 96,000,000.00
	12	2032-2033	2032			$ 90,000,000.00	$ 90,000,000.00	$ 90,000,000.00	$ 90,000,000.00
	13	2033-2034	2033			$ 84,000,000.00	$ 84,000,000.00	$ 84,000,000.00	$ 84,000,000.00
	14	2034-2035	2034			$ 78,000,000.00	$ 78,000,000.00	$ 78,000,000.00	$ 78,000,000.00
	15	2035-2036	2035			$ 72,000,000.00	$ 72,000,000.00	$ 72,000,000.00	$ 72,000,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036			$ 66,000,000.00	$ 66,000,000.00	$ 66,000,000.00	$ 66,000,000.00
	17	2037-2038	2037			$ 60,000,000.00	$ 60,000,000.00	$ 60,000,000.00	$ 60,000,000.00
	18	2038-2039	2038			$ 54,000,000.00	$ 54,000,000.00	$ 54,000,000.00	$ 54,000,000.00
	19	2039-2040	2039			$ 48,000,000.00	$ 48,000,000.00	$ 48,000,000.00	$ 48,000,000.00
	20	2040-2041	2040			$ 42,000,000.00	$ 42,000,000.00	$ 42,000,000.00	$ 42,000,000.00
	21	2041-2042	2041			$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
	22	2042-2043	2042			$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
	23	2043-2044	2043			$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
	24	2044-2045	2044			$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
	25	2045-2046	2045			$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 8/8/2019
Applicant Name Caprock Permian Processing, LLC
ISD Name Pecos-Barstow-Toyah ISD

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	**School Year** (YYYY-YYYY)	**Tax Year** (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	**Average** annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Average** annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2019-2020	2019					
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2020-2021	2020	200	$ 59,270.20		10	$ 59,270.20
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2021-2022	2021				10	$ 59,270.20
	2	2022-2023	2022				10	$ 59,270.20
	3	2023-2024	2023				10	$ 59,270.20
	4	2024-2025	2024				10	$ 59,270.20
	5	2025-2026	2025				10	$ 59,270.20
	6	2026-2027	2026				10	$ 59,270.20
	7	2027-2028	2027				10	$ 59,270.20
	8	2028-2029	2028				10	$ 59,270.20
	9	2029-2030	2029				10	$ 59,270.20
	10	2030-2031	2030				10	$ 59,270.20
Years Following Value Limitation Period	11 through 25	2031-2046	2031-2046				10	$ 59,270.20

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ☒ No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ☒ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☒ No

Schedule D: Other Incentives (Estimated)

Date 8/8/2019

Applicant Name Caprock Permian Processing, LLC

ISD Name Pecos-Barstow-Toyah ISD

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Reeves	2021	5 year	$ 374,641.00	50%	$ 187,320.50
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
			TOTAL	$ 374,641.00		$ 187,320.50

Additional information on incentives for this project:

Tab 15

Economic Impact Study-N/A

Tab 16

Description of Reinvestment Zone

Caprock Permian Processing, LLC is to be located within a proposed reinvestment zone. The adoption of this measure will not be complete until Pecos-Barstow-Toyah ISD or Reeves County creates the reinvestment zone and considers the final approval of the Chapter 313 agreement for Caprock Permian Processing, LLC . This will likely occur in the 4th fiscal quarter of 2019 and be designated by Pecos-Barstow-Toyah ISD. Therefore, upon the creation of the proposed reinvestment zone, the legal description of the zone as well as the order, resolution, or ordinance that establishes the reinvestment zone will be submitted to the Texas Comptroller.

Tab 17

Signatures and Certification

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here DR JOSE CERVANTES — Print Name *(Authorized School District Representative)*

Superintendent — Title

sign here Dr. J S Cervantes — Signature *(Authorized School District Representative)*

August 15, 2019 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Erik Ballenger — Print Name *(Authorized Company Representative (Applicant))*

Director of Tax — Title

sign here Erik Ballenger — Signature *(Authorized Company Representative (Applicant))*

8/13/19 — Date

MARY M MURRELL 1531195 NOTARY PUBLIC STATE OF TEXAS EXPIRES JUNE 09, 2022

(Notary Seal)

GIVEN under my hand and seal of office this, the

13 Th day of August, 2019

Mary M. Murrell

Notary Public in and for the State of Texas

My Commission expires: June 9, 2022

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.