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Jay Youngblood
Tyler, Texas
John J. Janssen, Ph.D.
Corpus Christi, Texas
Rick W. Powell
Pittsburg/Lewisville, Texas

June 7, 2017

Via Hand Delivery

Mr. Will Counihan
Director, Data Analysis & Transparency
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application for Appraised Value Limitation to the Pecos-Barstow-Toyah
Independent School District from Stateline Processing, LLC

First Year of Qualifying Time Period 2017
First Value Limitation Year 2019

Dear Mr. Counihan:

Enclosed please find an Application for Chapter 313 Value Limitation Agreement (the "Application") from Stateline Processing, LLC (the "Applicant"). The Application was accepted by the Pecos-Barstow-Toyah Independent School District at a duly called meeting held on May 18, 2017, and the Application was determined to be complete on June 5, 2017.

Our office has determined that the electronic copy is identical to the hard copy; both copies are enclosed. A copy of this Application is being submitted to the Reeves County Appraisal District by copy of this letter.

The Pecos-Barstow-Toyah Independent School respectfully requests that your office prepare an economic impact report. We appreciate your prompt attention to this matter.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Sara Leon', is written over a horizontal line.

Sara Hardner Leon

Enclosures

1001 ESE Loop 323, Ste. 450
Tyler, Texas 75701
t: 903-526-6618
f: 903-526-5766

115 Wild Basin Rd., Ste. 106
Austin, Texas 78746
t: 512-494-1177
f: 512-494-1188
800-494-1971
www.powell-leon.com

802 N. Carancahua, Ste. 665
Corpus Christi, Texas 78401
t: 361-452-2804
f: 361-452-2743

cc: Mr. John Huddleston
Chief Appraiser
Reeves County Appraisal District
Post Office Box 1229
Pecos, Texas 79772

Via electronic mail: jhaley@pbtisd.esc18.net

Mr. Jim Haley
Superintendent of Schools
Pecos-Barstow-Toyah Independent School District

Via electronic mail: kevin.vann@wpxenergy.com

J. Kevin Vann
Senior Vice President and Chief Financial Officer
WPX Energy, Inc.

Via electronic mail: aespinosa@meritadvisor.com

Allen Espinosa
Director
Merit Advisors

Application for Appraised Value Limitation
On Qualified Property

Submitted to:

Pecos-Barstow-Toyah Independent School District

Pecos - Barstow - Toyah
INDEPENDENT SCHOOL DISTRICT



By:

WPX Energy, Inc.



Application for Chapter 313
Appraised Value Limitation by
Stateline Processing, LLC to
Pecos-Barstow-Toyah ISD

May 18, 2017

Tab 1

Page 1 through 11 of Application



Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

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 www.texasahead.org/tax_programs/chapter313/. 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

May 18, 2017

Date Application Received by District

Jim

First Name

Superintendent

Title

Pecos-Barstow-Toyah Independent School District

School District Name

1301 S. Eddy

Street Address

Mailing Address

Pecos

City

(434) 447-7201

Phone Number

Mobile Number (optional)

Haley

Last Name

Texas

State

(432) 447-3076

Fax Number

jhaley@pbtisd.esc18.net

Email Address

79772

ZIP

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)*

Sara	Leon
First Name	Last Name
Title	
Powell & Leon LLP	
Firm Name	
(512) 494-1177	(512) 494-1188
Phone Number	Fax Number
	sleon@powell-leon.com
	Email Address
Mobile Number <i>(optional)</i>	

4. On what date did the district determine this application complete? June 5, 2017

5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

J. Kevin	Vann
First Name	Last Name
Senior VP & CFO	WPX Energy, Inc.
Title	Organization
3500 One Williams Center	
Street Address	
P.O. Box 3102	
Mailing Address	
Tulsa	OK
City	State
(539) 573-8572	(539) 573-1871
Phone Number	Fax Number
	kevin.vann@wpxenergy.com
	Business Email Address
Mobile Number <i>(optional)</i>	

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	Rodich
First Name	Last Name
Tax Manager	WPX Energy, Inc.
Title	Organization
3500 One Williams Center	
Street Address	
P.O. Box 3102	
Mailing Address	
Tulsa	OK
City	State
(539) 573-3139	(539) 573-1871
Phone Number	Fax Number
	steve.rodich@wpxenergy.com
	Business Email Address
Mobile Number <i>(optional)</i>	

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)**

Allen	Espinosa
First Name	Last Name
Director	
Title	
Merit Advisors	
Firm Name	
(720) 536-0625	(813) 289-1213
Phone Number	Fax Number
aespinosa@meritadvisor.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? Stateline Processing, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32062192607
3. List the NAICS code 325120
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 Q3 2017
2. Commencement of construction Q4 2017
3. Beginning of qualifying time period Q3 2017
4. First year of limitation 2019
5. Begin hiring new employees Q2 2018
6. Commencement of commercial operations Q2 2018 / Q1 2019
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? Q2 2018 / Q1 2019

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 County Appraisal District
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: <u>Reeves County, \$.49952, 100%</u> (Name, tax rate and percent of project)	City: <u>N/A</u> (Name, tax rate and percent of project)
Hospital District: <u>Reeves County Hospital, \$.27, 100%</u> (Name, tax rate and percent of project)	Water District: <u>Reeves Water District, \$.105698, 100%</u> (Name, tax rate and percent of project)
Other (describe): <u>RCGWCD, \$.00810, 100%</u> (Name, tax rate and percent of project)	Other (describe): <u>N/A</u> (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 www.texasahead.org/tax_programs/chapter313/.

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? June 2017

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 2017
 (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? 15
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 743.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 680.08
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,108.08
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? 35,365.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 35,365.00
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**.

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

Jim Haley
Print Name (Authorized School District Representative)

Superintendent of Schools
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

May 18, 2017
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

J. Kevin Vann
Print Name (Authorized Company Representative (Applicant))

Senior VP & CFO
Title

sign
here

[Signature]
Signature (Authorized Company Representative (Applicant))

May 18, 2017
Date



GIVEN under my hand and seal of office this, the

16 day of May, 2017

Delane Trott
Notary Public in and for the State of ~~Texas~~ Oklahoma

My Commission expires: Jan 6, 2018

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.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity 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 c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Tab 2

Proof of Payment of Application Fee

Proof of payment attached.

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 under Texas Tax Code 171.0001 (7), history of tax default, delinquencies and/or material litigation (if applicable)

Please see attachment.

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

Detailed description of the project

WPX Energy, Inc. ("WPX") is proposing the construction of a multi-train gas processing plant to be located in Reeves County, Texas ("Project"). WPX has formed a subsidiary company, Stateline Processing, LLC ("Stateline Processing"), to construct, own and operate this gas processing facility.

WPX was formed in late 2011 when it spun off from its former parent company Williams and is an exploration and production company with principal areas of operations in the San Juan, Permian and Williston basins. Headquartered in Tulsa, Oklahoma, WPX operates or has ownership in 910 oil wells (net) and 1,072 gas wells (net) with a significant and growing presence in the Permian basin. In August 2015, WPX acquired nearly \$2 billion of assets, and in March 2017 it acquired another \$775 million of oil and gas assets from other companies making it a premier producer in the Delaware basin, a subset of the Permian basin. WPX intends to expand its Delaware Basin midstream infrastructure focusing on crude oil gathering and natural gas processing. As such, WPX, through its subsidiary Stateline Processing, wishes to build, own and operate a first-rate gas processing facility to provide midstream services for its assets in the Stateline area (see map provided).

The proposed Project is a cryogenic natural gas processing plant built in multiple trains that will process rich wellhead gas and produce pipeline-quality gas residue gas and natural gas liquids. The Project will have two processing trains with a total well-head gas processing capacity of 400 MMSCFD located within the boundaries of Pecos-Barstow-Toyah Independent School District ("PBT ISD") and the Chapter 312 Reinvestment Zone to be established by Reeves County. Maps showing the location of the project in relation to the PBT ISD boundaries and the proposed Reinvestment Zone are included in Tab 11.

The Project Scope would include the following major components: Cryogenic Plants with Turboexpanders, Refrigeration units, Inlet Slug Catchers, Inlet Gas Separators, Inlet gas Preheaters, Condensate Stabilizer Systems, Residue Compressors, Amine Gas Treaters, CO₂ Vent Scrubbers, Thermal Oxidizers, Instrument Air Systems, Enclosed Combustors, Flare Stacks, Control Buildings, Motor Control Centers and Switchgear, Product Storage Tanks, NGL Product Pumps, Rich Gas Pipeline to Plant, NGL Pipeline from Plant, Residue gas pipeline from Plant, Waste water drainage and handling facilities, Spare Parts, Land Acquisition, Fencing, Grading of Surface, Foundations, Installation and Start-up of Plants. Once built, the total processing capability of the plant would be 400 MMSCFD.

Assuming the project is economically competitive full construction of the project is expected to begin in the fourth quarter of 2017 and take approximately 12-16 months to complete. Barring any unanticipated issues during construction, the first phase of the Project would commence commercial operations in the second quarter of 2018 and the second phase would commence commercial operations in the first quarter of 2019. Once the Project is operational, it is expected to continue for 25 years or more.

Stateline Processing has invested significant resources to date in the planning and due diligence of this Project, including site location suitability, pipeline infrastructure studies, environmental studies, economic and incentives analyses and cash flow models. Based on foregoing analyses, WPX believes that a Reeves County location would be strategic because of its existing infrastructure and other geographic synergies. However, Stateline Processing has several operational areas in addition to available property and all costs, including state and local taxes, must be considered. Projects are constantly under development and evaluation to determine where best to allocate capital resources. Manufacturing facilities, such as this proposed project, are a targeted industry for most state and local governments throughout the United States offering a wide range of statutory and discretionary incentives. This necessitates an overall cost analysis for the Project with programs such as this Chapter 313 Limitation of Appraised Value Agreement.

Stateline Processing is requesting a Limitation of Appraised Value Agreement with PBT ISD for the Project in an effort to partner with the Reeves County community to augment the tax base and employ individuals with well-paying jobs. Stateline Processing chose Reeves County because of its strategic location, strong local support from its leaders and the availability of Texas property tax incentives such as Chapter 312 Tax Abatement and Chapter 313 Limitation of Appraised Value. If Stateline Processing were to receive approval of these incentives, it would solidify Reeves County, Texas as the preferred location for the Project. Without these incentives, the Project would have difficulty competing against other gas processing facilities, especially those that have been granted a Chapter 313 Limitation of Appraised Value Agreement by PBT ISD in Reeves County.

Documentation to assist in determining if limitation is a determining factor

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

WPX Energy, Inc.'s ("WPX") subsidiary, Stateline Processing, LLC ("Stateline Processing") own and/or control the site. It has identified sites on both sides of the state line that have the potential to facilitate the development of this Project.

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

Letter agreement(s) have been entered into for the purchase of certain equipment and services.

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

Yes, the project is also considering Eddy County, New Mexico as a viable location because of existing land ownership, extensive business activity in the area, availability of state and local business incentives and existing infrastructure and access to well-heads.

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?

WPX has three decades of experience as an exploration and production company currently producing oil, natural gas and natural gas liquids from non-conventional resources such as tight-sands and shale formations. It has a diverse portfolio of resources in the Delaware, San Juan and Williston basins. WPX, through its subsidiary Stateline Processing, has the capacity and resources to develop, finance, construct and operate a variety of oil and gas related operations in any of its operating areas and it is qualified to develop, construct and operate the proposed gas processing plant.

WPX evaluates all potential development projects for favorable market conditions, economic viability, supportive local community and consistency with the goals and mission of the company. The wells that WPX operates in the Delaware basin are located on both sides of the New Mexico/Texas state line primarily in Eddy County, New Mexico, Loving County, Texas and Reeves County, Texas. Additionally, the State of New Mexico offers a robust tax incentives package that would further mitigate the project cost. Despite a significant amount of WPX infrastructure and operational activity on the New Mexico side of the state border, this Project's potential location in Reeves County has other attractive geographical development factors that will make it viable. However, given WPX's existing assets and resources, including land control/ownership, and the availability of incentives to similar manufacturing projects both in Texas and New Mexico, a Chapter 313 Appraised Value Limitation on Qualified Property from PBT ISD is necessary to make the economics of the project viable by providing property tax relief, which represents a significant operational cost of the Project. The Chapter 313 Limitation of Appraised Value Agreement is a critical tax incentive necessary to ensure all phases of the Project are on a level playing field with other gas processing plant projects that have secured similar incentives in Reeves County, the State of Texas and around the country. The Project also is seeking a Chapter 312 Tax Abatement agreement from Reeves County to partner with the local community in bringing a positive impact economically while further mitigate the property tax expense.

If Stateline Processing cannot secure a Chapter 313 Appraised Value Limitation Agreement, resources likely would be reallocated out-of-state where WPX has land interests and state and local tax incentives ensure the project can be competitive economically. Without a Chapter 313 Appraised Value Limitation on Qualified Property, Stateline Processing would likely seek to move to alternative sites outside of Texas.

Tab 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

Not applicable.

Description of Qualified Investment

Stateline Processing, LLC ("Stateline Processing") proposes to construct a gas manufacturing plant (the "Project") capable of processing up to 400 MMSCFD of well-head gas all located within the boundaries of Pecos-Barstow-Toyah Independent School District ("PBT ISD") and the Chapter 312 Reinvestment Zone to be established by Reeves County. Maps showing the location of the project in relation to the PBT ISD boundaries and the proposed Reinvestment Zone are included in Tab 11.

The qualified investment for the Project would include the entirety of the plant and all equipment and infrastructure encompassed in the Project area. The plant will consist of inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system. Equipment and infrastructure associated with the plant would include, but would not be limited to, construction and/or installation of the following:

- Cryogenic Plants with Turboexpanders
- Refrigeration units
- Inlet Slug Catchers
- Inlet Gas Separators
- Inlet gas Preheaters
- Condensate Stabilizer Systems
- Residue Compressors
- Amine Gas Treaters
- CO2 Vent Scrubbers
- Thermal Oxidizers
- Instrument Air Systems
- Enclosed Combustors
- Flare Stacks
- Control Buildings
- Motor Control Centers and Switchgear
- Product Storage Tanks
- NGL Product Pumps
- Rich Gas Pipeline to Plant
- NGL Pipeline from Plant
- Residue gas pipeline from Plant
- Waste water drainage and handling facilities
- Spare Parts
- Fencing, Grading of Surface and Foundations

Assuming the project is economically competitive full construction of the of the project is expected to begin in the fourth quarter of 2017 and take approximately 12-16 months to complete. Barring any unanticipated issues during construction, the first phase of the Project would commence commercial operations in the second quarter of 2018 and the second phase would commence commercial operations in the first quarter of 2019. Once the Project is operational, it is expected to continue for 25 years or more.

Description of Qualified Property

Stateline Processing, LLC ("Stateline Processing") proposes to construct a gas manufacturing plant (the "Project") capable of processing up to 400 MMSCFD of well-head gas all located within the boundaries of Pecos-Barstow-Toyah Independent School District ("PBT ISD") and the Chapter 312 Reinvestment Zone to be established by Reeves County. Maps showing the location of the project in relation to the PBT ISD boundaries and the proposed Reinvestment Zone are included in Tab 11.

The qualified investment for the Project would include the entirety of the plant and all equipment and infrastructure encompassed in the Project area. The plant will consist of inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system. Equipment and infrastructure associated with the plant would include, but would not be limited to, construction and/or installation of the following:

- Cryogenic Plants with Turboexpanders
- Refrigeration units
- Inlet Slug Catchers
- Inlet Gas Separators
- Inlet gas Preheaters
- Condensate Stabilizer Systems
- Residue Compressors
- Amine Gas Treaters
- CO2 Vent Scrubbers
- Thermal Oxidizers
- Instrument Air Systems
- Enclosed Combustors
- Flare Stacks
- Control Buildings
- Motor Control Centers and Switchgear
- Product Storage Tanks
- NGL Product Pumps
- Rich Gas Pipeline to Plant
- NGL Pipeline from Plant
- Residue gas pipeline from Plant
- Waste water drainage and handling facilities
- Spare Parts
- Fencing, Grading of Surface and Foundations

The final design plan for the Project is ongoing and will depend on exact location and equipment selection but it will be finalized prior to construction. All property listed above will be within will be located within the PBT ISD and the Reinvestment Zone, which is expected to be approved in June 2017 by the Reeves County Commissioners Court. None of the above described property has placed into service nor has it been assessed and/or subject to property tax in Reeves County.

Description of Land

PROPERTY DESCRIPTION

SOUTH PART OF SURVEY 4, BLOCK 56, TOWNSHIP 2,
T. & P. RAILWAY CO. SURVEYS, REEVES COUNTY, TEXAS

March 25th 2017

Being the description of 325.534 acres of land known at the south part of the East $\frac{1}{2}$ and the West $\frac{1}{2}$ of Survey 4, Block 56, Township 2, Texas and Pacific Railway Surveys, Reeves County, Texas. Said land also being all of said Survey 4 lying south of the Pecos River, and is more particularly described by metes and bounds as follows:

BEGINNING AT A 51 $\frac{1}{8}$ " IRON ROD WITH AN ALUMINUM CAP, set at the common corner of Surveys 3, 4, 9 & 10, said Block Township 2, for the southeast and beginning corner of this parcel. Said corner having a value of $\sqrt{=10}$ 660,843.49 ft., E=-1,202,994.21 ft., in the Texas Coordinate System, Central Zone, NAD83 datum;

THENCE North 02 ° 33'39" East } with the common boundary of said Surveys 3 and 4,
5007.14 feet, to a point in the center of the Pecos River bed, on the common boundary of Loving and Reeves counties for the northeast corner of this parcel;

THENCE with the meanders of the bed of the Pecos River and the Loving-Reeves counties boundary, the following courses and distances:

South 75 ° 29 '04" west, 196.31 feet,

South 70 °2458" West 222.06 feet,
 South 59040143" West, 312.45 feet,
 South 35 °3251" West, 290,05feet
 South 50 °31,West, 270.69 feet}
 South 39 °0501" West, 124.02 feet,
 South 1404847" West, 750.44 feet,
 South 25° 2741" West, 248.78 feet,
 South 65 °3809" West, 244.86 feet,
 South 79034146" West, 125.90 feet,
 South 42 °57'33" West, 170.03 feet,
 South 37 °1532" West, 568.25 feet,
 South 23 °20 ¹04" West, 80.08 feet,
 South 44025'1 West,416.95feet,
 South 38 °06'25'T West, 202.20 feet*
 South 85 °3334" West, 384.54 feet,
 South 79 °30 ¹16" West, 180.80 feet,
 Non h 86 °34'20" West 311 r 18 feet,
 North 67°10 ¹49" West, 325.46 feet,
 South 81°53¹33" West, 166.69 feet,
 North 87 °27 ¹17" West, 252.83 feet,
 - 1_
 South 78 °2304" West, 347.26 feet,
 North 85044'46'1 West, 218.10 feet,
 South 72 °09¹43" West, 135.16 feet,
 South 34° 50'35" West, 307.11 feet,
 South 23°26 ¹19¹ West, 298.24 feet,
 South 18°2826" West, 250.78 feet,

 South 01 °2215" East, 347.60 feet,
 South 11 West, 232 17 feet,
 South 02°30 ¹13" East, 105.06 feet,
 South 11°49 ¹37" East, 196.69 feet,
 South 05 °04'36" West, 116.14 feet,

THENCE continuing South $29^{\circ}56'103''$ West, 112.47 feet, to a point where the River crosses the common boundary of said Survey 4 and Survey 9y said Block 56, Township

2, for the southwest corner of this parcel;

THENCE South $88^{\circ}12'53''$ East, with the common boundary of said surveys 4 and 9, at feet, pass a 5/8" iron rod with an aluminum cap set at the south corner of the East $\frac{1}{2}$ and the West $\frac{1}{2}$ of said Survey 4, continuing for a total distance of 5166.58 feet, to the POINT OF BEGINNING.

CONTAINING 325.534 ACRES OF LAND {SURFACE AREA}

Tab 10

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

Not applicable.

Tab 11

Maps

- a) Vicinity Map
- b) Reinvestment Zone Map
- c) Qualified Investment / Qualified Property

Project Vicinity Map

Permian Basin

WPXENERGY

Date: 5/15/2017

Map Scale (at 11" x 17"): 1:576,226

Projection: NAD 1927 UTM Zone 13N

Updated by: Sarah Harrison

0 5.5 11 Miles

North Arrow

Map Symbolology

City

TX School Districts

Proposed New Project

Interstate

Major Highway

Highway

County Boundary

LOVING

REEVES

652

Orla

Roswell

Alamogordo

Artesia

Hobbs

Carlsbad

Midland

Odessa

El Paso

Del Rio

27

87

20

10

Proposed New Project Location

LOVING

WINKLER

ECTOR

CRANE

PECOS

JEFF DAVIS

CULBERSON

REEVES

Orla

Mentone

Barstow

Pecos

Toyah

Kent

Brogado

Balmorhea

Toyahvale

Saragosa

Verhalen

Coyanosa

Fort Stockton

Wickett

Thorntonville

Monahans

Pyote

Royalty

Grandfalls

Imperial

Tubbs Corner

Penwell

Notrees

Goldsmith

Turnbaugh Corner

Magwalt

Kermit

Wink

62

652

302

115

57

18

329

11

1450

67

385

285

20

10

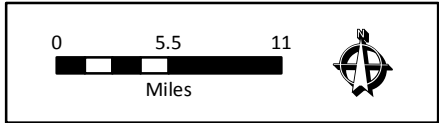
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P:\PERMIAN\MAPS\TAXI\Gas Plant - Project Vicinity Map - Permian - 11x17 - 20170515.mxd

Proposed Reinvestment Zone Map
Proposed Processing Plant
Permian Basin

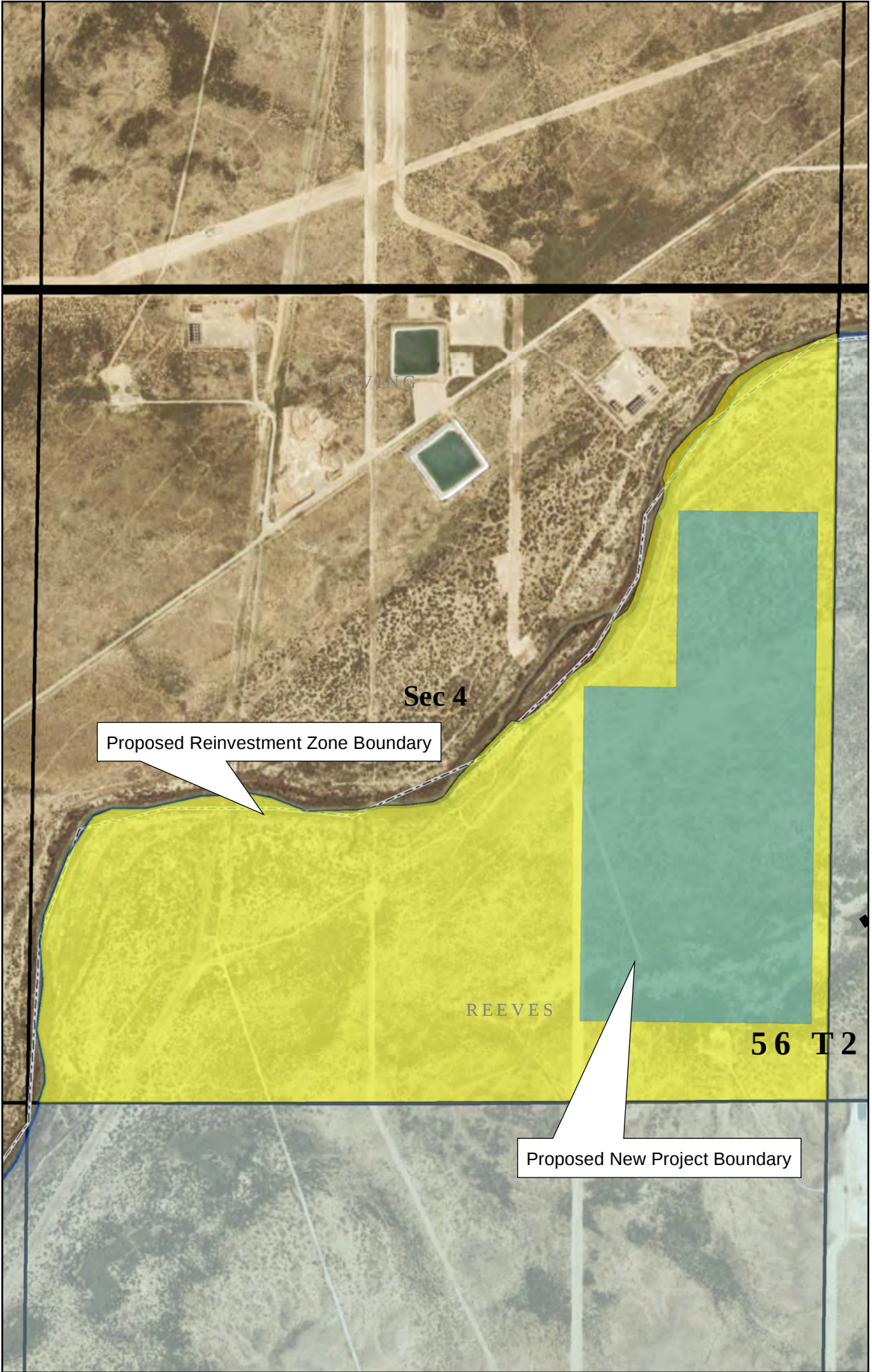
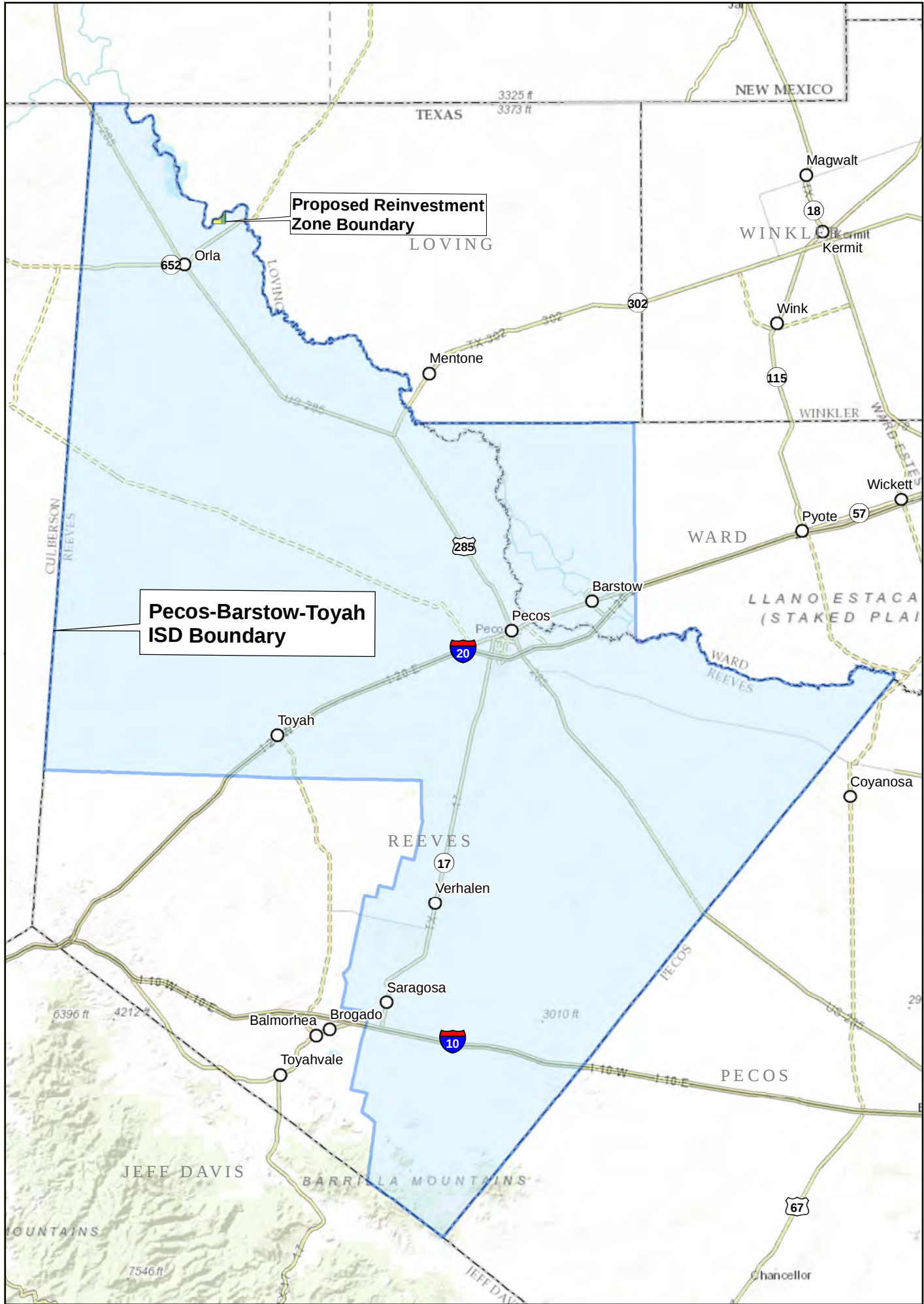
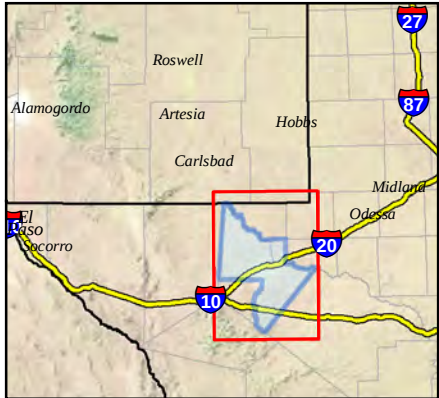
WPXENERGY

Date: 5/15/2017
Map Scale (at 11" x 17"): 1:595,342
Projection: NAD 1927 UTM Zone 13N
Updated by: Sarah Harrison



Map Symbolology

- City
- Stateline Processing Acreage
- TX School Districts
- Proposed New Project
- Interstate
- Major Highway
- Highway
- County Boundary



Proposed Qualified Investment/
Qualified Property Map

Permian Basin

WPXENERGY

Date: 5/15/2017

Map Scale (at 11" x 17"):

1:595,342

Projection: NAD 1927 UTM Zone 13N

Updated by: Sarah Harrison

0

5.5

11

Miles

Map Symbolology

○

City

Stateline Processing Acreage

TX School Districts

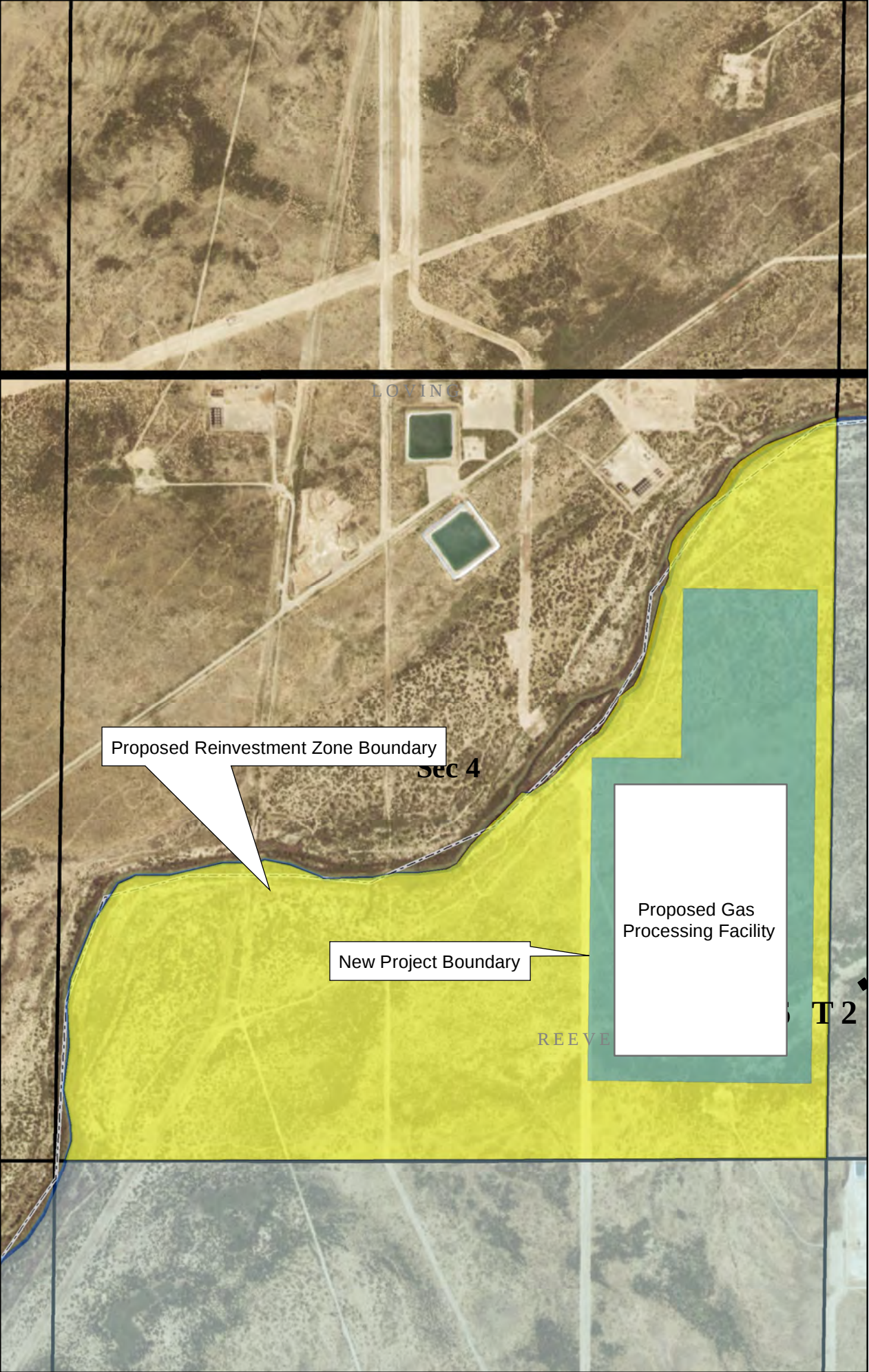
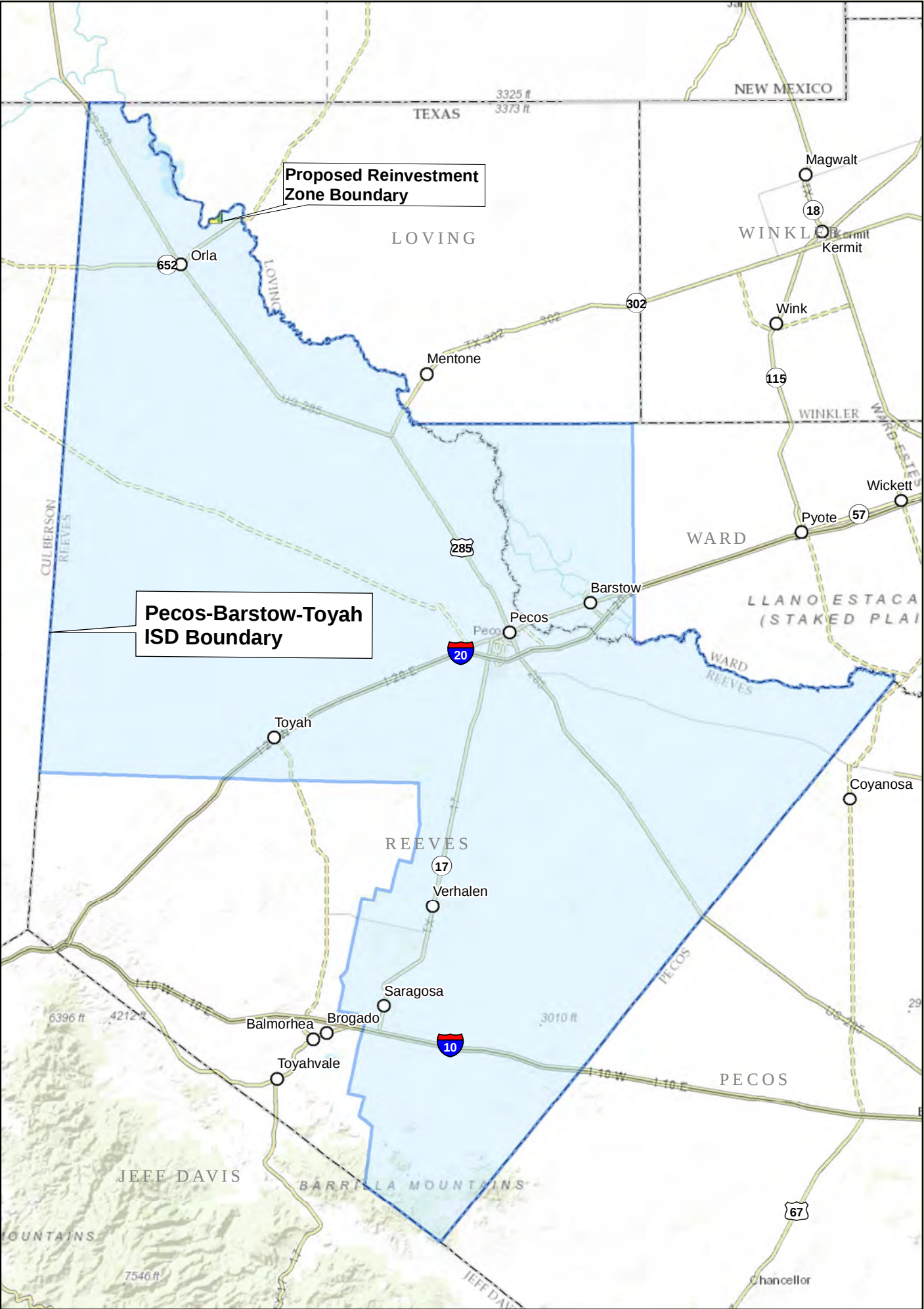
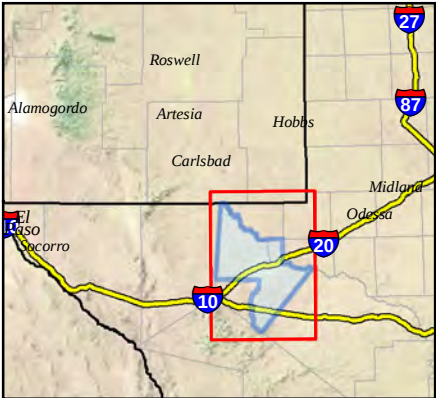
Proposed New Project

Interstate

Major Highway

Highway

County Boundary



Request for Waiver of Job Creation Requirement and supporting information (if applicable)

Not applicable.

Calculation of three possible wage requirements with TWC documentation

Chapter 313 Wage Calculation – Reeves County – All Industries

Quarter	Year	Avg. Weekly Wages*	Annualized
Fourth	2015	\$751	\$39,052
First	2016	\$722	\$37,544
Second	2016	\$712	\$37,024
Third	2016	<u>\$787</u>	<u>\$40,924</u>
	Average	\$743	\$38,636
	110%	\$817.30	

Chapter 313 Wage Calculation – Reeves County – Manufacturing Jobs

Quarter	Year	Avg. Weekly Wages*	Annualized
Fourth	2015	\$783	\$40,716
First	2016	\$648	\$33,696
Second	2016	\$518	\$26,936
Third	2016	<u>\$524</u>	<u>\$27,248</u>
	Average	\$618.25	\$32,149
	110%	\$680.08	

Chapter 313 Wage Calculation – Regional Wage Rate – Manufacturing Jobs

Region	Year	Avg. Weekly Wages*	Annualized
Permian Basin	2015	\$1,007.35	\$52,382
	110%	\$1,108.08	

*See attached TWC documentation

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2015	4th Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$751

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2016	1st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$722
2016	2nd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$712
2016	3rd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$787

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2015	4th Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$783

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2016	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$648
2016	2nd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$518
2016	3rd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$524

2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Schedules A1, A2, B, C, and D completed and signed Economic Impact (if applicable)

See attached.

Date 5/18/2017
 Applicant Name Stateline Processing, LLC
 ISD Name Pecos-Barstow-Toyah ISD

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

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY- YYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New Investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E Total Investment Columns A+B+C+D (Sum of)
Investment made before filing complete application with district	-	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017	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				\$0	\$0	\$0	\$0	\$0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$91,600,000	\$0	\$0	\$0	\$91,600,000
Complete tax years of qualifying time period	QTP1	2018 - 2019	2018	\$146,400,000	\$0	\$0	\$0	\$146,400,000
	QTP2	2020-2021	2019	\$0	\$0	\$0	\$0	\$0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$238,000,000	\$0	\$0	\$0	\$238,000,000
Total Qualified Investment (sum of green cells)				Enter amounts from TOTAL row above in Schedule A2				
				\$238,000,000				

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.


 5-16-17

Date 5/18/2017
Applicant Name Stateline Processing, LLC
ISD Name Pecos-Barstow-Toyah ISD

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

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			\$238,000,000			\$238,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2017 - 2018	2017					
	1	2018 - 2019	2018	\$91,600,000	\$0	\$0	\$0	\$91,600,000
	1	2019 - 2020	2019	\$146,400,000	\$0	\$0	\$0	\$146,400,000
	2	2020 - 2021	2020	\$0	\$0	\$0	\$0	\$0
	3	2021 - 2022	2021	\$0	\$0	\$0	\$0	\$0
	4	2022 - 2023	2022	\$0	\$0	\$0	\$0	\$0
	5	2023 - 2024	2023	\$0	\$0	\$0	\$0	\$0
	6	2024 - 2025	2024	\$0	\$0	\$0	\$0	\$0
	7	2025 - 2026	2025	\$0	\$0	\$0	\$0	\$0
	8	2026 - 2027	2026	\$0	\$0	\$0	\$0	\$0
	9	2027 - 2028	2027	\$0	\$0	\$0	\$0	\$0
	10	2028 - 2029	2028	\$0	\$0	\$0	\$0	\$0
Total Investment made through limitation				\$238,000,000	\$0	\$0	\$0	\$238,000,000
Continue to maintain viable presence	11	2029 - 2030	2029			\$0		\$0
	12	2030 - 2031	2030			\$0		\$0
	13	2031 - 2032	2031			\$0		\$0
	14	2032 - 2033	2032			\$0		\$0
	15	2033 - 2034	2033			\$0		\$0
Additional years for 25 year economic impact as required by 313.028(c)(1)	16	2034 - 2035	2034			\$0		\$0
	17	2035 - 2036	2035			\$0		\$0
	18	2036 - 2037	2036			\$0		\$0
	19	2037 - 2038	2037			\$0		\$0
	20	2038 - 2039	2038			\$0		\$0
	21	2039 - 2040	2039			\$0		\$0
	22	2040 - 2041	2040			\$0		\$0
	23	2041 - 2042	2041			\$0		\$0
	24	2042 - 2043	2042			\$0		\$0
	25	2043 - 2044	2043			\$0		\$0

* 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.


5-16-17

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

Date

5/18/2017

Applicant Name

Stateline Processing, LLC

ISD Name

Pecos-Barstow-Toyah ISD

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				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
Pre-Year	0	2017 - 2018	2017	\$0	\$0	\$87,936,000	\$0	\$0	\$0
Qualified Investment Period	1	2018 - 2019	2018	\$0	\$0	\$224,962,560	\$87,936,000	\$87,936,000	\$87,936,000
Value Limitation Period	1	2019 - 2020	2019	\$0	\$0	\$215,960,760	\$224,962,560	\$224,962,560	\$30,000,000
	2	2020 - 2021	2020	\$0	\$0	\$207,315,960	\$215,960,760	\$215,960,760	\$30,000,000
	3	2021 - 2022	2021	\$0	\$0	\$199,028,160	\$207,315,960	\$207,315,960	\$30,000,000
	4	2022 - 2023	2022	\$0	\$0	\$191,079,040	\$199,028,160	\$199,028,160	\$30,000,000
	5	2023 - 2024	2023	\$0	\$0	\$183,430,160	\$191,079,040	\$191,079,040	\$30,000,000
	6	2024 - 2025	2024	\$0	\$0	\$176,085,200	\$183,430,160	\$183,430,160	\$30,000,000
	7	2025 - 2026	2025	\$0	\$0	\$169,045,960	\$176,085,200	\$176,085,200	\$30,000,000
	8	2026 - 2027	2026	\$0	\$0	\$162,277,680	\$169,045,960	\$169,045,960	\$30,000,000
	9	2027 - 2028	2027	\$0	\$0	\$155,785,840	\$162,277,680	\$162,277,680	\$30,000,000
	10	2028 - 2029	2028	\$0	\$0	\$149,555,800	\$155,785,840	\$155,785,840	\$30,000,000
Continue to maintain viable presence	11	2029 - 2030	2029	\$0	\$0	\$143,578,400	\$149,555,800	\$149,555,800	\$149,555,800
	12	2030 - 2031	2030	\$0	\$0	\$137,839,000	\$143,578,400	\$143,578,400	\$143,578,400
	13	2031 - 2032	2031	\$0	\$0	\$132,328,440	\$137,839,000	\$137,839,000	\$137,839,000
	14	2032 - 2033	2032	\$0	\$0	\$127,032,080	\$132,328,440	\$132,328,440	\$132,328,440
	15	2033 - 2034	2033	\$0	\$0	\$121,949,920	\$127,032,080	\$127,032,080	\$127,032,080
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034 - 2035	2034	\$0	\$0	\$117,072,800	\$121,949,920	\$121,949,920	\$121,949,920
	17	2035 - 2036	2035	\$0	\$0	\$112,386,080	\$117,072,800	\$117,072,800	\$117,072,800
	18	2036 - 2037	2036	\$0	\$0	\$107,889,760	\$112,386,080	\$112,386,080	\$112,386,080
	19	2037 - 2038	2037	\$0	\$0	\$103,574,680	\$107,889,760	\$107,889,760	\$107,889,760
	20	2038 - 2039	2038	\$0	\$0	\$99,426,200	\$103,574,680	\$103,574,680	\$103,574,680
	21	2039 - 2040	2039	\$0	\$0	\$95,453,480	\$99,426,200	\$99,426,200	\$99,426,200
	22	2040 - 2041	2040	\$0	\$0	\$91,643,680	\$95,453,480	\$95,453,480	\$95,453,480
	23	2041 - 2042	2041	\$0	\$0	\$87,971,200	\$91,643,680	\$91,643,680	\$91,643,680
	24	2042 - 2043	2042	\$0	\$0	\$84,456,160	\$87,971,200	\$87,971,200	\$87,971,200
	25	2043 - 2044	2043	\$0	\$0	\$81,074,760	\$84,456,160	\$84,456,160	\$84,456,160

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.

Quentin 5-16-17

Date
Applicant Name
ISD Name

5/18/2017
Stateline Processing, LLC
Pecos-Barstow-Toyah ISD

Schedule C: Employment Information

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
Pre-Year	0	2017 - 2018	2017	150 FTE's	\$60,000			
Qualified Investment Period	1	2018 - 2019	2018	150 FTE's	\$60,000	0	10	\$35,365
Value Limitation Period	1	2019 - 2020	2019	0	\$0	0	15	\$35,365
	2	2020 - 2021	2020	0	\$0	0	15	\$35,365
	3	2021 - 2022	2021	0	\$0	0	15	\$35,365
	4	2022 - 2023	2022	0	\$0	0	15	\$35,365
	5	2023 - 2024	2023	0	\$0	0	15	\$35,365
	6	2024 - 2025	2024	0	\$0	0	15	\$35,365
	7	2025 - 2026	2025	0	\$0	0	15	\$35,365
	8	2026 - 2027	2026	0	\$0	0	15	\$35,365
	9	2027 - 2028	2027	0	\$0	0	15	\$35,365
	10	2028 - 2029	2028	0	\$0	0	15	\$35,365
Years Following Value Limitation Period	11 through 25	2029 - 2044	2029 - 2043	0	\$0	0	15	\$35,365

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)
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

☐	Yes	☒	No
☐	Yes	☒	No
☐	Yes	☒	No


5-16-17

Date
Applicant Name
ISD Name

Schedule D: Other Incentives (Estimated)
5/18/2017
Stateline Processing, LLC
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: N/A					
	City: N/A					
	Other: N/A					
Tax Code Chapter 312	County: Reeves County	2019	TBD	TBD	TBD	TBD
	Other:					
	Other:					
Local Government Code Chapters 380/381	County: N/A					
	City: N/A					
	Other: N/A					
Freeport Exemptions	N/A					
Non-Annexation Agreements	N/A					
Enterprise Zone/Project	N/A					
Economic Development Corporation	N/A					
Texas Enterprise Fund	N/A					
Employee Recruitment	N/A					
Skills Development Fund	N/A					
Training Facility Space and Equipment	N/A					
Infrastructure Incentives	N/A					
Permitting Assistance	N/A					
Other:	N/A					
Other:	N/A					
Other:	N/A					
Other:	N/A					
TOTAL						

Additional information on incentives for this project:

 5-16-17

Tab 15

**Economic Impact Analysis, other payments made in the state or other economic information
(if applicable)**

Not applicable.

Description of Reinvestment or Enterprise Zone

- a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's office
- b) Legal description of reinvestment zone
- c) Order, resolution, or ordinance established the reinvestment zone
- d) Guidelines and criteria for creating the zone

- a) Not applicable.**
- b) See attachment.**
- c) In process via the Reeves County Commissioners Court.**
- d) See attachment.**

16 b) Legal description of reinvestment zone

PROPERTY DESCRIPTION

SOUTH PART OF SURVEY 4, BLOCK 56, TOWNSHIP 2,
T. & P. RAILWAY CO. SURVEYS, REEVES COUNTY, TEXAS

March 25^f 2017

Being the description of 325.534 acres of land known at the south part of the East $\frac{1}{2}$ and the West $\frac{1}{2}$ of Survey 4, Block 56, Township 2, Texas and Pacific Railway Surveys, Reeves County, Texas. Said land also being all of said Survey 4 lying south of the Pecos River, and is more particularly described by metes and bounds as follows:

BEGINNING AT A 518" IRON ROD WITH AN ALUMINUM CAP, set at the common corner of Surveys 3, 4, 9 & 10, said Block Township 2, for the southeast and beginning corner of this parcel. Said corner having a value of $\checkmark = 10660,843.49$ ft., $E = -1,202,994.21$ ft., in the Texas Coordinate System, Central Zone, NAD83 datum;

THENCE North $02^{\circ} 33'39''$ East} with the common boundary of said Surveys 3 and 4,
5007.14 feet, to a point in the center of the Pecos River bed, on the common boundary of Loving and Reeves counties for the northeast corner of this parcel;

THENCE with the meanders of the bed of the Pecos River and the Loving-Reeves counties boundary, the following courses and distances:

South $75^{\circ} 29'10''$ west, 196.31 feet,

South 70 °2458" West 222.06 feet,
 South 59040143" West, 312.45 feet,
 South 35 °3251" West, 290,05feet
 South 50 °31,West, 270.69 feet}
 South 39 °0501" West, 124.02 feet,
 South 1404847" West, 750.44 feet,
 South 25° 2741" West, 248.78 feet,
 South 65 °3809" West, 244.86 feet,
 South 79034146" West, 125.90 feet,
 South 42 °57'33" West, 170.03 feet,
 South 37 °1532" West, 568.25 feet,
 South 23 °20 ¹04" West, 80.08 feet,
 South 44025'1 West,416.95feet,
 South 38 °06'25'T West, 202.20 feet*
 South 85 °3334" West, 384.54 feet,
 South 79 °30 ¹16" West, 180.80 feet,
 Non h 86 °34'20" West 311 r 18 feet,
 North 67°10 ¹49" West, 325.46 feet,
 South 81°53¹33" West, 166.69 feet,
 North 87 °27 ¹17" West, 252.83 feet,
 - 1_
 South 78 °2304" West, 347.26 feet,
 North 85044'46'1 West, 218.10 feet,
 South 72 °09¹43" West, 135.16 feet,
 South 34° 50'35" West, 307.11 feet,
 South 23°26 ¹19¹ West, 298.24 feet,
 South 18°2826" West, 250.78 feet,

 South 01 °2215" East, 347.60 feet,
 South 11 West, 232 17 feet,
 South 02°30 ¹13" East, 105.06 feet,
 South 11°49 ¹37" East, 196.69 feet,
 South 05 °04'36" West, 116.14 feet,

THENCE continuing South $29^{\circ}56'103''$ West, 112.47 feet, to a point where the River crosses the common boundary of said Survey 4 and Survey 9y said Block 56, Township 2, for the southwest corner of this parcel;

THENCE South $88^{\circ}12'53''$ East, with the common boundary of said surveys 4 and 9, at feet, pass a 5/8" iron rod with an aluminum cap set at the south corner of the East $\frac{1}{2}$ and the West $\frac{1}{2}$ of said Survey 4, continuing for a total distance of 5166.58 feet, to the POINT OF BEGINNING.

CONTAINING 325.534 ACRES OF LAND {SURFACE AREA}

16 d) Guidelines and criteria for creating the zone

***GUIDELINES AND
CRITERIA FOR GRANTING
TAX ABATEMENT IN
REINVESTMENT ZONES
CREATED BY
REEVES COUNTY, TEXAS
UPDATED FOR
2017***

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN
REINVESTMENT ZONES CREATED BY REEVES COUNTY**

WHEREAS, taxing units for Texas and the nation now use Tax Abatement to successfully attract industry to their localities and Reeves County deems it necessary to compete with these localities by having the ability to offer Tax Abatements, and

WHEREAS, Tax Abatement is a useful tool to attract new wealth and employment into Reeves County and is the highest civic priority, and

WHEREAS, any tax Incentive offered by Reeves County will be limited to new and existing businesses that bring added wealth and employment into the community, and

WHEREAS, an eligible taxing jurisdiction, under Texas law, must establish Guidelines and Criteria to be eligible to offer Tax Abatement prior to granting Tax Abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-fourths vote of the governing body, and

WHEREAS, all applicants for Tax Abatement will be considered on a case-by-case basis and established Guidelines and Criteria shall not be construed or implied that Reeves County is under obligation to grant Tax Abatement or other tax incentives to an applicant:

NOW THEREFORE BE IT RESOLVED, in consideration of these premises, the Guidelines and Criteria for granting Tax Abatement in reinvestment zones are hereby established for Reeves County.

SECTION 1 – DEFINITIONS

- A. **ABATEMENT:** The full or partial exemption from ad valorem taxes of certain property in a reinvestment zone for economic development purposes.
- B. **ABATEMENT AGREEMENT:** A contract between a property owner and Reeves County for the Abatement of tax on qualified Real Property located within the Reinvestment Zone, or Tangible Personal Property, or both, as authorized by V.T.C. A., Tax Code, Section 312.204.
- C. **BASE YEAR VALUE:** The assessed value of eligible property January 1 preceding the execution of an Abatement Agreement as herein defined, plus (if applicable) the agreed upon value of eligible property improvements made after January 1 but before the execution of an Abatement Agreement.
- D. **DEFERRED MAINTENANCE:** Improvements necessary for continued operation which do not improve productivity or alter the process of technology.
- E. **DISTRIBUTION CENTER FACILITY:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
- F. **EXPANSION OF EXISTING FACILITIES OR STRUCTURES:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.

- G. **EXISTING FACILITY OR STRUCTURE:** A facility as of the date of execution of the Abatement Agreement, located in or on Real Property eligible for tax abatement.
- H. **FACILITY:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be placed in or on said Real Property.
- I. **IMPROVEMENTS TO REAL PROPERTY OR IMPROVEMENTS:** The construction, addition to, structural upgrading or, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
- J. **MANUFACTURING FACILITY:** A facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
- K. **MODERNIZATION** means the complete or partial reconstruction or installation of a facility similar or expanded production capacity. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. Modernization is not the repair or reconditioning of machinery or building.
- L. **NEW FACILITY:** The construction of a Facility on previously undeveloped Real Property eligible for tax abatement.
- M. **NEW PERMANENT JOB:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
- N. **OTHER BASIC INDUSTRY:** A facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which fifty percent (50%) of revenues come from outside of Reeves County.
- O. **OWNER:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from a public entity, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
- P. **PRODUCTIVE LIFE:** The number of years a Facility is expected to be in service.
- Q. **REAL PROPERTY:** Land on which Improvements are to be made or fixtures placed.
- R. **REGIONAL SERVICES FACILITY:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates Job opportunities with Reeves County.
- S. **REINVESTMENT ZONE:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.
- T. **RENEWABLE POWER FACILITY AND FIXTURES** A facility and fixtures associated therewith which is or will be used for the primary purpose of the production of electricity from a renewable fuel source such as wind and solar.
- U. **TANGIBLE PERSONAL PROPERTY:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility

SECTION 2 - ABATEMENT AUTHORIZED

- A. **ELIGIBLE FACILITIES** Upon application, eligible facilities shall be considered for Tax Abatement as hereinafter provided:
- 1) Distribution Center Facilities;
 - 2) Manufacturing Facilities;
 - 3) Regional Services Facilities;
 - 4) Oil & Gas Processing Facilities and Field Services Facilities;
 - 5) Renewable Energy Facilities and Fixtures;
 - 6) Any other industry that Reeves County determines will add to the County's economic base and result in the creation of new permanent jobs within Reeves County
- B. **CREATION OF NEW VALUE** Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the property owner or lessee and Reeves County subject to such limitations as Reeves County may require.
- C. **EXISTING AND NEW FACILITIES** for the purpose of modernization or expansion, existing or new facilities may be granted Tax Abatement.
- D. **ELIGIBLE PROPERTY** Abatement may be granted to the value of buildings, structures, fixed machinery and equipment, size improvements and related fixed improvements necessary to the operation and administration of the facility.
- E. **PARTIALLY ELIGIBLE** Partially eligible for abatements are modernization projects which are intended to replace existing equipment or facilities when the existing equipment and facilities will be removed, thus eliminating existing value from the tax rolls. In this event, the value of the existing facility and equipment shall be frozen at the time of the abatement agreement and shall be frozen throughout the abatement period. The eligible abatable value of the new project shall be the difference between the total new investment amount and the existing tax value of the equipment and/or facility to be removed.
- F. **INELIGIBLE PROPERTY** The following types of property shall be fully taxable and ineligible for Tax Abatement: land, supplies, inventories, furnishings, and other forms of movable personal property, housing, Deferred Maintenance, property to be rented or leased except for as provided in Section 2 (g) and property with a productive life of less than ten (10) years.
- G. **LEASED FACILITIES** If a new facility is to be constructed by a third party for lease to an eligible applicant for abatement, then the building owner may also be eligible for abatement or other agreement may be executed and signed by the lessor and lessee.
- H. **ECONOMIC QUALIFICATION** In order to be eligible to receive Tax Abatement, the planned improvement must have an increased ad valorem tax value of \$25,000.000.00 based upon the Reeves County Appraisal District assessment of eligible property and must add at least ten (10) new permanent jobs. It must retain, increase or create payroll on a permanent basis. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for tax abatement as follows:

FOR ELIGIBLE FACILITIES OTHER THAN RENEWABLE ENERGY FACILITIES

Capital Investment	Or	Jobs Created	Max. Term	Abatement
\$25,000,000 — 49,999,999		10-20.	5 Years	20%-30%
\$50,000,000— 100,999,999		21-35	10 Years	20% - 60%
\$101,000,000 or more		36 or more	10 Years	30%- 70%

FOR RENEWABLE ENERGY FACILITIES

Capital Investment	Or	Jobs Created	Max. Term	Abatement
\$10,000,000 or more		1-2	10 Years	30-70%

The foregoing table is intended to be a **general guideline**; however, the Commissioners Court at its discretion may agree to Tax Abatement percentages and maximum terms greater than those set forth above.

- I. Terms of the Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement.
- J. **TAX ABATEMENT STANDARDS.** The following factors, among others shall be considered in determining the qualifications for Tax Abatement:
 - 1) Type and value or proposed improvements;
 - 2) Productive life of proposed improvements;
 - 3) Number of existing jobs to be retained by the use of proposed improvements;
 - 4) Type and number of new jobs to be created by the use of improvements;
 - 5) Expected annual payroll to be created;
 - 6) If the projected new jobs will be held by persons residing in the taxing units of Reeves County;
 - 7) Financing structure and the time period and amount of expenditures;
 - 8) If the improvements are compatible with all applicable land use regulations;
 - 9) If the operation will be comparable with environmental laws and will have no negative impact on quality of life; and
 - 10) Ability to provide an upfront financial contribution to Reeves County Road Reconstruction and Maintenance Fund or other projects.
- K. Reeves County may reject an application for Tax Abatement for failure to meet any of the above listed under Section (2J).
- L. **TAXABILITY** From the execution of the Abatement agreement to the end of the Agreement period, the effect on taxes due and payable shall be as follows:
 - 1) the value of ineligible property as provided in section 2 (f) shall be *fully* taxable; and

- 2) the base year value of existing eligible property as determined each year shall be fully taxable; and
 - 3) after the agreement period. All existing property plus the property considered as eligible property in this Agreement shall be fully taxable.
- M. If a property under an Abatement Agreement is sold, the Agreement may be transferred to the new owner upon notice to the Commissioner's Court. However, the Agreement may not be transferred if the new owner owes delinquent taxes in any of the taxing units affected by the abatement.

SECTION 3 – APPLICATION

- A. If a request for Tax Abatement is not in an existing Reinvestment Zone, an application must be made to Reeves County for creating a Reinvestment Zone. The written application must contain a plat with means and bounds or lot and block or section and block description of the Reinvestment Zone. The application shall be accompanied by an application fee of one thousand dollars (\$1,000) as authorized by Section 312.002(e) of the Texas Tax Code.
- B. An application for Tax Abatement must contain the following: a general description of the proposed use and general nature and extent of modernization, expansion or improvements to be undertaken, a description of the improvements, a map and description of the property, and a time schedule for undertaking and completing the improvements, and the investment for each stage of the improvements with proof of adequate financing. The application should contain information contained in Sec 2(1)
- C. Reeves County shall give notice as provided by the Texas Property Tax Code, i.e. (1) written notice shall be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located no later than that seventh day before the public hearing before the Governing Body of Reeves County, and (2) publication shall be made in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the public hearing. Reeves County, through public hearing, shall afford the applicant, the designated representatives of the governing bodies, and other interested parties, referenced herein, a chance to show cause why Abatement should or should not be granted.

SECTION 4 - RECAPTURE

- A. In the event that the Owner or its assignee (I) allows its ad valorem taxes owed to Reeves County to become delinquent and fails to timely and properly follow the legal procedures for their process and/or contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the Cure Period in and after described, the agreement then may be terminated and taxes previously abated will be recaptured in the manner provided by the abatement agreement.

- B. Should Reeves County determine that the company or individual is in default according to the terms and conditions of its agreement, Reeves County shall notify the company or individual of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the Agreement may be terminated.
- C. In the event that the Owner or Its assignee sells, leases, transfers, or otherwise conveys property subject to a tax abatement agreement to a governmental entity or other tax-exempt organization, the Owner will be considered to be in default and will be subject to the recapture provisions established by these guidelines and by the governing tax abatement agreement.

SECTION 5 – ADMINISTRATION

- A. The Reeves County Appraisal District appraiser shall annually determine an assessment of the real and personal property comprising the reinvestment zone.
- B. The property owner shall each year certify to the County, compliance with all terms of the agreement. The County may cancel or modify the agreement if the owner fails to comply with the terms of the Agreement and shall collect all taxes as 100% of the assessed value of the property before entering into the Tax Abatement Agreement.
- C. The owner shall agree to permit the County to inspect the operation to verify compliance with the terms of the Agreement.

SECTION 6 – AGREEMENT

- A. Upon approval, the County shall formally pass a resolution and execute an Agreement with the Applicant and if applicable, the owner of the facility, which shall include: (1) the estimated value of the facility, the base year value; (2) percent of value to be abated each year; (3) the commencement date and termination date of the Abatement; (4) the proposed use of the facility, time schedule of construction, property description and improvement list; and (5) obligations in the event of default violation of terms of the Agreement delinquent taxes, recapture, administration and assignment. Such agreement shall be executed at a date agreed between the applicant and Reeves County.
- B. Applicant agrees to purchase all supplies and equipment locally, if possible.

SECTION 7 - SUNSET PROVISION

These Guidelines and Criteria shall remain in force for two (2) years after their adoption unless amended by three-fourths vote of the Commissioner's Court.

PASSED AND ADOPTED ON THIS THE 23 DAY OF January, 2017.

W. J. Bang, M.D.

W.J. Bang, M.D.
Reeves County Judge

Attest:

Dianne D. Hines, by Norma Garza, deputy clerk

County Clerk

Tab 17

Signature and Certification page

See page 8 of the application form 50-296-A (Tab 1)

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

Jim Haley
Print Name (Authorized School District Representative)

Superintendent of Schools
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

May 18, 2017
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

J. Kevin Vann
Print Name (Authorized Company Representative (Applicant))

Senior VP & CFO
Title

sign
here

[Signature]
Signature (Authorized Company Representative (Applicant))

May 18, 2017
Date



GIVEN under my hand and seal of office this, the

16 day of May, 2017

Delane Trott
Notary Public in and for the State of ~~Texas~~ Oklahoma

My Commission expires: Jan 6, 2018

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.