
SARA LEON
& ASSOCIATES, LLC

November 14, 2019

Via Electronic Mail: Michelle.Luera@cpa.texas.gov

Ms. Michelle Luera, CTCM
Senior Research Analyst
Data Analysis and Transparency Division
Texas Comptroller of Public Accounts
111 E. 17th St.
Austin, TX 78774

Re: Application #1433 between the Wink-Loving Independent School District and MarkWest Tornado GP, L.L.C.-Amendment 001 transmittal

Dear Ms. Luera:

Per your email on October 29, 2019, MarkWest Tornado GP, L.L.C. has made the following corrections to Application No. 1433. Enumerated below are the changes contained in Amendment 001:

1. ***TAB 5: Documentation to Assist in Determining if Limitation is a Determining Factor***
Updated the language on this tab to include additional details regarding the applicant not requesting a Chapter 313 value limitation for the Tornado I project. Information also added regarding choosing project site locations. The updated section with newly added language is located at the end of the following question:

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

MarkWest is currently completing the Tornado I gas plant project which is located at the same location that Tornado II will be located. The applicant was recently acquired by MPLX which majority is owned by Marathon Petroleum. During the integration phase of the companies, the MarkWest property tax manager left the company. Due to the change in the property tax team, the Tornado I plant was started prior to the company doing a full analysis of available tax incentives. All current and future projects will have an incentives component included in the financial analysis of the project and will be used as one of the metrics for choosing the best location.

In addition, new pipeline loops in the Permian Basin, including in New Mexico, have been, or are currently being constructed which allow for additional flexibility when choosing a site to build future plants.

2. **TAB 10: Description of all property not eligible to become qualified property**

Updated the language on this tab to amend the listed information and title of two lists to the following:

Tornado I Gas Plant – Existing Improvements / Non-Qualified Property currently under construction (identified by green highlighting on plot plan)

Tornado I Gas Plant – Non-Qualified Property Equipment to be used between Tornado I and Tornado II (identified by pink highlighting on plot plan)

This tab is inclusive of an updated detailed plot plan that is colored-coded as outlined in the plot plan legend. The language, including language order and titles of the color-coded items on the plot plan amended to the following:

Tornado II Location of Proposed Qualified Investment / Qualified Property

Tornado II Location of Existing Improvements / Non-Qualified Property that is currently under construction.

Non-Qualified Property Equipment to be used between Tornado I and Tornado II includes the control room, septic system, warehouse, construction trailer, ops trailers, SCADA tower, flare system, NGL meter, residue meter, NGL pipelines, residue pipelines, inlet gas pipelines, and combustor.

Property Boundary for Tornado II Project

3. **TAB 11: Maps of Project**

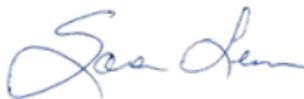
Updated the legend of the map titled Qualified Investment / Qualified Property Map to mirror the updated legend on the plot plan. This tab is also inclusive of a copy of the updated detailed plot plan as described under TAB 10 updates above.

4. **TAB 17: Signature and Certification page**

Inserted newly executed signature page signed and dated by Authorized School District Representative and Authorized Company Representative

Thank you for your kind attention to this matter.

Respectfully submitted,



Sara Hardner Leon

cc: *Via Electronic Mail: scarman@wlisd.net*
Scotty Carman, Superintendent of Schools, Wink-Loving Independent School District

Via Electronic Mail: nmbusey@marathonpetroleum.com
Nicole Busey, Assistant Secretary, MarkWest Tornado GP, L.L.C.

Via Electronic Mail: smkrzyzak@marathonpetroleum.com
Stephen Krzyzak, Tax Agent, MarkWest Tornado GP, L.L.C.

Via Electronic Mail: trey.novosad@ryan.com
Trey Novosad, Principal, Ryan, LLC

MARKWEST

MarkWest Tornado GP, L.L.C.

CHAPTER 313 APPLICATION TO WINK-LOVING ISD

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?

YES

The applicant is currently constructing a gas plant named Tornado on the same leased land identified in this application. See Tab 10 for additional details.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

NO

5. Has the applicant received any local or state permits for activities on the proposed project site?

NO

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

NO

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

YES

MPLX LP, the parent company of MarkWest Tornado GP, 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 Wink-Loving ISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an

TAB 5 Continued

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 New Mexico. 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 New Mexico, 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 New Mexico.
- b. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.
- c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.
- 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.

Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Wink-Loving ISD.

MarkWest is currently completing the Tornado I gas plant project which is located at the same location that Tornado II will be located. The applicant was recently acquired by MPLX which majority is owned by Marathon Petroleum. During the integration phase of the companies, the MarkWest property tax manager left the company. Due to the change in the property tax team, the Tornado I plant was started prior to the company doing a full analysis of available tax incentives. All current and future projects will have an incentives component included in the financial analysis of the project and will be used as one of the metrics for choosing the best location.

In addition, new pipeline loops in the Permian Basin, including in New Mexico, have been, or are currently being constructed which allow for additional flexibility when choosing a site to build future plants.

TAB 5 Continued

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

NO

9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?

YES

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

The Appraised Value Limitation from Wink-Loving ISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project location in Texas in comparison to a project location in New Mexico. Due to the extensive existing pipeline and storage infrastructure in both Texas and New Mexico, this project could be located in either state and still have the necessary pipeline access.

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TAB 10

Description of all property not eligible to become qualified property *(if applicable)*

Existing Improvements & Equipment / Non-Qualified Property

- Caliche Road
- Fence
- Existing or to-be-built Pipelines
 - 10" NGL Line
 - 20" Residue Line
 - 20" Inlet Gas line from Poker Lake
 - 20" Inlet Gas line from Bell Lake

Tornado I Gas Plant – Existing Improvements / Non-Qualified Property currently under construction (identified by green highlighting on plot plan)

- Heaters
- Heat Exchangers
- Slop Tanks
- Residue Gas Coolers
- Inlet Slug Catcher
- Amine Unit
- Condensate Stabilizer
- Product Surge Tank
- Product Pipeline Pumps
- Boost Comp./Product Coolers
- K.O. Drum
- Regeneration Gas Heater
- Generator Building
- Pull Box
- Distributed Control System "DCS" (Computer Control)
- U/C Electrical Duct Banks
- NGL Drain
- Waste Water Processing
- Compression Equipment
- Valves
- Piping
- Fire Protection

Tornado I Gas Plant – Non-Qualified Property Equipment to be used between Tornado I and Tornado II (identified by pink highlighting on plot plan)

- Control Room
- Septic System

TAB 10 Continued

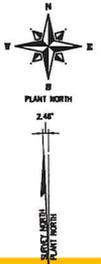
- Warehouse
- Construction Trailer
- Ops Trailers
- SCADA Tower
- Flare System
- NGL Meter
- Residue Meter
- NGL Pipelines
- Residue Pipelines
- Inlet Gas Pipelines
- Combustor

The Tornado I Gas Plant is a 200 million standard cubic feet per day gas processing plant that is currently under construction on the 80 acres identified in this application. If constructed, the Tornado II gas plant will sit next to the Tornado I Gas Plant. If built, Tornado I and Tornado II will have nearly identical equipment. They will each have their own footprint with major equipment being labeled and easily identifiable as to its association with Tornado I or Tornado II.

We estimate that the value of Tornado 1, as of the date of this application, is not greater than \$50 million. As of the 2019 property tax assessment date, Tornado 1 had zero value and was not assessed by the appraisal district.

See attached Tornado I and Tornado II Plot Plan for additional details.

1433-winkloving-markwest-amendment002



PROPERTY CORNER
N. 1696'-10" (31°59'4.565"N)
W. 6'-2 7/16" (103°42'27.584"W)

PROPERTY CORNER
N. 1696'-11 7/8" (31°59'4.301"N)
E. 2047'-6 3/16" (103°42'3.728"W)

PROPERTY CORNER
N. 0'-0 5/8" (31°58'47.536"N)
E. 2047'-6 3/16" (103°42'4.015"W)

Legend
Tornado II Location of Proposed Qualified Investment / Qualified Property

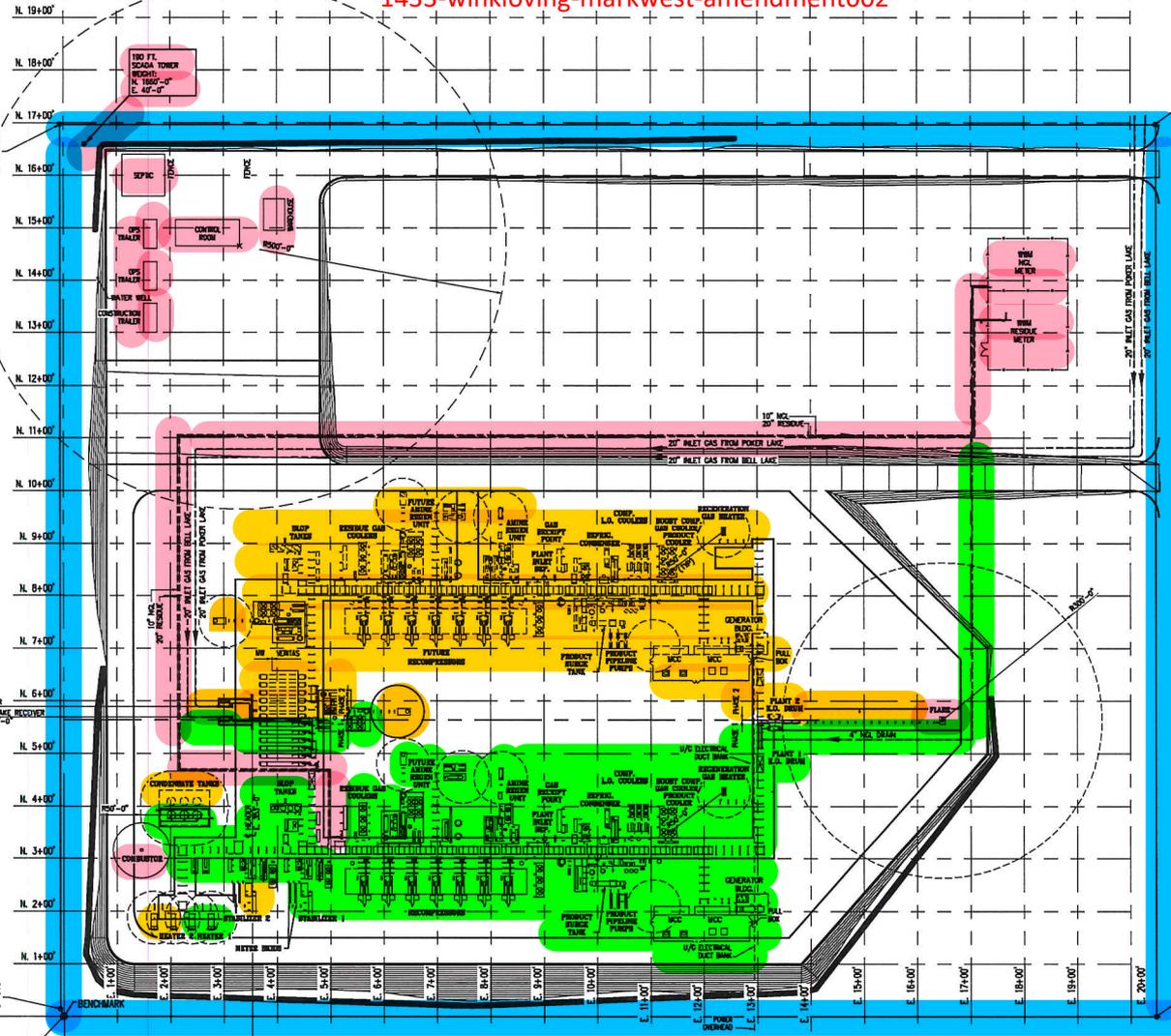
Tornado I Location of Existing Improvements / Non-Qualified Property that is currently under construction.

Non-Qualified Property Equipment to be used between Tornado I and Tornado II includes the control room, septic system, warehouse, construction trailer, ops trailers, SCADA tower, flare system, NGL meter, residue meter, NGL pipelines, residue pipelines, inlet gas pipelines, and combustor.

Property Boundary for Tornado II Project

VERTAS BENCHMARK & PROPERTY CORNER
N. 0'-0" (31°58'47.78"N)
E. 0'-0" (103°42'27.843"W)

NOTE:
1. COORDINATES PROVIDED ARE IN THE PLANT COORDINATE SYSTEM BASED ON BENCHMARK & GRID.



NO.	REVISION-DESCRIPTION	DATE	DESIGNER	CHECKED	APPROVED	DATE	BY
1	ADDED INLET PIPELINE ROUTING, RESIDUE & NGL ROUTING TO WH & NGL BEARER PK. WHM	5/28/19	MR	MR			
0	ADDED FUTURE CONDENSATE TANKS & PROPERTY CORNER COORDINATES	4/1/19	RCM	RCM			
U	REVISED METEOROLOGICAL DATA LOCATION AND ADDED 12" HDPE 20" RESIDUE LINES	3/27/19	MR	MR			
1	REVISED PER VERTAS PLOT PLAN REV. 0 ISSUE FOR REVIEW	3/4/19	RCM	RCM			
2	REVISED PER LATEST VERTAS PLOT PLAN		RCM	MR			

MARKWEST
MarkWest Energy Partners, L.P.

PHASE 1 & 2
TORNADO GAS PLANT

DATE: 01/25/17
CHECKED: 09/05/18
DESIGNER: [blank]
PROJECT MGR: [blank]
DRAWING NO.: 1433-WINKLOVING-MARKWEST-AMENDMENT002
SCALE: 1"=100'-0" (AS SHOWN)
SHEET NO.: 10-1000
REV. 2

N: \\Engineering Department\WTEA\Construction Drawings\Piping\10-1000.dwg, 8/21/2019 11:16:19 AM, s7r

TAB 11

Maps of Project

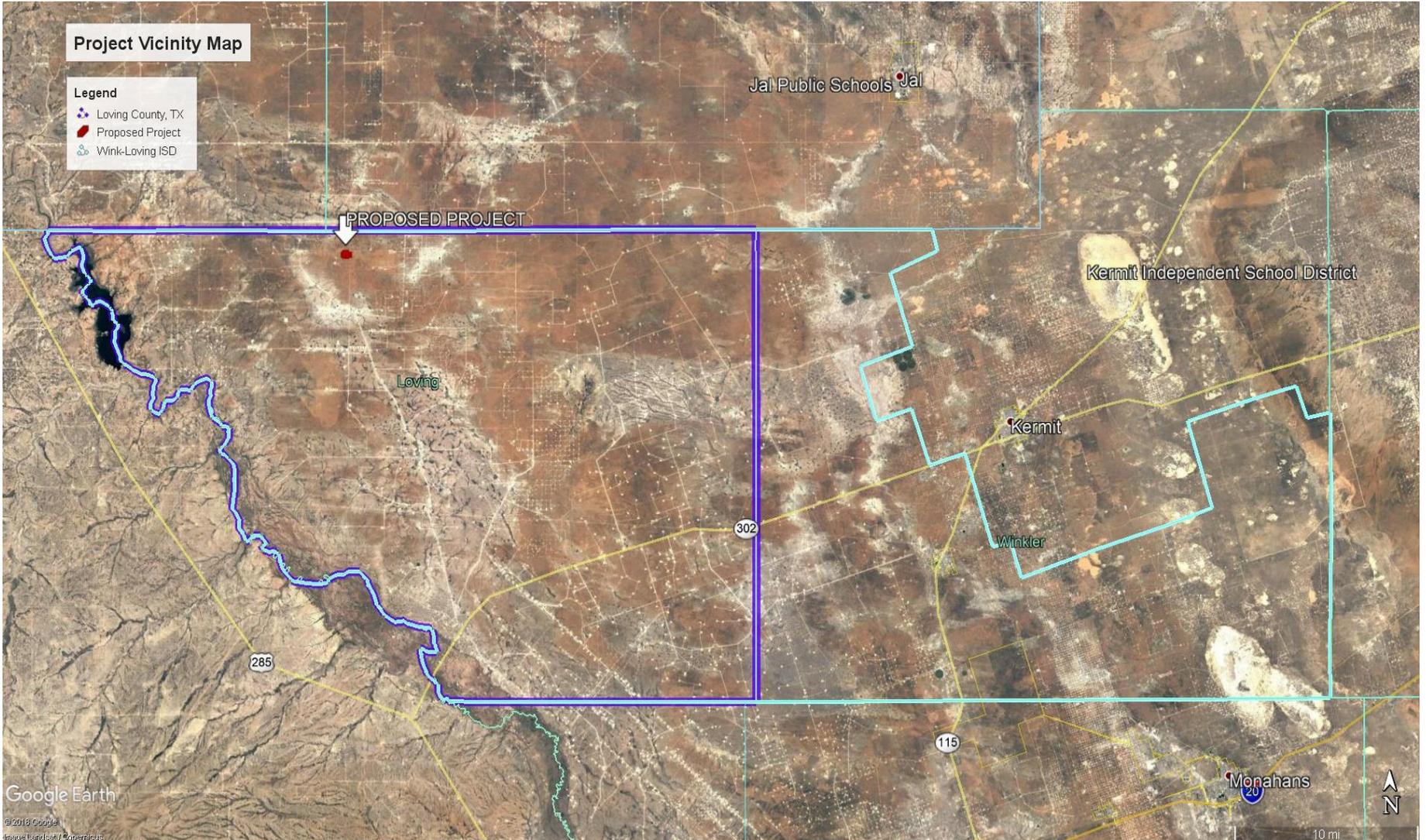
Maps that clearly show:

- a) Project vicinity
 - a. See the following attached map labeled **“Project Vicinity Map”**
- b) Qualified investment including 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
 - a. See the following attached map labeled **“Qualified Investment/Qualified Property Map”**
- c) Qualified property including location of new buildings or new improvements
 - a. See the following attached map labeled **“Qualified Investment/Qualified Property Map”**
- d) Existing property
 - a. No existing property. See Tab #10.
- e) Land location with vicinity map
 - a. See the following attached map labeled **“Project Vicinity Map”**
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size
 - a. See the following attached map labeled **“Reinvestment Zone Map”**

MARKWEST

MarkWest Tornado GP, L.L.C.

CHAPTER 313 APPLICATION TO WINK-LOVING ISD



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CHAPTER 313 APPLICATION TO WINK-LOVING ISD



Qualified Investment / Qualified Property Map

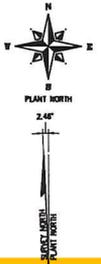
This map displays the Proposed Qualified Investment / Qualified Property titled Tornado II and the Existing Improvements / Non-Qualified Property titled Tornado I. Some equipment will be used between Tornado I and Tornado II. Both projects are located in the Proposed Project Boundary and Proposed Reinvestment Zone Boundary. Please see the attached Plot Plan for additional details.

Legend

-  Existing Improvements / Non-Qualified Property - Tornado I
-  Non-Qualified Property Equipment to be used between Tornado I and Tornado II
-  Proposed Project Boundary
-  Proposed Qualified Investment / Qualified Property - Tornado II
-  Proposed Reinvestment Zone Boundary



1433-winkloving-markwest-amendment002



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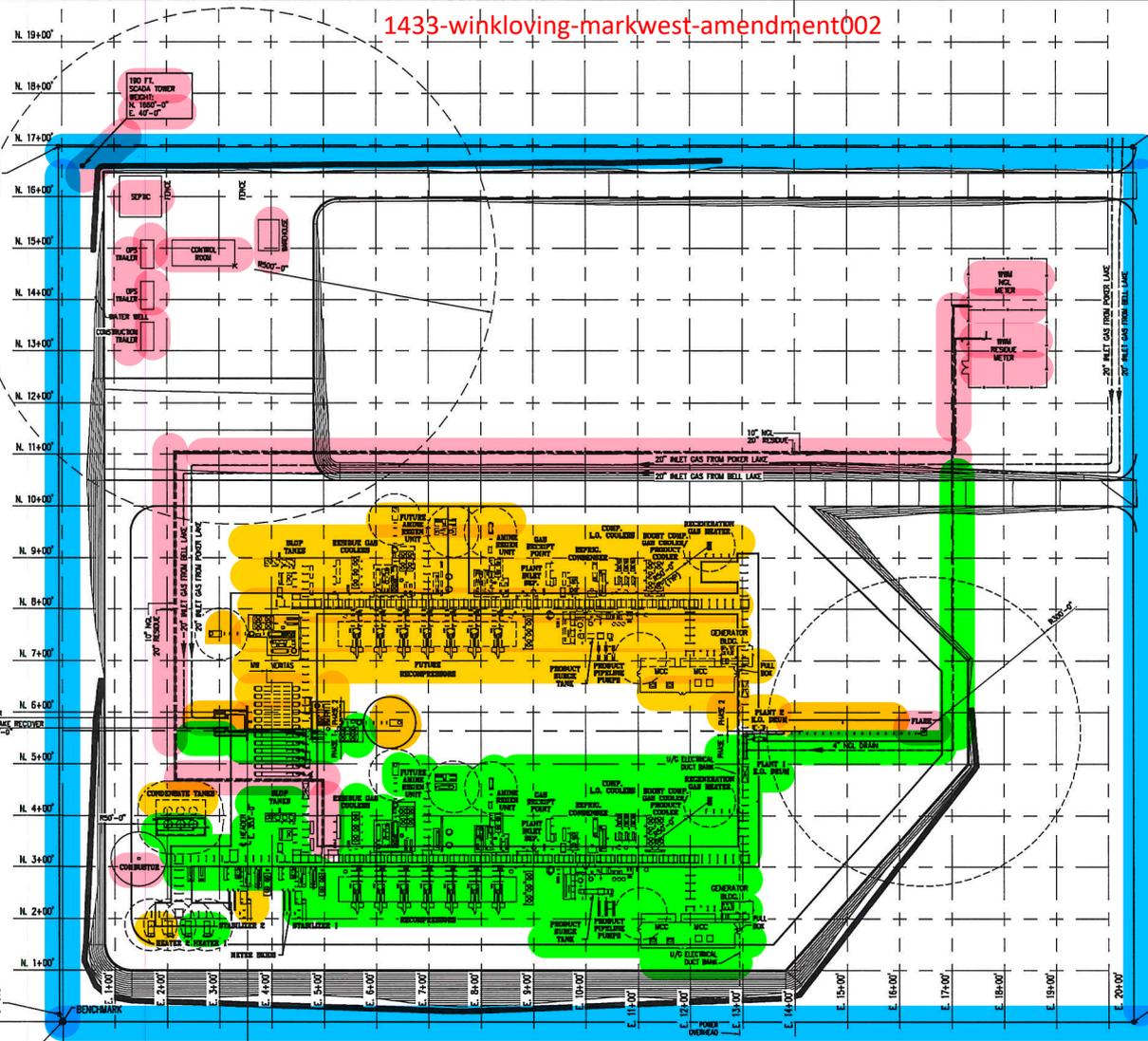
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2	REVISED PER LATEST VERTAS PLOT PLAN		RCM	MR		

MARKWEST
MarkWest Energy Partners, L.P.

PHASE 1 & 2
TORNADO GAS PLANT

DATE	BY	DATE
01/25/17	DR	
05/18	RCM	
	DATE	

SCALE: 1"=100'-0" (AS SHOWN)
DRAWING NO. TO-PM-1000
REVISION NO. 2

N: \\Engineering Department\WTEA\Construction Drawings\Piping\TO-1000.dwg, 8/21/2019 11:16:19 AM, s7r



MarkWest Tornado GP, L.L.C.

CHAPTER 313 APPLICATION TO WINK-LOVING ISD

TAB 17

Signature and Certification page signed and dated by Authorized School District Representative and Authorized Company Representative (*applicant*)

See Attached.

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

Scotty Carman
Print Name (Authorized School District Representative)

Superintendent
Title

sign here

[Signature]
Signature (Authorized School District Representative)

11-14-19
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

Nicole M. Busey
Print Name (Authorized Company Representative (Applicant))

Assistant Secretary
Title

sign here

Nicole M. Busey
Signature (Authorized Company Representative (Applicant))

November 6, 2019
Date



GIVEN under my hand and seal of office this, the

10th day of *November*,

Rita A. Follas

Notary Public in and for the State of ~~Texas~~ *Ohio*

RITA A. FOLLAS
Notary Public - State of Ohio
My Commission Expires **October 28, 2022**

My Commission expires: *10-28-22*

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.