
FINDINGS
OF THE

**PECOS-BARSTOW-TOYAH INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES**

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

STATELINE PROCESSING, LLC

Texas Taxpayer ID #32062192607

Application #1193

October 10, 2017

FINDINGS OF THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY STATELINE PROCESSING, LLC

STATE OF TEXAS §
 §
COUNTY OF REEVES §

On the 10th day of October, 2017, a public meeting of the Board of Trustees of the Pecos-Barstow-Toyah Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Stateline Processing, LLC (Application #1193) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Pecos-Barstow-Toyah Independent School District makes the following findings with respect to the Application of Stateline Processing, LLC #1193, and the economic impact of that Application:

On May 18, 2017, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Stateline Processing, LLC #1193 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. An amendment to the Application was filed on July 5, 2017. A copy of the Application as amended is attached as **Attachment A**.

The Applicant, Stateline Processing, LLC (Taxpayer Id. No. 32062192607) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Reeves County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on July 24, 2017. A copy of the Comptroller's completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on August 22, 2017 pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Pecos-Barstow-Toyah Independent School District. A copy of a report is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Pecos-Barstow-Toyah Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Attachment G**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Section 313.024, Texas Tax Code, in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Pecos-Barstow-Toyah ISD is \$238,000,000—all of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$35,365 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$15.9 million on the basis of the 15 new qualifying positions committed to by the Applicant for this project. The project's total investment is \$238,000,000, resulting in a relative level of investment per qualifying job of \$15,866,666.67.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code. The Board notes that the number of jobs proposed for this project (15 jobs) meets state job creation requirements.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding 6, the economic impact evaluation states:

Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect, and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of Stateline Processing, LLC (modeled)						
Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	150	266	416	\$ 9,000,000	\$ 25,000,000	\$ 34,000,000
2018	160	335	495	\$ 9,353,650	\$ 32,646,350	\$ 42,000,000
2019	15	122	137	\$ 530,475	\$ 13,469,525	\$ 14,000,000
2020	15	88	103	\$ 530,475	\$ 11,469,525	\$ 12,000,000
2021	15	63	78	\$ 530,475	\$ 9,469,525	\$ 10,000,000
2022	15	49	64	\$ 530,475	\$ 8,469,525	\$ 9,000,000
2023	15	44	59	\$ 530,475	\$ 8,469,525	\$ 9,000,000
2024	15	44	59	\$ 530,475	\$ 8,469,525	\$ 9,000,000
2025	15	46	61	\$ 530,475	\$ 8,469,525	\$ 9,000,000
2026	15	51	66	\$ 530,475	\$ 9,469,525	\$ 10,000,000
2027	15	55	70	\$ 530,475	\$ 9,469,525	\$ 10,000,000
2028	15	60	75	\$ 530,475	\$ 10,469,525	\$ 11,000,000
2029	15	60	75	\$ 530,475	\$ 10,469,525	\$ 11,000,000
2030	15	62	77	\$ 530,475	\$ 11,469,525	\$ 12,000,000
2031	15	63	78	\$ 530,475	\$ 12,469,525	\$ 13,000,000

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves County, with all property tax incentives sought being granted using estimated market value from the Application. The project has applied for a value limitation under Chapter 313, Tax Code. The difference noted in the last line is the difference between Table 3 and Table 4:

Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	PBTISD I&S Tax Levy	PBTISD M&O Tax Levy	PBTISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves Co. Hospital Dist. Tax Levy	RCGWD Tax Levy	Reeves Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.0510	1.0600	0.4995	0.2700	0.0081	0.1057	
2018	\$ 87,936,000	\$ 87,936,000	\$ 44,847	\$ 932,122	\$ 976,969	\$ 439,258	\$ 237,427	\$ 7,123	\$ 92,948	\$ 1,753,725
2019	\$ 224,962,560	\$ 30,000,000	\$ 114,731	\$ 318,000	\$ 432,731	\$ 1,123,733	\$ 607,399	\$ 18,222	\$ 237,785	\$ 2,419,870
2020	\$ 215,960,760	\$ 30,000,000	\$ 110,140	\$ 318,000	\$ 428,140	\$ 1,078,767	\$ 583,094	\$ 17,493	\$ 228,271	\$ 2,335,765
2021	\$ 207,315,960	\$ 30,000,000	\$ 105,731	\$ 318,000	\$ 423,731	\$ 1,035,585	\$ 559,753	\$ 16,793	\$ 219,133	\$ 2,254,994
2022	\$ 199,028,160	\$ 30,000,000	\$ 101,504	\$ 318,000	\$ 419,504	\$ 994,185	\$ 537,376	\$ 16,121	\$ 210,373	\$ 2,177,560
2023	\$ 191,079,040	\$ 30,000,000	\$ 97,450	\$ 318,000	\$ 415,450	\$ 954,478	\$ 515,913	\$ 15,477	\$ 201,971	\$ 2,103,290
2024	\$ 183,430,160	\$ 30,000,000	\$ 93,549	\$ 318,000	\$ 411,549	\$ 916,270	\$ 495,261	\$ 14,858	\$ 193,886	\$ 2,031,825
2025	\$ 176,085,200	\$ 30,000,000	\$ 89,803	\$ 318,000	\$ 407,803	\$ 879,581	\$ 475,430	\$ 14,263	\$ 186,122	\$ 1,963,199
2026	\$ 169,045,960	\$ 30,000,000	\$ 86,213	\$ 318,000	\$ 404,213	\$ 844,418	\$ 456,424	\$ 13,693	\$ 178,682	\$ 1,897,430
2027	\$ 162,277,680	\$ 30,000,000	\$ 82,762	\$ 318,000	\$ 400,762	\$ 810,609	\$ 438,150	\$ 13,144	\$ 171,528	\$ 1,834,193
2028	\$ 155,785,840	\$ 30,000,000	\$ 79,451	\$ 318,000	\$ 397,451	\$ 778,181	\$ 420,622	\$ 12,619	\$ 164,666	\$ 1,773,538
2029	\$ 149,555,800	\$ 149,555,800	\$ 76,273	\$ 1,585,291	\$ 1,661,565	\$ 747,061	\$ 403,801	\$ 12,114	\$ 158,080	\$ 2,982,621
2030	\$ 143,578,400	\$ 143,578,400	\$ 73,225	\$ 1,521,931	\$ 1,595,156	\$ 717,203	\$ 387,662	\$ 11,630	\$ 151,762	\$ 2,863,413
2031	\$ 137,839,000	\$ 137,839,000	\$ 70,298	\$ 1,461,093	\$ 1,531,391	\$ 688,533	\$ 372,165	\$ 11,165	\$ 145,696	\$ 2,748,951
2032	\$ 132,328,440	\$ 132,328,440	\$ 67,488	\$ 1,402,681	\$ 1,470,169	\$ 661,007	\$ 357,287	\$ 10,719	\$ 139,871	\$ 2,639,053
2033	\$ 127,032,080	\$ 127,032,080	\$ 64,786	\$ 1,346,540	\$ 1,411,326	\$ 634,551	\$ 342,987	\$ 10,290	\$ 134,273	\$ 2,533,426
Total			\$ 1,358,253	\$11,429,659	\$12,787,912	\$ 13,303,422	\$ 7,190,751	\$ 215,723	\$ 2,815,046	\$ 36,312,853
Diff			\$ 0	\$16,800,696	\$16,800,696	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,800,696

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on the region if all taxes are assessed.

Table 3: Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	PBTISD I&S Tax Levy	PBTISD M&O Tax Levy	PBTISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves Co. Hospital Dist. Tax Levy	RCGWD Tax Levy	Reeves Water District Tax Levy	Estimated Total Property Taxes	
			Tax Rate¹	0.0510	1.0600		0.4995	0.2700	0.0081	0.1057	
2018	\$ 87,936,000	\$ 87,936,000		\$ 44,847	\$ 32,122	\$ 976,969	\$ 439,258	\$ 237,427	\$ 7,123	\$ 92,948	\$ 1,753,725
2019	\$ 224,962,560	\$ 224,962,560		\$ 114,731	\$ 2,384,603	\$ 2,499,334	\$ 1,123,733	\$ 607,399	\$ 18,222	\$ 237,785	\$ 4,486,473
2020	\$ 215,960,760	\$ 215,960,760		\$ 110,140	\$ 2,289,184	\$ 2,399,324	\$ 1,078,767	\$ 583,094	\$ 17,493	\$ 228,271	\$ 4,306,949
2021	\$ 207,315,960	\$ 207,315,960		\$ 105,731	\$ 2,197,549	\$ 2,303,280	\$ 1,035,585	\$ 559,753	\$ 16,793	\$ 219,133	\$ 4,134,544
2022	\$ 199,028,160	\$ 199,028,160		\$ 101,504	\$ 2,109,698	\$ 2,211,203	\$ 994,185	\$ 537,376	\$ 16,121	\$ 210,373	\$ 3,969,258
2023	\$ 191,079,040	\$ 191,079,040		\$ 97,450	\$ 2,025,438	\$ 2,122,888	\$ 954,478	\$ 515,913	\$ 15,477	\$ 201,971	\$ 3,810,728
2024	\$ 183,430,160	\$ 183,430,160		\$ 93,549	\$ 1,944,360	\$ 2,037,909	\$ 916,270	\$ 495,261	\$ 14,858	\$ 193,886	\$ 3,658,184
2025	\$ 176,085,200	\$ 176,085,200		\$ 89,803	\$ 1,866,503	\$ 1,956,307	\$ 879,581	\$ 475,430	\$ 14,263	\$ 186,122	\$ 3,511,702
2026	\$ 169,045,960	\$ 169,045,960		\$ 86,213	\$ 1,791,887	\$ 1,878,101	\$ 844,418	\$ 456,424	\$ 13,693	\$ 178,682	\$ 3,371,317
2027	\$ 162,277,680	\$ 162,277,680		\$ 82,762	\$ 1,720,143	\$ 1,802,905	\$ 810,609	\$ 438,150	\$ 13,144	\$ 171,528	\$ 3,236,336
2028	\$ 155,785,840	\$ 155,785,840		\$ 79,451	\$ 1,651,330	\$ 1,730,781	\$ 778,181	\$ 420,622	\$ 12,619	\$ 164,666	\$ 3,106,868
2029	\$ 149,555,800	\$ 149,555,800		\$ 76,273	\$ 1,585,291	\$ 1,661,565	\$ 747,061	\$ 403,801	\$ 12,114	\$ 158,080	\$ 2,982,621
2030	\$ 143,578,400	\$ 143,578,400		\$ 73,225	\$ 1,521,931	\$ 1,595,156	\$ 717,203	\$ 387,662	\$ 11,630	\$ 151,762	\$ 2,863,413
2031	\$ 137,839,000	\$ 137,839,000		\$ 70,298	\$ 1,461,093	\$ 1,531,391	\$ 688,533	\$ 372,165	\$ 11,165	\$ 145,696	\$ 2,748,951
2032	\$ 132,328,440	\$ 132,328,440		\$ 67,488	\$ 1,402,681	\$ 1,470,169	\$ 661,007	\$ 357,287	\$ 10,719	\$ 139,871	\$ 2,639,053
2033	\$ 127,032,080	\$ 127,032,080		\$ 64,786	\$ 1,346,540	\$ 1,411,326	\$ 634,551	\$ 342,987	\$ 10,290	\$ 134,273	\$ 2,533,426
Total			\$ 1,358,253	\$ 28,230,355	\$ 29,588,608	\$ 13,303,422	\$ 7,190,751	\$ 215,723	\$ 2,815,046	\$ 53,113,549	

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

Board Finding Number 8.

The effect of the Applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggesting little underlying enrollment growth based on the impact of the project.

The Board refers to the finding of the Texas Commissioner of Education at **Attachment H**.

Board Finding Number 9.

The Applicant's project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the Application. In support of Finding 9, Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

Board Findings of the Pecos-Barstow-Toyah Independent School District

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre- Years	2016	\$ 0	\$ 0	\$ 0	\$ 0
	2017	\$ 0	\$ 0	\$ 0	\$ 0
	2018	\$ 932,122	\$ 932,122	\$ 0	\$ 0
Limitation Period (10 Years)	2019	\$ 318,000	\$ 1,250,122	\$ 2,066,603	\$ 2,066,603
	2020	\$ 318,000	\$ 1,568,122	\$ 1,971,184	\$ 4,037,787
	2021	\$ 318,000	\$ 1,886,122	\$ 1,879,549	\$ 5,917,336
	2022	\$ 318,000	\$ 2,204,122	\$ 1,791,698	\$ 7,709,035
	2023	\$ 318,000	\$ 2,522,122	\$ 1,707,438	\$ 9,416,473
	2024	\$ 318,000	\$ 2,840,122	\$ 1,626,360	\$ 11,042,832
	2025	\$ 318,000	\$ 3,158,122	\$ 1,548,503	\$ 12,591,336
	2026	\$ 318,000	\$ 3,476,122	\$ 1,473,887	\$ 14,065,223
	2027	\$ 318,000	\$ 3,794,122	\$ 1,402,143	\$ 15,467,366
	2028	\$ 318,000	\$ 4,112,122	\$ 1,333,330	\$ 16,800,696
Maintain Viable Presence (5 Years)	2029	\$ 1,585,291	\$ 5,697,413	\$ 0	\$ 16,800,696
	2030	\$ 1,521,931	\$ 7,219,344	\$ 0	\$ 16,800,696
	2031	\$ 1,461,093	\$ 8,680,438	\$ 0	\$ 16,800,696
	2032	\$ 1,402,681	\$ 10,083,119	\$ 0	\$ 16,800,696
	2033	\$ 1,346,540	\$ 11,429,659	\$ 0	\$ 16,800,696
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$ 1,292,669	\$ 12,722,328	\$ 0	\$ 16,800,696
	2035	\$ 1,240,972	\$ 13,963,300	\$ 0	\$ 16,800,696
	2036	\$ 1,191,292	\$ 15,154,592	\$ 0	\$ 16,800,696
	2037	\$ 1,143,631	\$ 16,298,224	\$ 0	\$ 16,800,696
	2038	\$ 1,097,892	\$ 17,396,115	\$ 0	\$ 16,800,696
	2039	\$ 1,053,918	\$ 18,450,033	\$ 0	\$ 16,800,696
	2040	\$ 1,011,807	\$ 19,461,840	\$ 0	\$ 16,800,696
	2041	\$ 971,423	\$ 20,433,263	\$ 0	\$ 16,800,696
	2042	\$ 932,495	\$ 21,365,758	\$ 0	\$ 16,800,696
	2043	\$ 895,235	\$ 22,260,993	\$ 0	\$ 16,800,696
		\$ 22,260,993	is greater than	\$ 16,800,696	

Analysis Summary

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

Yes

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development. In support of Findings 10 and 11, Attachment C of the economic impact study states:

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

- A. Per Stateline Processing, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 1. "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."
 2. "Letter agreement(s) have been entered into for the purchase of certain equipment and services."

3. 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.”
 4. “[G]iven 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.”
 5. “Without a Chapter 313 Appraised Value Limitation on Qualified Property, Stateline Processing would likely seek to move to alternative sites outside of Texas.”
- B. According to the WPX Energy news release dated May 5, 2017, “Subsequent to the close of the first quarter, WPX signed an agreement with a major pipeline company to begin shipping natural gas from the Waha hub in the Permian Basin to Katy, Texas, in November of this year.”
- C. A June 14, 2017 *Oil and Gas Investor* article states that on June 13, 2017, WPX Energy Inc. “agreed to form a 50/50 joint venture (JV) with Howard Energy Partners.” Additionally, “WPX said the deal puts the value of its Stateline oil gathering and gas processing projects at \$863 million. The JV includes no minimum or drilling commitments and is supported by a 600 square mile area of mutual interest in Lea and Eddy counties, N.M., and Reeves and Loving counties, Texas.”
- D. Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural gas pipelines.

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Pecos-Barstow-Toyah Independent School District hired consultants to review and verify the information in Application # 1193. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code, § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer Id. 32062192607) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

Considering the purpose and effect of the law and the terms of the Agreement that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Pecos-Barstow-Toyah Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

Dated the 10th day of October, 2017.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By:

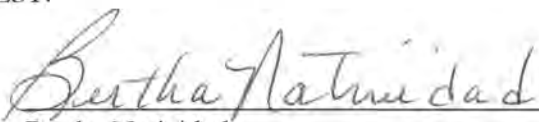


Gail Box

President, Board of Trustees

ATTEST:

By:



Bertha Natividad

Secretary, Board of Trustees

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT A
Application of
Stateline Processing, LLC

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
Mobile Number <i>(optional)</i>	Email Address

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
Mobile Number <i>(optional)</i>	Business Email Address

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

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

Steve	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
Mobile Number <i>(optional)</i>	Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 2: Applicant Information (continued)**4. Authorized Company Consultant (If Applicable)**

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.

Application for Appraised Value Limitation on Qualified Property

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 760.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 621.23
 - 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? 32,304.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 32,304.00
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**.

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

7/12/17
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))

June 30, 2017
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

30 day of June, 2017

Kristine Criss
Notary Public in and for the State of Texas Oklahoma

My Commission expires: 7-31-2017

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)

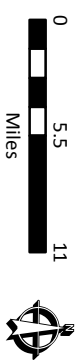
Not applicable.

Tab 11

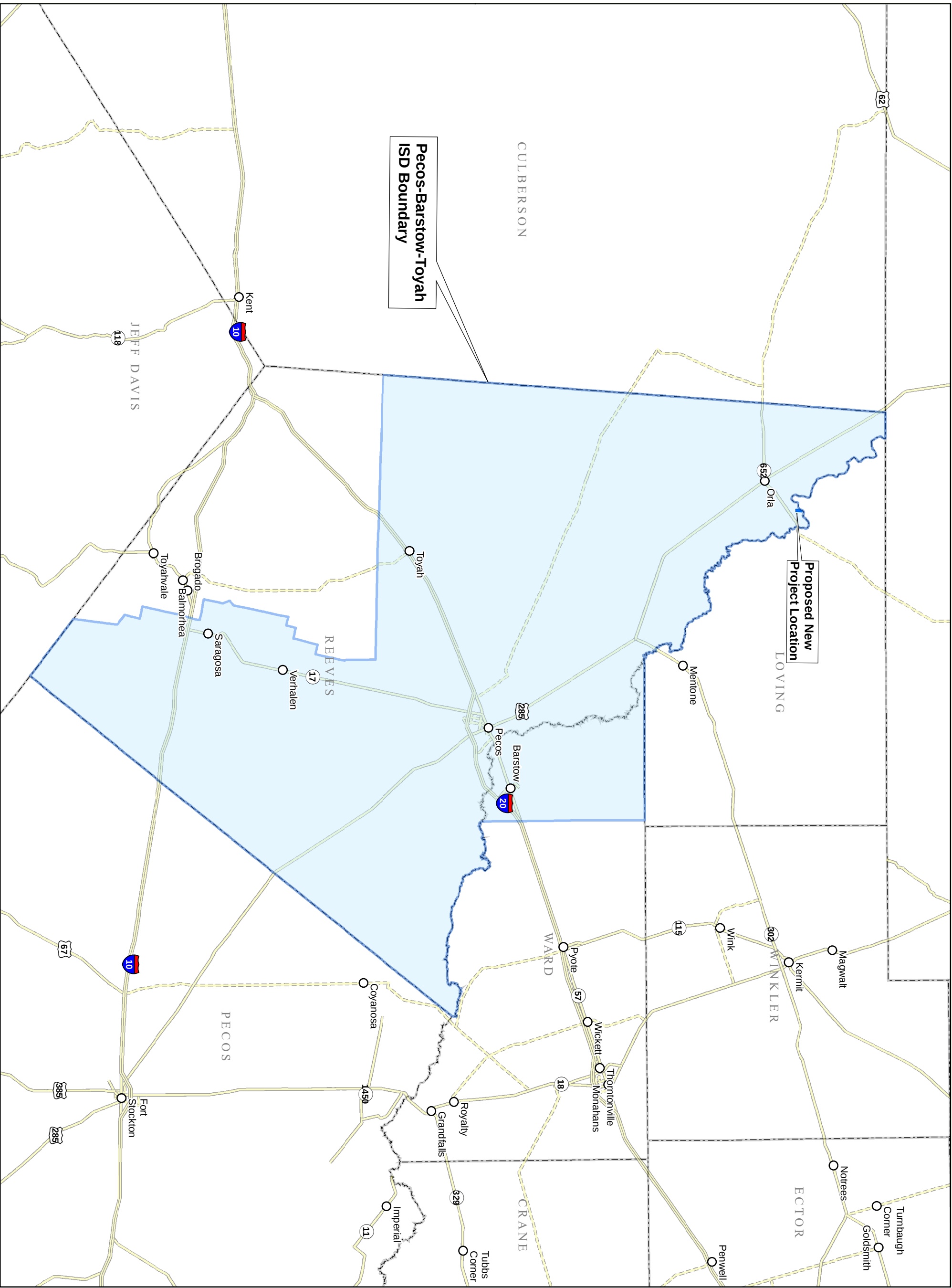
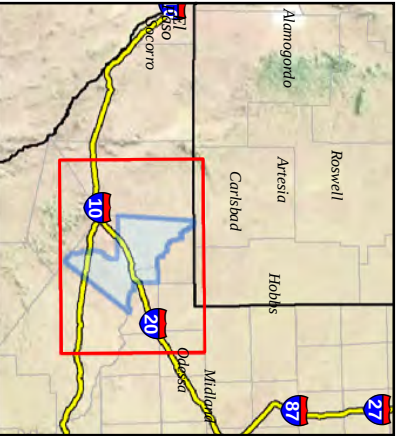
Maps

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

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



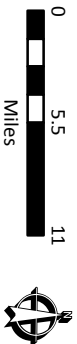
 City
 TX School Districts
 Proposed New Project
 Interstate
 Major Highway
 Highway
 County Boundary



Proposed Reinvestment Zone Map
Proposed Processing Plant

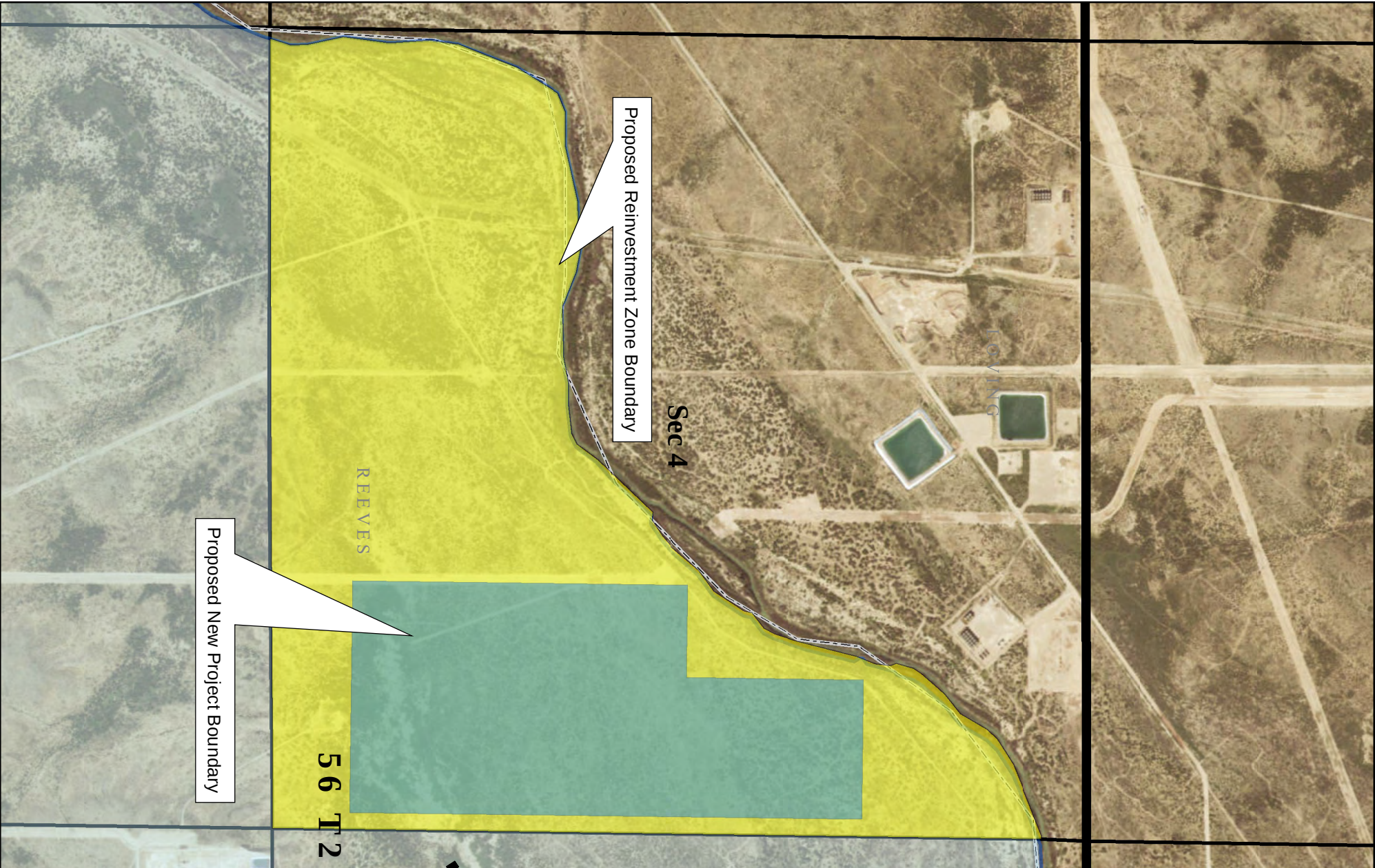
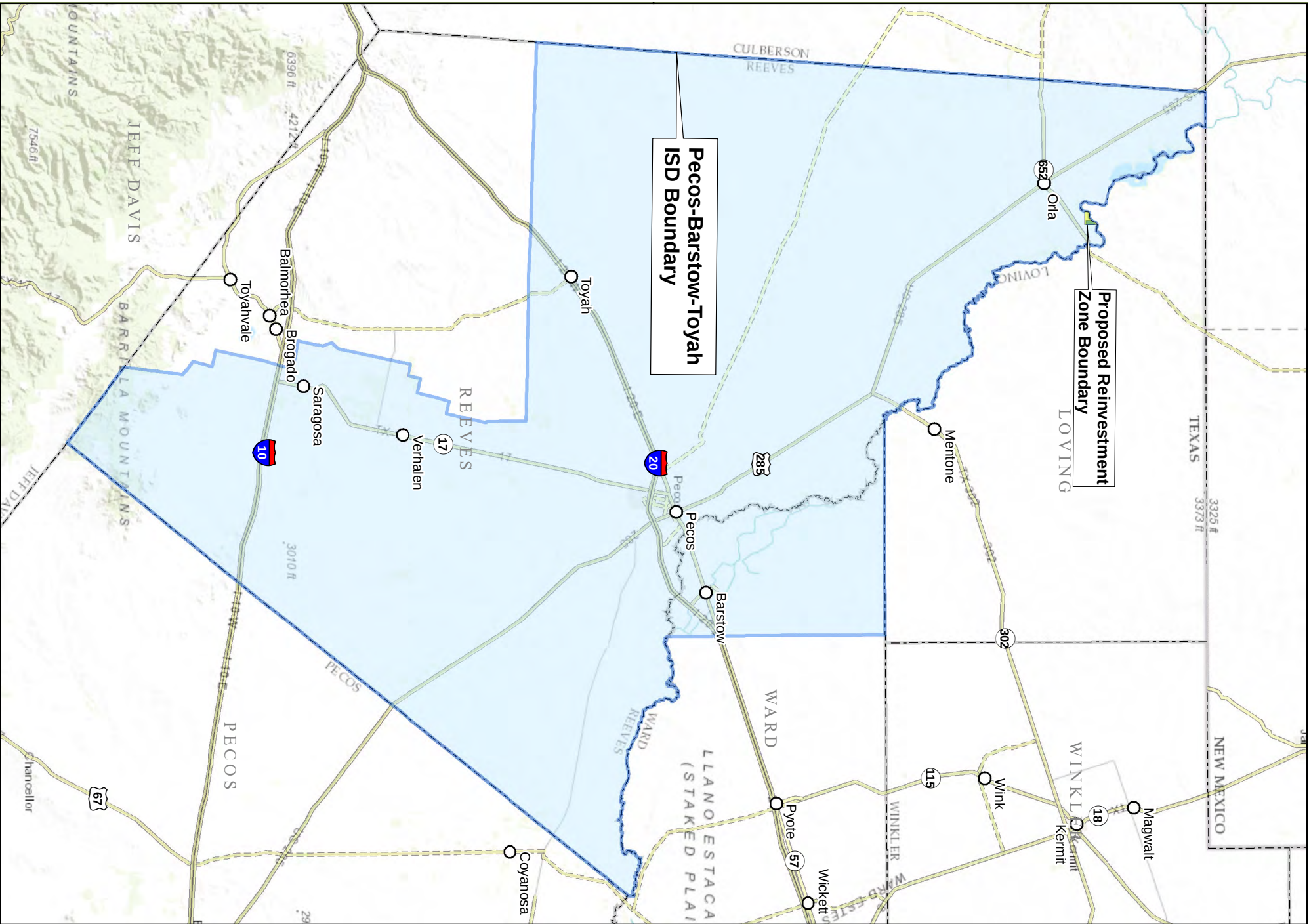
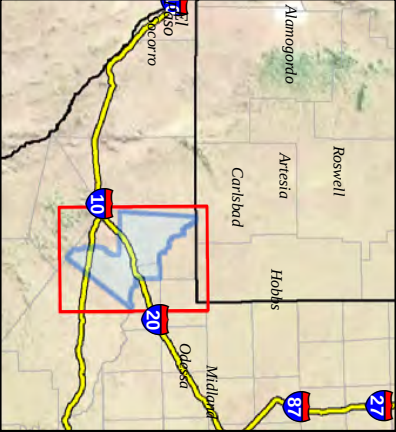


Date: 5/15/2017
Map Scale: 11" x 17", 1:555,342
Map Scale: 11" x 17", 1:555,342
Updated by: Sarah Harrison



Map Symbolology

- City
- Stalene 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.

Tab 13

Calculation of three possible wage requirements with TWC documentation

Chapter 313 Wage Calculation – Reeves County – All Industries

Quarter	Year	Avg. Weekly Wages*	Annualized
First	2016	\$722	\$37,544
Second	2016	\$713	\$37,076
Third	2016	\$787	\$40,924
Fourth	2016	\$818	\$42,536
	Average	\$760	\$39,520
	110%	\$836	

Chapter 313 Wage Calculation – Reeves County – Manufacturing Jobs

Quarter	Year	Avg. Weekly Wages*	Annualized
First	2016	\$648	\$33,696
Second	2016	\$518	\$26,936
Third	2016	\$532	\$27,664
Fourth	2016	\$561	\$29,172
	Average	\$564.75	\$29,367
	110%	\$621.23	

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
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	\$713
2016	3rd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$787
2016	4th Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$818

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	\$532
2016	4th Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$561

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
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$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
	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

				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	\$32,304
Value Limitation Period	1	2019 - 2020	2019	0	\$0	0	15	\$32,304
	2	2020 - 2021	2020	0	\$0	0	15	\$32,304
	3	2021 - 2022	2021	0	\$0	0	15	\$32,304
	4	2022 - 2023	2022	0	\$0	0	15	\$32,304
	5	2023 - 2024	2023	0	\$0	0	15	\$32,304
	6	2024 - 2025	2024	0	\$0	0	15	\$32,304
	7	2025 - 2026	2025	0	\$0	0	15	\$32,304
	8	2026 - 2027	2026	0	\$0	0	15	\$32,304
	9	2027 - 2028	2027	0	\$0	0	15	\$32,304
	10	2028 - 2029	2028	0	\$0	0	15	\$32,304
Years Following Value Limitation Period	11 through 25	2029 - 2044	2029 - 2043	0	\$0	0	15	\$32,304

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?
qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

(25

☐

Yes

☒

No

C1a.

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

☐

Yes

☒

No

C1b.

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

☐

Yes

☒

No

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°26 ¹19 ¹West, 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)

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

7/12/17
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))

June 30, 2017
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

30 day of June, 2017

Kristine Criss
Notary Public in and for the State of Texas Oklahoma

My Commission expires: 7-31-2017

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.

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT B
Franchise Account Status of
Stateline Processing, LLC



Franchise Tax Account Status

As of : 10/03/2017 12:15:18

This Page is Not Sufficient for Filings with the Secretary of State

STATELINE PROCESSING, LLC	
Texas Taxpayer Number	32062192607
Mailing Address	1999 BRYAN ST STE 900 DALLAS, TX 75201-3140
? Right to Transact Business in Texas	ACTIVE
State of Formation	OK
Effective SOS Registration Date	11/30/2016
Texas SOS File Number	0802593461
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT C
Comptroller Letter Certifying
Application as Complete



GLENN HEGAR • TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 24, 2017

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1301 S. Eddy
Pecos, Texas 79772

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Stateline Processing, LLC, Application 1193

Dear Superintendent Haley:

On June 07, 2017, the Comptroller's office received Stateline Processing, LLC's (applicant) application for a limitation on appraised value (Application 1193) from Pecos-Barstow-Toyah Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on July 24, 2017.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at deisree.caufield@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-8597 or at 512-936-8597.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
J. Kevin Vann, WPX Energy, Inc.
Steve Rodich, WPX Energy, Inc.
Allen Espinosa, Merit Advisors

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT D
Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 22, 2017

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1301 S. Eddy
Pecos, Texas 79772

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Stateline Processing, LLC, Application 1193

Dear Superintendent Haley:

On July 24, 2017, the Comptroller issued written notice that Stateline Processing, LLC (applicant) submitted a completed application (Application 1193) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 18, 2017, to the Pecos-Barstow-Toyah School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1193.

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

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of July 24, 2017, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Claven for Mike Poissig". The signature is fluid and cursive, with a checkmark-like flourish at the end.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Stateline Processing, LLC (project) applying to Pecos-Barstow-Toyah Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Stateline Processing, LLC.

Applicant	Stateline Processing, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Pecos-Barstow-Toyah ISD
2015-2016 Average Daily Attendance	2,270
County	Reeves
Proposed Total Investment in District	\$238,000,000
Proposed Qualified Investment	\$238,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	15
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$680.10
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$621.23
Minimum annual wage committed to by applicant for qualified jobs	\$35,365
Minimum weekly wage required for non-qualifying jobs	\$761
Minimum annual wage required for non-qualifying jobs	\$39,572
Investment per Qualifying Job	\$15,866,666.67
Estimated M&O levy without any limit (15 years)	\$28,230,355
Estimated M&O levy with Limitation (15 years)	\$11,429,659
Estimated gross M&O tax benefit (15 years)	\$16,800,696

Table 2 is the estimated statewide economic impact of Stateline Processing, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	150	266	416	\$9,000,000	\$25,000,000	\$34,000,000
2018	160	335	495	\$9,353,650	\$32,646,350	\$42,000,000
2019	15	122	137	\$530,475	\$13,469,525	\$14,000,000
2020	15	88	103	\$530,475	\$11,469,525	\$12,000,000
2021	15	63	78	\$530,475	\$9,469,525	\$10,000,000
2022	15	49	64	\$530,475	\$8,469,525	\$9,000,000
2023	15	44	59	\$530,475	\$8,469,525	\$9,000,000
2024	15	44	59	\$530,475	\$8,469,525	\$9,000,000
2025	15	46	61	\$530,475	\$8,469,525	\$9,000,000
2026	15	51	66	\$530,475	\$9,469,525	\$10,000,000
2027	15	55	70	\$530,475	\$9,469,525	\$10,000,000
2028	15	60	75	\$530,475	\$10,469,525	\$11,000,000
2029	15	60	75	\$530,475	\$10,469,525	\$11,000,000
2030	15	62	77	\$530,475	\$11,469,525	\$12,000,000
2031	15	63	78	\$530,475	\$12,469,525	\$13,000,000

Source: CPA REMI, Stateline Processing, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	RCGWD Tax Levy	Reeves Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0510	1.0600		0.4995	0.2700	0.0081	0.1057	
2018	\$87,936,000	\$87,936,000		\$44,847	\$932,122	\$976,969	\$439,258	\$237,427	\$7,123	\$92,948	\$1,753,725
2019	\$224,962,560	\$224,962,560		\$114,731	\$2,384,603	\$2,499,334	\$1,123,733	\$607,399	\$18,222	\$237,785	\$4,486,473
2020	\$215,960,760	\$215,960,760		\$110,140	\$2,289,184	\$2,399,324	\$1,078,767	\$583,094	\$17,493	\$228,271	\$4,306,949
2021	\$207,315,960	\$207,315,960		\$105,731	\$2,197,549	\$2,303,280	\$1,035,585	\$559,753	\$16,793	\$219,133	\$4,134,544
2022	\$199,028,160	\$199,028,160		\$101,504	\$2,109,698	\$2,211,203	\$994,185	\$537,376	\$16,121	\$210,373	\$3,969,258
2023	\$191,079,040	\$191,079,040		\$97,450	\$2,025,438	\$2,122,888	\$954,478	\$515,913	\$15,477	\$201,971	\$3,810,728
2024	\$183,430,160	\$183,430,160		\$93,549	\$1,944,360	\$2,037,909	\$916,270	\$495,261	\$14,858	\$193,886	\$3,658,184
2025	\$176,085,200	\$176,085,200		\$89,803	\$1,866,503	\$1,956,307	\$879,581	\$475,430	\$14,263	\$186,122	\$3,511,702
2026	\$169,045,960	\$169,045,960		\$86,213	\$1,791,887	\$1,878,101	\$844,418	\$456,424	\$13,693	\$178,682	\$3,371,317
2027	\$162,277,680	\$162,277,680		\$82,762	\$1,720,143	\$1,802,905	\$810,609	\$438,150	\$13,144	\$171,528	\$3,236,336
2028	\$155,785,840	\$155,785,840		\$79,451	\$1,651,330	\$1,730,781	\$778,181	\$420,622	\$12,619	\$164,666	\$3,106,868
2029	\$149,555,800	\$149,555,800		\$76,273	\$1,585,291	\$1,661,565	\$747,061	\$403,801	\$12,114	\$158,080	\$2,982,621
2030	\$143,578,400	\$143,578,400		\$73,225	\$1,521,931	\$1,595,156	\$717,203	\$387,662	\$11,630	\$151,762	\$2,863,413
2031	\$137,839,000	\$137,839,000		\$70,298	\$1,461,093	\$1,531,391	\$688,533	\$372,165	\$11,165	\$145,696	\$2,748,951
2032	\$132,328,440	\$132,328,440		\$67,488	\$1,402,681	\$1,470,169	\$661,007	\$357,287	\$10,719	\$139,871	\$2,639,053
2033	\$127,032,080	\$127,032,080		\$64,786	\$1,346,540	\$1,411,326	\$634,551	\$342,987	\$10,290	\$134,273	\$2,533,426
			Total	\$1,358,253	\$28,230,355	\$29,588,608	\$13,303,422	\$7,190,751	\$215,723	\$2,815,046	\$53,113,549

Source: CPA, Stateline Processing, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	RCGWD Tax Levy	Reeves Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0510	1.0600		0.4995	0.2700	0.0081	0.1057	
2018	\$87,936,000	\$87,936,000		\$44,847	\$932,122	\$976,969	\$439,258	\$237,427	\$7,123	\$92,948	\$1,753,725
2019	\$224,962,560	\$30,000,000		\$114,731	\$318,000	\$432,731	\$1,123,733	\$607,399	\$18,222	\$237,785	\$2,419,870
2020	\$215,960,760	\$30,000,000		\$110,140	\$318,000	\$428,140	\$1,078,767	\$583,094	\$17,493	\$228,271	\$2,335,765
2021	\$207,315,960	\$30,000,000		\$105,731	\$318,000	\$423,731	\$1,035,585	\$559,753	\$16,793	\$219,133	\$2,254,994
2022	\$199,028,160	\$30,000,000		\$101,504	\$318,000	\$419,504	\$994,185	\$537,376	\$16,121	\$210,373	\$2,177,560
2023	\$191,079,040	\$30,000,000		\$97,450	\$318,000	\$415,450	\$954,478	\$515,913	\$15,477	\$201,971	\$2,103,290
2024	\$183,430,160	\$30,000,000		\$93,549	\$318,000	\$411,549	\$916,270	\$495,261	\$14,858	\$193,886	\$2,031,825
2025	\$176,085,200	\$30,000,000		\$89,803	\$318,000	\$407,803	\$879,581	\$475,430	\$14,263	\$186,122	\$1,963,199
2026	\$169,045,960	\$30,000,000		\$86,213	\$318,000	\$404,213	\$844,418	\$456,424	\$13,693	\$178,682	\$1,897,430
2027	\$162,277,680	\$30,000,000		\$82,762	\$318,000	\$400,762	\$810,609	\$438,150	\$13,144	\$171,528	\$1,834,193
2028	\$155,785,840	\$30,000,000		\$79,451	\$318,000	\$397,451	\$778,181	\$420,622	\$12,619	\$164,666	\$1,773,538
2029	\$149,555,800	\$149,555,800		\$76,273	\$1,585,291	\$1,661,565	\$747,061	\$403,801	\$12,114	\$158,080	\$2,982,621
2030	\$143,578,400	\$143,578,400		\$73,225	\$1,521,931	\$1,595,156	\$717,203	\$387,662	\$11,630	\$151,762	\$2,863,413
2031	\$137,839,000	\$137,839,000		\$70,298	\$1,461,093	\$1,531,391	\$688,533	\$372,165	\$11,165	\$145,696	\$2,748,951
2032	\$132,328,440	\$132,328,440		\$67,488	\$1,402,681	\$1,470,169	\$661,007	\$357,287	\$10,719	\$139,871	\$2,639,053
2033	\$127,032,080	\$127,032,080		\$64,786	\$1,346,540	\$1,411,326	\$634,551	\$342,987	\$10,290	\$134,273	\$2,533,426
			Total	\$1,358,253	\$11,429,659	\$12,787,912	\$13,303,422	\$7,190,751	\$215,723	\$2,815,046	\$36,312,853
			Diff	\$0	\$16,800,696	\$16,800,696	\$0	\$0	\$0	\$0	\$16,800,696

Source: CPA, Stateline Processing, LLC

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Stateline Processing, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$932,122	\$932,122	\$0	\$0
Limitation Period (10 Years)	2019	\$318,000	\$1,250,122	\$2,066,603	\$2,066,603
	2020	\$318,000	\$1,568,122	\$1,971,184	\$4,037,787
	2021	\$318,000	\$1,886,122	\$1,879,549	\$5,917,336
	2022	\$318,000	\$2,204,122	\$1,791,698	\$7,709,035
	2023	\$318,000	\$2,522,122	\$1,707,438	\$9,416,473
	2024	\$318,000	\$2,840,122	\$1,626,360	\$11,042,832
	2025	\$318,000	\$3,158,122	\$1,548,503	\$12,591,336
	2026	\$318,000	\$3,476,122	\$1,473,887	\$14,065,223
	2027	\$318,000	\$3,794,122	\$1,402,143	\$15,467,366
	2028	\$318,000	\$4,112,122	\$1,333,330	\$16,800,696
Maintain Viable Presence (5 Years)	2029	\$1,585,291	\$5,697,413	\$0	\$16,800,696
	2030	\$1,521,931	\$7,219,344	\$0	\$16,800,696
	2031	\$1,461,093	\$8,680,438	\$0	\$16,800,696
	2032	\$1,402,681	\$10,083,119	\$0	\$16,800,696
	2033	\$1,346,540	\$11,429,659	\$0	\$16,800,696
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$1,292,669	\$12,722,328	\$0	\$16,800,696
	2035	\$1,240,972	\$13,963,300	\$0	\$16,800,696
	2036	\$1,191,292	\$15,154,592	\$0	\$16,800,696
	2037	\$1,143,631	\$16,298,224	\$0	\$16,800,696
	2038	\$1,097,892	\$17,396,115	\$0	\$16,800,696
	2039	\$1,053,918	\$18,450,033	\$0	\$16,800,696
	2040	\$1,011,807	\$19,461,840	\$0	\$16,800,696
	2041	\$971,423	\$20,433,263	\$0	\$16,800,696
	2042	\$932,495	\$21,365,758	\$0	\$16,800,696
	2043	\$895,235	\$22,260,993	\$0	\$16,800,696
		\$22,260,993	is greater than	\$16,800,696	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Stateline Processing, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Stateline Processing, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “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.”
 - B. “Letter agreement(s) have been entered into for the purchase of certain equipment and services.”
 - C. 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.”
 - D. “[G]iven 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.”
 - E. “Without a Chapter 313 Appraised Value Limitation on Qualified Property, Stateline Processing would likely seek to move to alternative sites outside of Texas.”
- According to the WPX Energy. news release dated May 5, 2017, “Subsequent to the close of the first quarter, WPX signed an agreement with a major pipeline company to begin shipping natural gas from the Waha hub in the Permian Basin to Katy, Texas, in November of this year.”
- A June 14, 2017 *Oil and Gas Investor* article states that on June 13, 2017, WPX Energy Inc. “agreed to form a 50/50 joint venture (JV) with Howard Energy Partners.” Additionally, “WPX said the deal puts the value of its Stateline oil gathering and gas processing projects at \$863 million. The JV includes no minimum or drilling commitments and is supported by a 600 square mile area of mutual interest in Lea and Eddy counties, N.M., and Reeves and Loving counties, Texas.”

- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural gas pipelines.

Supporting Information

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

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

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.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



\$9.72 -0.21
WPX Energy Inc (NYSE:WPX) [MORE](#)



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WPX Energy Reports 1Q 2017 Results



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WPX ENERGY REPORTS 1Q 2017 RESULTS

5/3/2017

Production Ramp Starts in Earnest Following Quarter Close

- 1Q oil averaged 46,100 bbl/d; current production ~55,000 bbl/d
- Wolfcamp A Spacing Test Shows Encouraging Results
- Approaching 10,000 bbls/d on WPX's new Delaware Basin oil gathering system
- Permian acreage climbs to approximately 135,000 net acres after closing two transactions
- Wells from Panther transaction exceeding expectations
- Permian Midstream JV process on track with agreement expected midyear
- Signs transportation agreement to ship up to 200,000 MMBtu out of Waha hub
- Grizzly 24-13HG well in Williston hits peak rate of 3,343 Boe/d (81% oil)

TULSA, Okla.--(BUSINESS WIRE)-- WPX Energy (NYSE:WPX) posted its second consecutive quarterly high for oil output and reported unaudited first-quarter 2017 net income available to common shareholders of \$88 million, or income of \$0.22 per share on a diluted basis.

First-quarter oil volumes of 46,100 barrels per day has since been

UPDATED 4:43 PM ON 8/8/2017

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eclipsed by higher rates. Current production is approximately 55,000 bbl/d following the startup of 14 new wells that began flowback in April.

Oil production also is benefitting from the close of the Panther bolt-on acquisition in the Delaware Basin and better than expected performance from its recent wells. Volumes associated with the acquisition are included in WPX's guidance for 2017.

"I like how our growth story is unfolding," said Rick Muncrief, chairman, president and chief executive officer. "WPX 2.0 is all about showing what we can do with an oil-focused portfolio that's anchored by assets in one of the world's most prolific plays. The key to achieving our ambitious goals for the next four years is continued, fundamental execution."

RECENT EVENTS

On March 10, WPX completed a previously announced transaction to acquire Delaware Basin assets from Panther Energy Company II, LLC and Carrier Energy Partners, LLC. The operations include existing production, approximately 18,000 net acres, more than 900 gross undeveloped locations and an existing two-rig program.

During the first quarter, WPX also completed another acquisition in the Delaware Basin for acreage that is exploratory in nature. This is a large contiguous area covering approximately 17,900 acres on a ranch in Culberson County. The purchase price was approximately \$38 million. The terms include a 1-well commitment in 2018, two wells in 2019 and five more in 2020-2021.

Also in the Delaware Basin, WPX already has installed about half of its planned 50-mile crude oil gathering system in the Stateline area that initiated service in late 2016. WPX has 27 wells tied in, with flows approaching 10,000 barrels per day.

WPX is considering a joint venture for the Stateline oil gathering system and natural gas processing infrastructure. The evaluation process is on track, with an agreement expected midyear as planned.

Subsequent to the close of the first quarter, WPX signed an agreement with a major pipeline company to begin shipping natural gas from the Waha hub in the Permian Basin to Katy, Texas, in November of this year. The agreement initially starts with 100,000 MMBtu per day and ramps up to 200,000 MMBtu per day, providing WPX with multiple sales outlets in the Katy area.

RECENT WELL RESULTS

WPX's CBR-22 pad successfully tested nine wells at 15 wells-per-

section in the upper and lower Wolfcamp A landing zones using wine-racked spacing. This represents the industry's most densely spaced test in the Delaware Basin to date. Initial flowback started as planned at the end of the first quarter.

The nine wells have 30-day production averaging 1,538 Boe/d (51% oil) per well during controlled flowback with an initial flowing tubing pressure of 3,000 PSI per well. Total cumulative production from the nine wells exceeds 250,000 barrels of oil to date. The highest single well peak rate so far is 2,193 Boe/d (50% oil).

Early time production data and downhole pressure gauges in each well indicate minimal communication. WPX continues to monitor production, pressures and will conduct interference tests in the coming months.

Three 1-mile laterals in the Wolfcamp A interval associated with the newly acquired Panther operations in the first quarter are tracking above the original offset well that has a projected type curve of 1 million barrels of oil. These three wells are in central Reeves County.

The Mac State 20-1H well had a peak rate of 2,328 Boe/d and 30-day production averaging 2,234 Boe/d (56% oil). The Fiver State 18-1H well had a peak rate of 2,073 Boe/d and 30-day production averaging 1,914 Boe/d (55% oil). The Titan State 16-1H well had a peak rate of 2,086 Boe/d with 30-day production averaging 1,987 Boe/d (53% oil).

In the Williston Basin, WPX completed nine two-mile laterals on three pads during the first quarter. The highest peak rate among the nine was 3,343 Boe/d (81% oil) on the Grizzly 24-13HG well.

The three wells on the Grizzly pad had a combined average peak of 2,806 Boe/d during initial flowback, along with 30-day production averaging 1,703 Boe/d per well. Three wells on the Caribou pad had a combined average peak of 2,885 Boe/d along with 30-day production averaging 2,145 Boe/d per well. The three wells on the Behr pad had a combined average peak of 1,977 Boe/d along with 30-day production averaging 1,375 Boe/d per well. These nine wells averaged 80 percent oil.

WPX's first San Juan Basin completion of 2017– the 713H in the northeast portion of the West Lybrook unit – posted initial production of 1,410 Boe/d (74% oil).

1Q FINANCIAL RESULTS

Oil and NGL sales of \$209 million accounted for 83 percent of WPX's first-quarter 2017 total product revenues of \$253 million. Quarterly oil sales grew by 94 percent vs. the same period a year ago driven by higher average prices and production volumes.

WPX's first-quarter 2017 net income of \$88 million was primarily driven by \$203 million of net gains associated with its hedge book that resulted from forward commodity price decreases.

Cash operating expenses – excluding exploration and DD&A – were 7 percent higher vs. the first quarter a year ago due to increased production volumes, but general and administrative expenses decreased 19 percent.

The adjusted net loss from continuing operations (a non-GAAP financial measure that excludes certain items typically excluded from published analyst estimates) in the first quarter was \$59 million, or a loss of \$0.15 per share. Adjusted EBITDAX (a non-GAAP financial measure) for the first quarter was \$115 million. Reconciliations for non-GAAP financial measures are available in the tables that accompany this press release.

The weighted average gross sales price – prior to revenue deductions – was \$46.38 per barrel for oil, \$3.01 for natural gas and \$22.14 per barrel for NGL during first-quarter 2017.

Subsequent to the close of the first quarter, WPX's borrowing base under its credit facility increased to \$1.2 billion from \$1.025 billion following the semi-annual redetermination process. WPX's current liquidity is now approximately \$1.3 billion, including unrestricted cash and cash equivalents.

Cash flow from operations of \$22 million in first-quarter 2017 was impacted by the timing of interest payments and the payout of the company's annual incentive program.

1Q PRODUCTION

Total company production volumes of 90.0 Mboe/d in first-quarter 2017 were up 1 percent vs. fourth-quarter 2016 and 12 percent higher than the same period a year ago. Liquids volumes accounted for 64 percent of first-quarter 2017 production.

First quarter oil volumes of 46,100 barrels per day represent a new quarterly high for WPX. Oil volumes were 3 percent higher than the most recent quarter and 11 percent higher vs. the same period a year ago.

As previously announced, WPX expects to grow oil volumes by 30 percent this year vs. 2016. First-quarter volumes were expected to be relatively flat compared to fourth-quarter 2016 based on the timing of anticipated first sales, which is driven by pad drilling and the batching of completions.

WPX completed 25 gross operated wells (23.81 net) in its three basins during first-quarter 2017 and participated in another four gross (0.76 net) non-operated wells in the Delaware Basin.

Average Daily Production	1Q			4Q Sequential	
	2017	2016	Change	2016	Change
Oil (Mbbbl/d)					
Delaware Basin	13.6	12.0	13%	12.0	13%
Williston Basin	25.3	21.8	16%	24.0	5%
San Juan Basin	7.2	7.5	-4%	8.7	-17%
Other	0.0	0.2	NM	0.0	0%
Subtotal (Mbbbl/d)	46.1	41.5	11%	44.7	3%
NGLs (Mbbbl/d)					
Delaware Basin	5.7	1.9	200%	4.5	27%
Williston Basin	2.1	2.0	5%	2.4	-13%
San Juan Basin	3.4	3.8	-11%	3.7	-8%
Other	0.1	0.1	0%	0.1	0%
Subtotal (Mbbbl/d)	11.3	7.8	45%	10.7	6%
Natural gas (MMcf/d)					
Delaware Basin	58	21	176%	52	12%
Williston Basin	12	13	-8%	14	-14%
San Juan Basin	110	131	-16%	117	-6%
Other	16	20	-20%	17	-6%
Subtotal (MMcf/d)	196	185	6%	200	-2%
Total Production (Mboe/d)	90.0	80.1	12%	88.7	1%

Note: 1Q 2016 NGL and natural gas volumes in the Delaware Basin were negatively impacted by an outage at a third-party gas processing plant.

For the remainder of 2017, WPX has 39,392 barrels per day of oil hedged at a weighted average price of \$50.84 per barrel. WPX also has 170,000 MMBtu per day of natural gas hedged at a weighted average price of \$3.02 per MMBtu.

For 2018, WPX has 42,000 barrels per day of oil hedged at a weighted average price of \$54.36 per barrel. WPX also has 185,000 MMBtu per day of natural gas hedged at a weighted average price of \$2.98 per

MMBtu.

DELAWARE BASIN SUMMARY

WPX operates in the core of the Permian's world-class Delaware Basin where the company has more than 6,400 gross drillable locations following the completion of the Panther bolt-on acquisition in the first quarter. Following the transaction, WPX has seven rigs in the basin.

WPX's total Delaware production averaged 28.9 Mboe/d in the first quarter, up 15 percent vs. fourth-quarter 2016. First-quarter Delaware oil production rose 13 percent vs. the most recent quarter.

In the first quarter, WPX brought 12 Wolfcamp A 1-mile laterals online – including four from the Panther operations – and two vertical DUCs from a prior bolt-on acquisition in 2016. WPX also is completing a 2-mile Wolfcamp A lateral from the Panther properties and is in the process of bringing its fourth and fifth Wolfcamp D wells online.

WPX spud 20 Delaware wells in the first quarter, including three wells associated with the Panther operations. The spuds include 14 Wolfcamp A wells, four Wolfcamp D wells, a Wolfcamp C well and a well in the Third Bone Spring Lime interval. Nine of the spuds were long laterals ranging from 1.5 to 2 miles.

Of the first-quarter spuds, the CBR 6-7B-3H Wolfcamp A 2-mile lateral currently ranks as the longest single run, conventionally drilled slim-hole lateral in Loving County, Texas. The new record is 10,580 feet.

Additionally, the Lindsay 10-15G-20H is WPX's first Wolfcamp C well, scheduled for completion in June.

WILLISTON BASIN SUMMARY

WPX's Williston Basin production comes from the Bakken and Three Forks formations. Approximately 85 percent of the production stream is oil.

WPX has two rigs deployed in the basin. The company spud 11 Williston wells in the first quarter, including three Bakken wells and eight Three Forks wells. All of WPX's first-quarter 2017 spuds and completions in the Williston were two-mile laterals.

The company's first-quarter oil production in the Williston rose 5 percent to 25,300 barrels per day vs. fourth-quarter 2016 driven by volumes from nine new completions (five in the Bakken and four in the Three Forks).

Overall Williston Basin production averaged 29.4 Mboe/d in the first quarter, up 2 percent vs. 28.8 Mboe/d in the fourth quarter and 13 percent above results for the first quarter a year ago.

On April 17, WPX recorded its single-day high for oil output in the Williston Basin with 29,000 barrels for the day, surpassing the company's previous daily high of nearly 27,100 barrels of oil on Nov. 27, 2014, when it had five rigs operating in the basin.

Starting this month, WPX expects to realize an improvement on netbacks for its Williston oil volumes as the Dakota Access Pipeline begins deliveries. WPX estimates an improvement of \$2.00-\$2.50 per barrel vs. 2016 basis differentials.

SAN JUAN BASIN SUMMARY

WPX produces oil in the southern end of the San Juan Basin from the Gallup Sandstone and has a legacy natural gas position in the northern end of the basin, including considerable dry Mancos upside.

San Juan Basin production averaged 28.8 Mboe/d in the first quarter, down 10 percent vs. 31.9 Mboe/d in fourth-quarter 2016.

WPX has one rig deployed in the basin performing batch drilling on multi-well pads, including a two-well pad and WPX's second and third six-well pads in the West Lybrook unit.

Five of the 14 new wells started flowback in April. Two more are scheduled to begin producing in May, with the balance set for production at the end of the second quarter.

WPX's recent San Juan drilling includes its first two laterals in the basin exceeding 10,000 feet. One of the laterals represents a new WPX company-wide record for lateral length drilled in a 24-hour period – 6,258 feet.

WPX's first six-well pad in West Lybrook now has 240-day cumulative production of more than 1.3 million Boe (70% oil), which represents an average of more than 900 Boe/d per well.

THURSDAY WEBCAST

The company's next webcast takes place on May 4 beginning at 10 a.m. Eastern. Investors are encouraged to access the event and the corresponding slides at www.wpxenergy.com.

A limited number of phone lines also will be available at (844) 215-3288. International callers should dial (615) 247-5915. The conference identification code is 6860949.

UPCOMING CONFERENCE PRESENTATION

WPX Chief Operating Officer Clay Gaspar is scheduled to speak at the Citi 2017 Global Energy and Utilities Conference on Thursday, May 11,

at 11 a.m. Eastern. Please visit www.wpxenergy.com on the day of the event to confirm the time, see the slides and listen to the discussion.

FORM 10-Q

WPX plans to file its first-quarter 2017 Form 10-Q with the Securities and Exchange Commission this week. Once filed, the document will be available on the SEC and WPX websites.

ABOUT WPX ENERGY, INC.

WPX has posted double-digit oil volume growth each of the past five years. The company is active in the Delaware, Williston and San Juan basins. The Delaware Basin is the western portion of the greater Permian Basin.

This press release includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the company expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the company. Statements regarding future drilling and production are subject to all of the risks and uncertainties normally incident to the exploration for and development and production of oil and gas. These risks include, but are not limited to, the volatility of oil, natural gas and NGL prices; uncertainties inherent in estimating oil, natural gas and NGL reserves; drilling risks; environmental risks; and political or regulatory changes. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this press release are made as of the date of this press release, even if subsequently made available by WPX Energy on its website or otherwise. WPX Energy does not undertake and expressly disclaims any obligation to update the forward-looking statements as a result of new information, future events or otherwise. Investors are urged to consider carefully the disclosure in our filings with the Securities and Exchange Commission, available from us at WPX Energy, Attn: Investor Relations, P.O. Box 21810, Tulsa, Okla., 74102, or from the SEC’s website at www.sec.gov.

Additionally, the SEC requires oil and gas companies, in filings made with the SEC, to disclose proved reserves, which are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically

producible – from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and governmental regulations. The SEC permits the optional disclosure of probable and possible reserves. From time to time, we elect to use “probable” reserves and “possible” reserves, excluding their valuation. The SEC defines “probable” reserves as “those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.” The SEC defines “possible” reserves as “those additional reserves that are less certain to be recovered than probable reserves.” The Company has applied these definitions in estimating probable and possible reserves. Statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC’s reserves reporting guidelines. Investors are urged to consider closely the disclosure in our SEC filings that may be accessed through the SEC’s website at www.sec.gov.

The SEC’s rules prohibit us from filing resource estimates. Our resource estimations include estimates of hydrocarbon quantities for (i) new areas for which we do not have sufficient information to date to classify as proved, probable or even possible reserves, (ii) other areas to take into account the low level of certainty of recovery of the resources and (iii) uneconomic proved, probable or possible reserves. Resource estimates do not take into account the certainty of resource recovery and are therefore not indicative of the expected future recovery and should not be relied upon. Resource estimates might never be recovered and are contingent on exploration success, technical improvements in drilling access, commerciality and other factors.

**WPX Energy,
Inc.
Consolidated
(GAAP)
(UNAUDITED)**

(Dollars in millions)	2016					2017
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr

ACQUISITIONS & DIVESTITURES

MIDSTREAM

UNITED STATES

Midstream JV Gives WPX Outlet For Delaware Basin Growth

Emily Patsy Associate Editor, Digital News Group Hart Energy Wednesday, June 14, 2017 - 1:35pm

611 5



The JV pushes the value of WPX's oil and gas infrastructure to \$863 million and gives its long-term Delaware development a 'competitive advantage,' CEO Muncrief says. (Source: Hart Energy)

WPX Energy Inc. (NYSE: [WPX](#)) has struck a midstream partnership in the Permian Basin that will give the Tulsa, Okla.-based company a "competitive advantage" amid worries that production could overtake takeaway capacity in the next six to eight months.

On June 13, WPX agreed to form a 50/50 joint venture (JV) with Howard Energy Partners to jointly develop oil gathering and natural gas processing infrastructure in the Permian's Delaware Basin. Initially, the partnership has committed \$563 million of new capital on the JV, San Antonio-based Howard Energy said in announcing its entry in the Delaware.

WPX said the deal puts the value of its Stateline oil gathering and gas processing projects at \$863 million. The JV includes no minimum or drilling commitments and is supported by a 600 square mile area of mutual interest in Lea and Eddy counties, N.M., and Reeves and Loving counties, Texas.

The move is part of WPX's strategic plan, initiated in late 2016, to support the company's drilling plans in its Stateline area covering 50,000 net acres in the Delaware Basin. WPX has about 135,000 net acres in the Delaware.

Tudor, Picking, Holt & Co. (TPH) analysts said the "highly anticipated deal" will help partially plug WPX's near-term cash flow gap, which TPH estimates to be roughly \$600 million at strip.

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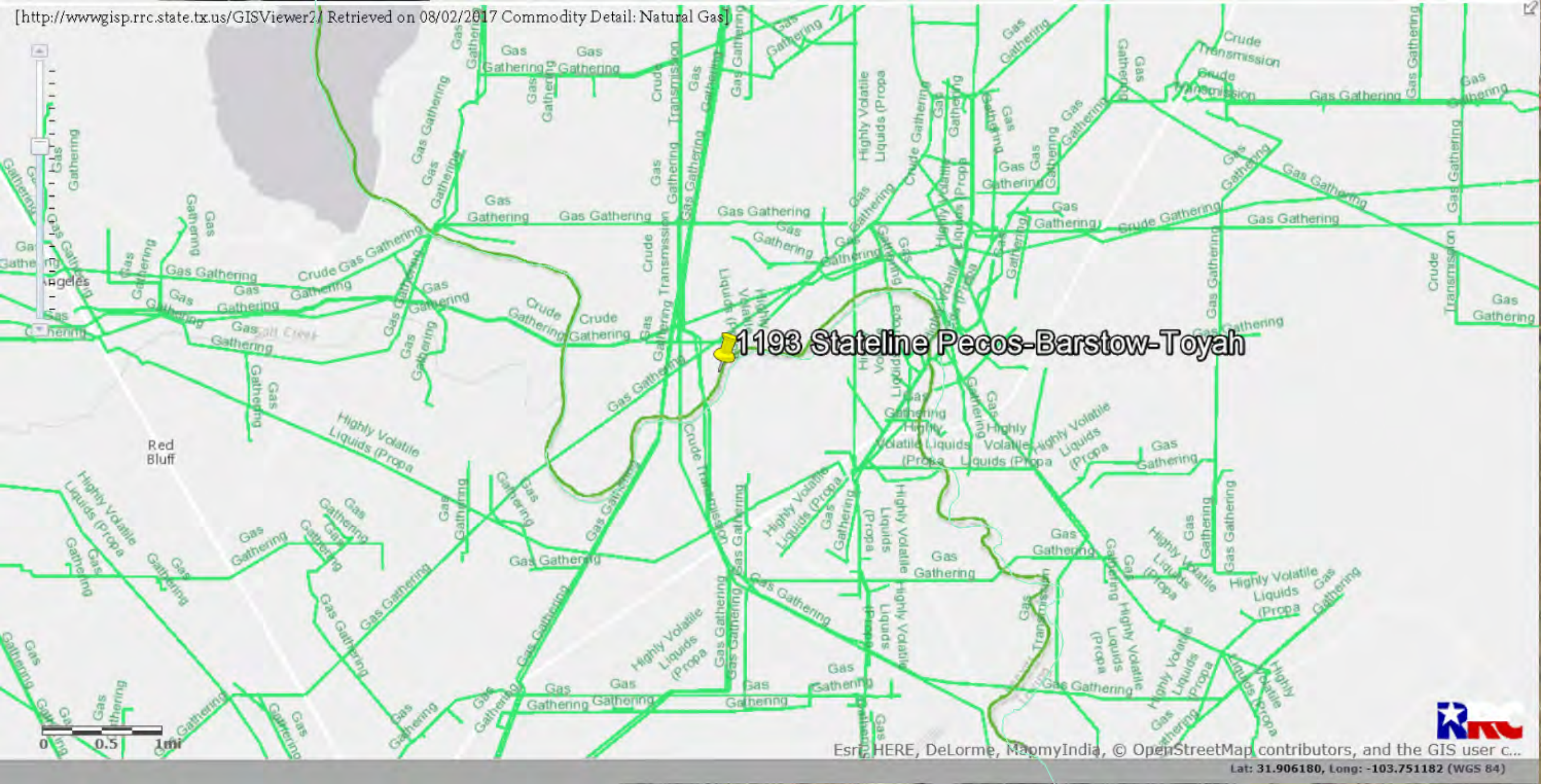
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WEEKLY NEWSLETTER

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Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT E
Summary of Financial Impact on
Pecos-Barstow-Toyah ISD Prepared by
Education Service Center Region 12

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
STATELINE PROCESSING, LLC PROJECT (APP # 1193) ON THE
FINANCES OF PECOS-BARSTOW-TOYAH ISD UNDER A
REQUESTED CHAPTER 313 APPRAISED VALUE LIMITATION

AUGUST 12, 2017

PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
WACO, TX



Introduction

Stateline Processing, LLC has submitted an application to the Pecos-Barstow-Toyah Independent School District (“PBTISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Tax Code. Stateline Processing has proposed the construction of a multi-train gas processing plant to be located in Reeves County, Texas. The company estimates that the total investment in this project will be approximately \$220 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, 2013 and 2015 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Pecos-Barstow-Toyah Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$30 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2018-19 school year. Beginning with the 2019-20 school year, the value of the project would be limited to \$30 million for maintenance and operation (M&O) tax purposes and remain limited through the 2028-29 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

School Finance Mechanics

The Texas system of public school funding is based on an ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller’s Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size,

sparsity and location determine a Total Cost of Tier 1. A local fund assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. Thus school districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid. Pennies of tax rate that districts levy over and above the compressed tax rate and up to \$1.17 generate additional state and local funding in Tier 2 Level 1 and Tier 2 Level 2. Current funding formulas provide for a Guaranteed Yield per penny per WADA of \$77.53 for Tier 2 Level 1 and a Guaranteed Yield per penny per WADA of \$31.95 in Tier 2 Level 2. Legislation from the 85th Legislature, already signed by the Governor, will raise the Guaranteed Yield per penny per WADA to \$99.41 for Tier 2 Level 1 in 2017-18 and \$106.28 in 2018-19 and beyond. These are the values that were used in this analysis.

PBTISD is a relatively property rich per student district thus it is generating most of Maintenance and Operation revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. PBTISD currently has property wealth per weighted ADA in excess of the first equalized wealth level at over \$1.5 million per weighted ADA. For this reason, PBTISD is considered a Chapter 41 or "recapture" district under the current school finance system. Stateline Processing is requesting that the value of the multi-train gas processing plant be limited to \$30,000,000 in years one through ten of the agreement, corresponding to the 2019-20 school year through the 2028-29 school year. The full value of the project would be subject to interest and sinking taxes (I&S) levied by PBTISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on PBTISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2017-18 through the 2033-34 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the

value limitation agreement. Revenue Protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. Current year (CAD) values and prior year (CPTD) values were forecast both with the full project value and with the limited value of the project. PBTISD currently has other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and weighted average daily attendance rates were held constant at levels that existed in the 2016-17 school year. An ADA of 2,312 and a WADA of 3,304 were used for each year of the forecast. Since PBTISD has experienced a large increase in taxable value, effective tax rate calculations will necessitate that the district lower its M&O tax rate during the 2017-2018 school year to \$0.8607. Since formulas can correct for a low effective tax rate, we believe that PBTISD will adopt an M&O tax rate of \$0.9500 during the 2018-2019 school year. For subsequent school years, we used an M&O tax rate of \$1.0400. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Reeves County and Ward County Appraisal Districts certified the District's 2017 current year (CAD) net taxable values at \$5,173,582,234. These values were used as the basis for subsequent current year (CAD) values in this report. The Preliminary 2016 Comptroller Property Tax Division (CPTD) values were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

The proposed agreement calls for PBTISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model illustrated in **Table 2** incorporates the full value of the Stateline Processing project into the state and local funding calculations. The other model, shown in **Table 3**, assumes that only the limited value of the Stateline Processing project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was calculated for each year of the agreement. Table 4, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$1,293,629 over the course of the agreement. Much of the revenue loss by the district, due to the agreement, is in the first year of the value limitation period. The losses in the subsequent years indicate a reduction in Tier 2 local revenue as a result of the value limitation under the current school finance system and the additions and subtractions to the base value of the district due to other value limitation agreements. Most of the reduction in M&O taxes under this agreement is offset by a reduction in recapture costs that the district would owe under current school finance law.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the Stateline Processing project to be limited to \$30 million starting in tax year 2019 (school year 2019-20) and remaining limited through tax year 2028 (school year 2028-29). The potential gross and net tax savings to Stateline Processing are shown in **Table 5**. As stated earlier, an M&O tax rate of \$0.8607 for 2017-18, \$0.9500 for 2018-19 and \$1.04 for all other years as well as a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of just over \$16.48 million over the length of the contract. Tax savings net of the Revenue Protection Payments are estimated to be \$15.19 million. This amount does not include any Supplemental Payments negotiated in the agreement.

Facilities Funding Impact on the District

Reports submitted by Stateline Processing show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S tax purposes and will enhance the District's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. PBTISD has property wealth per ADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The Stateline Processing project proposed in this application will benefit the community, the district, PBTISD, and the taxpayer, Stateline Processing, LLC. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will enjoy a vastly increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas legislature could take action that could potentially change the impact of this agreement on the finances of PBTISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change and will impact the estimates of this agreement include changes to property values, district tax rates and student enrollment.

Table 1- Base District Information with Stateline Processing, LLC. Project

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value With Project	CAD Value with Limitation	CPTD With Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
0	2017-18	2,312	3,304	\$0.8607	\$0.0668	\$5,173,582,234	\$5,173,582,234	\$3,651,289,150	\$3,651,289,150	\$1,105,112	\$1,105,112
0	2018-19	2,312	3,304	\$0.9500	\$0.0639	\$5,257,855,734	\$5,257,855,734	\$5,173,582,234	\$5,173,582,234	\$1,565,854	\$1,565,854
LP 1	2019-20	2,312	3,304	\$1.0400	\$0.0619	\$5,167,501,044	\$4,972,538,484	\$5,257,855,734	\$5,257,855,734	\$1,591,361	\$1,591,361
LP 2	2020-21	2,312	3,304	\$1.0400	\$0.0613	\$5,158,499,244	\$4,972,538,484	\$5,167,501,044	\$4,972,538,484	\$1,564,014	\$1,505,006
LP 3	2021-22	2,312	3,304	\$1.0400	\$0.0608	\$5,149,854,444	\$4,972,538,484	\$5,158,499,244	\$4,972,538,484	\$1,561,289	\$1,505,006
LP 4	2022-23	2,312	3,304	\$1.0400	\$0.0607	\$5,270,386,177	\$5,101,358,017	\$5,149,854,444	\$4,972,538,484	\$1,558,673	\$1,505,006
LP 5	2023-24	2,312	3,304	\$1.0400	\$0.0606	\$5,258,272,471	\$5,097,193,431	\$5,270,386,177	\$5,101,358,017	\$1,595,153	\$1,543,995
LP 6	2024-25	2,312	3,304	\$1.0400	\$0.0606	\$5,246,583,942	\$5,093,153,782	\$5,258,272,471	\$5,097,193,431	\$1,591,487	\$1,542,734
LP 7	2025-26	2,312	3,304	\$1.0400	\$0.0606	\$5,236,626,676	\$5,090,541,476	\$5,246,583,942	\$5,093,153,782	\$1,587,949	\$1,541,511
LP 8	2026-27	2,312	3,304	\$1.0400	\$0.0606	\$5,345,922,657	\$5,206,876,697	\$5,236,626,676	\$5,090,541,476	\$1,584,935	\$1,540,721
LP 9	2027-28	2,312	3,304	\$1.0400	\$0.0589	\$5,332,328,660	\$5,200,050,980	\$5,345,922,657	\$5,206,876,697	\$1,618,015	\$1,575,931
LP 10	2028-29	2,312	3,304	\$1.0400	\$0.0590	\$5,563,710,786	\$5,437,924,946	\$5,332,328,660	\$5,200,050,980	\$1,613,901	\$1,573,865
VP 1	2029-30	2,312	3,304	\$1.0400	\$0.0591	\$6,125,695,556	\$6,125,695,556	\$5,563,710,786	\$5,437,924,946	\$1,683,932	\$1,645,861
VP 2	2030-31	2,312	3,304	\$1.0400	\$0.0592	\$6,086,933,477	\$6,086,933,477	\$6,125,695,556	\$6,125,695,556	\$1,854,024	\$1,854,024
VP 3	2031-32	2,312	3,304	\$1.0400	\$0.0568	\$6,050,096,625	\$6,050,096,625	\$6,086,933,477	\$6,086,933,477	\$1,842,292	\$1,842,292
VP 4	2032-33	2,312	3,304	\$1.0400	\$0.0000	\$6,013,828,802	\$6,013,828,802	\$6,050,096,625	\$6,050,096,625	\$1,831,143	\$1,831,143
VP 5	2033-34	2,312	3,304	\$1.0400	\$0.0000	\$5,983,689,205	\$5,983,689,205	\$6,013,828,802	\$6,013,828,802	\$1,820,166	\$1,820,166

Table 2 - "Baseline Revenue Model" - Project Value Added with No Value Limitation

Year of Agreement	School Year	199/5812 Foundation School Fund	199/5811 Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,00 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2017-18	\$260,304	\$462,368	\$21,276,384	\$0	\$0	\$23,252,638	\$0	\$0	\$21,999,056
0	2018-19	\$260,999	\$866,940	\$17,337,645	\$0	\$0	\$32,611,984	\$0	\$0	\$18,465,585
LP 1	2019-20	\$271,909	\$462,368	\$17,626,691	\$2,067,000	\$0	\$34,048,320	\$0	\$0	\$20,427,969
LP 2	2020-21	\$271,838	\$866,940	\$17,868,664	\$2,063,400	\$0	\$33,716,328	\$0	\$0	\$21,070,842
LP 3	2021-22	\$271,815	\$462,368	\$17,867,952	\$2,059,942	\$0	\$33,630,592	\$0	\$0	\$20,662,077
LP 4	2022-23	\$272,064	\$866,940	\$18,288,843	\$2,108,154	\$0	\$34,415,019	\$0	\$0	\$21,536,002
LP 5	2023-24	\$272,108	\$462,368	\$17,880,067	\$2,103,309	\$0	\$34,702,658	\$0	\$0	\$20,717,852
LP 6	2024-25	\$272,077	\$866,940	\$17,878,903	\$2,098,634	\$0	\$34,586,936	\$0	\$0	\$21,116,554
LP 7	2025-26	\$272,049	\$462,368	\$17,882,027	\$2,094,651	\$0	\$34,484,240	\$0	\$0	\$20,711,094
LP 8	2026-27	\$272,274	\$866,940	\$18,263,716	\$2,138,369	\$0	\$35,195,511	\$0	\$0	\$21,541,299
LP 9	2027-28	\$272,309	\$462,368	\$17,891,087	\$2,132,931	\$0	\$35,432,199	\$0	\$0	\$20,758,696
LP 10	2028-29	\$272,790	\$866,940	\$18,662,445	\$2,225,484	\$0	\$36,974,663	\$0	\$0	\$22,027,659
VP 1	2029-30	\$274,115	\$462,368	\$19,679,223	\$2,450,278	\$0	\$41,577,733	\$0	\$0	\$22,865,984
VP 2	2030-31	\$274,386	\$866,940	\$17,978,714	\$2,434,773	\$0	\$42,890,620	\$0	\$0	\$21,554,813
VP 3	2031-32	\$274,283	\$462,368	\$17,976,021	\$2,420,039	\$0	\$42,524,946	\$0	\$0	\$21,132,710
VP 4	2032-33	\$274,183	\$866,940	\$17,969,989	\$2,405,532	\$0	\$42,168,299	\$0	\$0	\$21,516,643
VP 5	2033-34	\$274,096	\$462,368	\$17,979,649	\$2,393,476	\$0	\$41,857,243	\$0	\$0	\$21,109,589

Table 3 - "Value Limitation Revenue Model" - Project Value Added With Value Limit

Year of Agreement	School Year	199/5812 - Foundation School Fund	199/5811 - Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2017-18	\$260,304	\$462,368	\$21,276,384	\$0	\$0	\$23,252,638	\$0	\$0	\$21,999,056
0	2018-19	\$260,999	\$866,940	\$17,337,645	\$0	\$0	\$32,611,984	\$0	\$0	\$18,465,585
LP 1	2019-20	\$271,498	\$462,368	\$17,001,835	\$1,989,015	\$0	\$32,723,550	\$0	\$0	\$19,724,716
LP 2	2020-21	\$271,336	\$866,940	\$17,858,102	\$1,989,015	\$0	\$31,867,283	\$0	\$0	\$20,985,393
LP 3	2021-22	\$271,336	\$462,368	\$17,858,102	\$1,989,015	\$0	\$31,867,283	\$0	\$0	\$20,580,821
LP 4	2022-23	\$271,608	\$866,940	\$18,294,659	\$2,040,543	\$0	\$32,718,921	\$0	\$0	\$21,473,750
LP 5	2023-24	\$271,671	\$462,368	\$17,870,802	\$2,038,877	\$0	\$33,101,132	\$0	\$0	\$20,643,719
LP 6	2024-25	\$271,660	\$866,940	\$17,870,354	\$2,037,262	\$0	\$33,061,184	\$0	\$0	\$21,046,215
LP 7	2025-26	\$271,652	\$462,368	\$17,874,241	\$2,036,217	\$0	\$33,031,174	\$0	\$0	\$20,644,478
LP 8	2026-27	\$271,897	\$866,940	\$18,267,460	\$2,082,751	\$0	\$33,801,307	\$0	\$0	\$21,489,047
LP 9	2027-28	\$271,949	\$462,368	\$17,883,904	\$2,080,020	\$0	\$34,116,606	\$0	\$0	\$20,698,241
LP 10	2028-29	\$272,447	\$866,940	\$18,675,477	\$2,175,170	\$0	\$35,703,773	\$0	\$0	\$21,990,034
VP 1	2029-30	\$274,039	\$462,368	\$20,083,568	\$2,450,278	\$0	\$41,173,388	\$0	\$0	\$23,270,253
VP 2	2030-31	\$274,386	\$866,940	\$17,978,714	\$2,434,773	\$0	\$42,890,620	\$0	\$0	\$21,554,813
VP 3	2031-32	\$274,283	\$462,368	\$17,976,021	\$2,420,039	\$0	\$42,524,946	\$0	\$0	\$21,132,710
VP 4	2032-33	\$274,183	\$866,940	\$17,969,989	\$2,405,532	\$0	\$42,168,299	\$0	\$0	\$21,516,643
VP 5	2033-34	\$274,096	\$462,368	\$17,979,649	\$2,393,476	\$0	\$41,857,243	\$0	\$0	\$21,109,589

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	199/5812 - Foundation School Fund	199/5811 - Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LP 1	2019-20	-\$412	\$0	-\$624,856	-\$77,985	\$0	-\$1,324,769	\$0	\$0	-\$703,253
LP 2	2020-21	-\$503	\$0	-\$10,562	-\$74,384	\$0	-\$1,849,046	\$0	\$0	-\$85,449
LP 3	2021-22	-\$479	\$0	-\$9,850	-\$70,926	\$0	-\$1,763,310	\$0	\$0	-\$81,255
LP 4	2022-23	-\$457	\$0	\$5,817	-\$67,611	\$0	-\$1,696,098	\$0	\$0	-\$62,251
LP 5	2023-24	-\$437	\$0	-\$9,265	-\$64,432	\$0	-\$1,601,526	\$0	\$0	-\$74,134
LP 6	2024-25	-\$417	\$0	-\$8,550	-\$61,372	\$0	-\$1,525,752	\$0	\$0	-\$70,338
LP 7	2025-26	-\$397	\$0	-\$7,786	-\$58,434	\$0	-\$1,453,066	\$0	\$0	-\$66,617
LP 8	2026-27	-\$377	\$0	\$3,744	-\$55,618	\$0	-\$1,394,204	\$0	\$0	-\$52,251
LP 9	2027-28	-\$360	\$0	-\$7,183	-\$52,911	\$0	-\$1,315,593	\$0	\$0	-\$60,455
LP 10	2028-29	-\$343	\$0	\$13,032	-\$50,314	\$0	-\$1,270,890	\$0	\$0	-\$37,625
VP 1	2029-30	-\$76	\$0	\$404,345	\$0	\$0	-\$404,345	\$0	\$0	\$404,269
VP 2	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP 3	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP 4	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP 5	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5: Estimated Financial Impact of the Stateline Processing, LLC Property Value Limitation Request to Pecos-Barstow-Toyah ISD

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
0	2017-18	\$0	\$0	\$0	0.8607	\$0	\$0	\$0	\$0	\$0	\$0
0	2018-19	\$87,936,000	\$87,936,000	\$0	0.9500	\$835,392	\$835,392	\$0	\$0	\$0	\$0
LP 1	2019-20	\$224,962,560	\$30,000,000	\$194,962,560	1.0400	\$2,339,611	\$312,000	\$2,027,611	\$2,027,611	-\$703,253	\$1,324,358
LP 2	2020-21	\$215,960,760	\$30,000,000	\$185,960,760	1.0400	\$2,245,992	\$312,000	\$1,933,992	\$1,933,992	-\$85,449	\$1,848,543
LP 3	2021-22	\$207,315,960	\$30,000,000	\$177,315,960	1.0400	\$2,156,086	\$312,000	\$1,844,086	\$1,844,086	-\$81,255	\$1,762,830
LP 4	2022-23	\$199,028,160	\$30,000,000	\$169,028,160	1.0400	\$2,069,893	\$312,000	\$1,757,893	\$1,757,893	-\$62,251	\$1,695,641
LP 5	2023-24	\$191,079,040	\$30,000,000	\$161,079,040	1.0400	\$1,987,222	\$312,000	\$1,675,222	\$1,675,222	-\$74,134	\$1,601,088
LP 6	2024-25	\$183,430,160	\$30,000,000	\$153,430,160	1.0400	\$1,907,674	\$312,000	\$1,595,674	\$1,595,674	-\$70,338	\$1,525,335
LP 7	2025-26	\$176,085,200	\$30,000,000	\$146,085,200	1.0400	\$1,831,286	\$312,000	\$1,519,286	\$1,519,286	-\$66,617	\$1,452,669
LP 8	2026-27	\$169,045,960	\$30,000,000	\$139,045,960	1.0400	\$1,758,078	\$312,000	\$1,446,078	\$1,446,078	-\$52,251	\$1,393,827
LP 9	2027-28	\$162,277,680	\$30,000,000	\$132,277,680	1.0400	\$1,687,688	\$312,000	\$1,375,688	\$1,375,688	-\$60,455	\$1,315,233
LP 10	2028-29	\$155,785,840	\$30,000,000	\$125,785,840	1.0400	\$1,620,173	\$312,000	\$1,308,173	\$1,308,173	-\$37,625	\$1,270,547
VP 1	2029-30	\$149,555,800	\$149,555,800	\$0	1.0400	\$1,555,380	\$1,555,380	\$0	\$0	\$0	\$0
VP 2	2030-31	\$143,578,400	\$143,578,400	\$0	1.0400	\$1,493,215	\$1,493,215	\$0	\$0	\$0	\$0
VP 3	2031-32	\$137,839,000	\$137,839,000	\$0	1.0400	\$1,433,526	\$1,433,526	\$0	\$0	\$0	\$0
VP 4	2032-33	\$132,328,440	\$132,328,440	\$0	1.0400	\$1,376,216	\$1,376,216	\$0	\$0	\$0	\$0
VP5	2033-34	\$127,032,080	\$127,032,080	\$0	1.0400	\$1,321,134	\$1,321,134	\$0	\$0	\$0	\$0
TOTALS						\$27,618,564	\$11,134,863	\$16,483,702	\$16,483,702	-\$1,293,629	\$15,190,072

Estimated Financial Impact

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	School District Tax Benefit \$100 per ADA	Company Tax Benefit
0	2016-17	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2017-18	\$0	\$0	\$0	\$0.861	\$0	\$0	\$0	\$0	\$0	\$231,200	-\$231,200
0	2018-19	\$87,936,000	\$87,936,000	\$0	\$0.950	\$835,392	\$835,392	\$0	\$0	\$0	\$231,200	-\$231,200
LP 1	2019-20	\$224,962,560	\$30,000,000	\$194,962,560	\$1.040	\$2,339,611	\$312,000	\$2,027,611	-\$703,253	\$1,324,358	\$231,200	\$1,093,158
LP 2	2020-21	\$215,960,760	\$30,000,000	\$185,960,760	\$1.040	\$2,245,992	\$312,000	\$1,933,992	-\$85,449	\$1,848,543	\$231,200	\$1,617,343
LP 3	2021-22	\$207,315,960	\$30,000,000	\$177,315,960	\$1.040	\$2,156,086	\$312,000	\$1,844,086	-\$81,255	\$1,762,830	\$231,200	\$1,531,630
LP 4	2022-23	\$199,028,160	\$30,000,000	\$169,028,160	\$1.040	\$2,069,893	\$312,000	\$1,757,893	-\$62,251	\$1,695,641	\$231,200	\$1,464,441
LP 5	2023-24	\$191,079,040	\$30,000,000	\$161,079,040	\$1.040	\$1,987,222	\$312,000	\$1,675,222	-\$74,134	\$1,601,088	\$231,200	\$1,369,888
LP 6	2024-25	\$183,430,160	\$30,000,000	\$153,430,160	\$1.040	\$1,907,674	\$312,000	\$1,595,674	-\$70,338	\$1,525,335	\$231,200	\$1,294,135
LP 7	2025-26	\$176,085,200	\$30,000,000	\$146,085,200	\$1.040	\$1,831,286	\$312,000	\$1,519,286	-\$66,617	\$1,452,669	\$231,200	\$1,221,469
LP 8	2026-27	\$169,045,960	\$30,000,000	\$139,045,960	\$1.040	\$1,758,078	\$312,000	\$1,446,078	-\$52,251	\$1,393,827	\$231,200	\$1,162,627
LP 9	2027-28	\$162,277,680	\$30,000,000	\$132,277,680	\$1.040	\$1,687,688	\$312,000	\$1,375,688	-\$60,455	\$1,315,233	\$231,200	\$1,084,033
LP 10	2028-29	\$155,785,840	\$30,000,000	\$125,785,840	\$1.040	\$1,620,173	\$312,000	\$1,308,173	-\$37,625	\$1,270,547	\$231,200	\$1,039,347
VP 1	2029-30	\$149,555,800	\$149,555,800	\$0	\$1.040	\$1,555,380	\$1,555,380	\$0	\$0	\$0	\$231,200	-\$231,200
VP 2	2030-31	\$143,578,400	\$143,578,400	\$0	\$1.040	\$1,493,215	\$1,493,215	\$0	\$0	\$0	\$231,200	-\$231,200
VP 3	2031-32	\$137,839,000	\$137,839,000	\$0	\$1.040	\$1,433,526	\$1,433,526	\$0	\$0	\$0	\$231,200	-\$231,200
VP 4	2032-33	\$132,328,440	\$132,328,440	\$0	\$1.040	\$1,376,216	\$1,376,216	\$0	\$0	\$0	\$0	\$0
VP5	2033-34	\$127,032,080	\$127,032,080	\$0	\$1.040	\$1,321,134	\$1,321,134	\$0	\$0	\$0	\$0	\$0
						\$27,618,564	\$11,134,863	\$16,483,702	-\$1,293,629	\$15,190,072	\$3,468,000	\$11,722,072

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT F
Comptroller's 2016 ISD Summary Worksheet
For Pecos-Barstow-Toyah ISD

 Taxes

Property Tax Assistance

2016 ISD Summary Worksheet

195/Reeves

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	238,910,370	.9279	257,474,264	238,910,370
B. Multi-Family Residences	5,927,870	N/A	5,927,870	5,927,870
C1. Vacant Lots	20,973,120	N/A	20,973,120	20,973,120
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	10,213,270	1.2730	8,022,854	10,213,270
D2. Real Prop Farm & Ranch	658,260	N/A	658,260	658,260
E. Real Prop NonQual Acres	38,626,640	N/A	38,626,640	38,626,640
F1. Commercial Real	110,242,770	.8144	135,366,859	110,242,770
F2. Industrial Real	353,434,330	N/A	353,434,330	353,434,330
G. Oil, Gas, Minerals	1,326,524,420	1.0125	1,310,147,575	1,326,524,420
J. Utilities	352,783,680	.9654	365,427,470	352,783,680
L1. Commercial Personal	49,953,780	N/A	49,953,780	49,953,780

L2. Industrial Personal	683,517,170	N/A	683,517,170	683,517,170
M. Other Personal	15,610,220	N/A	15,610,220	15,610,220
N. Intangible Personal Property	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	3,207,375,900		3,245,140,412	3,207,375,900
Less Total Deductions	304,307,880		312,262,222	304,307,880
Total Taxable Value	2,903,068,020		2,932,878,190	2,903,068,020 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
2,922,344,515	2,903,068,020	2,922,344,515	2,903,068,020

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
19,276,495	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
3,069,210,795	3,049,934,300	3,069,210,795	3,049,934,300

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

238/Ward

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	5,508,250	N/A	5,508,250	5,508,250
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	1,775,340	N/A	1,775,340	1,775,340

C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	280,360	.7441	376,767	280,360
D2. Real Prop Farm & Ranch	192,590	N/A	192,590	192,590
E. Real Prop NonQual Acres	4,499,580	N/A	4,499,580	4,499,580
F1. Commercial Real	338,910	N/A	338,910	338,910
F2. Industrial Real	153,760,340	N/A	153,760,340	153,760,340
G. Oil, Gas, Minerals	499,045,530	1.0077	495,232,242	499,045,530
J. Utilities	123,239,650	.9671	127,432,168	123,239,650
L1. Commercial Personal	5,148,200	N/A	5,148,200	5,148,200
L2. Industrial Personal	25,676,200	N/A	25,676,200	25,676,200
M. Other Personal	567,150	N/A	567,150	567,150
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	820,032,100		820,507,737	820,032,100
Less Total Deductions	71,810,970		71,810,970	71,810,970
Total Taxable Value	748,221,130		748,696,767	748,221,130 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts

that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
748,221,130	748,221,130	748,221,130	748,221,130

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
0	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
816,140,630	816,140,630	816,140,630	816,140,630

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	244,418,620	.9294	262,982,514	244,418,620
B. Multi-Family Residences	5,927,870	N/A	5,927,870	5,927,870
C1. Vacant Lots	22,748,460	N/A	22,748,460	22,748,460
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	10,493,630	1.2493	8,399,621	10,493,630
D2. Real Prop Farm & Ranch	850,850	N/A	850,850	850,850
E. Real Prop NonQual Acres	43,126,220	N/A	43,126,220	43,126,220
F1. Commercial Real	110,581,680	.8149	135,705,769	110,581,680
F2. Industrial Real	507,194,670	N/A	507,194,670	507,194,670
G. Oil, Gas, Minerals	1,825,569,950	1.0112	1,805,379,817	1,825,569,950
J. Utilities	476,023,330	.9658	492,859,638	476,023,330
L1. Commercial Personal	55,101,980	N/A	55,101,980	55,101,980
L2. Industrial Personal	709,193,370	N/A	709,193,370	709,193,370
M. Other Personal	16,177,370	N/A	16,177,370	16,177,370
N. Intangible Personal Prop	0	N/A	0	0

O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	4,027,408,000		4,065,648,149	4,027,408,000
Less Total Deductions	376,118,850		384,073,192	376,118,850
Total Taxable Value	3,651,289,150		3,681,574,957	3,651,289,150 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT G
Proposed Agreement Between
Pecos-Barstow-Toyah ISD and
Stateline Processing, LLC



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 29, 2017

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1301 S. Eddy
Pecos, Texas 79772

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Stateline Processing, LLC, Application 1193

Dear Superintendent Haley:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Stateline Processing, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
J. Kevin Vann, WPX Energy, Inc.
Steve Rodich, WPX Energy, Inc.
Allen Espinosa, Merit Advisors

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY
FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

by and between

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

and

STATELINE PROCESSING, LLC

(Texas Taxpayer ID # 32062192607)

Comptroller Application # 1193

Dated

October 10, 2017

*Texas Economic Development Act
Agreement Comptroller Form 50-
826 (Jan 2016)*

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS
COUNTY OF REEVES

§
§

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **STATELINE PROCESSING, LLC**, Texas Taxpayer Identification Number 32062192607, hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on May 18, 2017, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on May 18, 2017, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and July 24, 2017 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Reeves Appraisal District established in Reeves County, Texas (the “Reeves County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on August 22, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on October 10, 2017, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on October 10, 2017, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on September 29, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on October 10, 2017, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means Stateline Processing, LLC, (Texas Taxpayer ID # 32062192607) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on May 18, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Reeves County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing cryogenic natural gas and will process rich wellhead gas and produce pipeline-quality gas, residue gas and natural gas liquids and achieving a Qualifying Investment of no less than \$30 million dollars.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative

decisions interpreting same.

“County” means Reeves County, Texas.

“District” or “School District” means the Pecos-Barstow-Toyah Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall

make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller's Rules, and this Agreement.

"State" means the State of Texas.

"Supplemental Payment" means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on the Applicant's Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2017. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"Applicable School Finance Law" means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically

at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means October 10, 2017, the start of the Qualifying Time Period.

“Cumulative Payments” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

“Lost M&O Revenue” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“New M&O Revenue” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

“Net Tax Benefit” means an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance and operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and

obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is July 24, 2017, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is October 10, 2017.

C. The Qualifying Time Period for this Agreement:

- i. Starts on October 10, 2017, the Application Approval Date.
- ii. End on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2019, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2028, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2033.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Thirty Million Dollars (\$30,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

A. Have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;

B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. Pay an average weekly wage of at least \$761.00 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

A. Provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. Provide payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, as more fully specified in Article V;

C. Provide such Supplemental Payments as more fully specified in Article VI;

D. Create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024 (b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,

- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

In the event that the calculations made under this Agreement by the Third Party should become the subject of litigation, the Parties stipulate that the Third Party's participation in any such dispute shall be limited to providing the court or administrative body with jurisdiction over such dispute with an explanation of the methodology used in reaching the Third Party's calculation so as to assist the court or administrative body.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the

Applicant's Qualified Property by the Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified appraisal roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third-Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the

Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI, (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the

Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period:

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; and

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning with the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable

access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject

of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District

revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement; or

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;

iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);

ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Reeves County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Reeves County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District,

except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b)

the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email

transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

Jim Haley
Superintendent (or his successor)
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, TX 79772
Phone: (432) 447-7201
Facsimile: (432) 447-3076
Email: jhaley@pbtisd.esc18.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin #106
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Stateline Processing, LLC
Attn: Steve Rodich, Tax Manager
WPX Energy, Inc.
3500 One Williams Center, MD 37
P.O. Box 3102
Tulsa, Oklahoma 74172
(539) 573-3139 Telephone
(539) 573-1871 Facsimile
steve.rodich@wpxenergy.com

With a copy (which shall not constitute notice) to:
Stateline Processing, LLC
Attention: Legal Counsel
3500 One Williams Center, Suite 3800
Tulsa, Oklahoma 74172
(539) 573-4850 Telephone
(539) 573-5608 Facsimile

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

i. The Applicant shall submit to the District and the Comptroller:

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Reeves County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number,

singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with

this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10th day of October, 2017.

STATELINE PROCESSING, LLC

PECOS-BARSTOW-TOYAH
INDEPENDENT SCHOOL DISTRICT

By: _____

Name: J. Kevin Vann _____

Title: SVP - CFO _____

By: _____

Gail Boy
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: _____

Bertha Motim Lad
SECRETARY, BOARD OF TRUSTEES

EXHIBIT 1
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

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 1/2 and the West 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 $\sqrt{=10}$ 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' 10" west, 196.31 feet,

South 70 °24'58" West 222.06 feet,
 South 59°40'14.3" West, 312.45 feet,
 South 35 °32'51" West, 290.05 feet
 South 50 °31' West, 270.69 feet
 South 39 °05'01" West, 124.02 feet,
 South 14°48'47" West, 750.44 feet,
 South 25°27'41" West, 248.78 feet,
 South 65 °38'09" West, 244.86 feet,
 South 79°34'14.6" West, 125.90 feet,
 South 42 °57'33" West, 170.03 feet,
 South 37 °15'32" West, 568.25 feet,
 South 23 °20'10.4" West, 80.08 feet,
 South 44°25'1 West, 416.95 feet,
 South 38 °06'25" West, 202.20 feet*
 South 85 °33'34" West, 384.54 feet,
 South 79 °30'16" West, 180.80 feet,
 North 86 °34'20" West 311.18 feet,
 North 67°10'14.9" West, 325.46 feet,
 South 81°53'13.3" West, 166.69 feet,
 North 87 °27'17" West, 252.83 feet,
 - 1 -
 South 78 °23'04" West, 347.26 feet,
 North 85°44'46.1" West, 218.10 feet,
 South 72°09'14.3" West, 135.16 feet,
 South 34°50'35" West, 307.11 feet,
 South 23°26'19.1" West, 298.24 feet,
 South 18°28'26" West, 250.78 feet,

 South 01°22'15" East, 347.60 feet,
 South 11 West, 232.17 feet,
 South 02°30'11.3" East, 105.06 feet,
 South 11°49'13.7" 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 1/2 and the West 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)

EXHIBIT 2

DESCRIPTION AND LOCATION 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 1/2 and the West 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 5/8" 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 '10" west, 196.31 feet,

South 70 °24'58" West 222.06 feet,
 South 59°04'01.43" West, 312.45 feet,
 South 35 ° 32'51" West, 290.05 feet
 South 50 ° 31' West, 270.69 feet
 South 39 ° 05'01" West, 124.02 feet,
 South 140°48'47" West, 750.44 feet,
 South 25° 27'41" West, 248.78 feet,
 South 65 °38'09" West, 244.86 feet,
 South 79°03'41.46" West, 125.90 feet,
 South 42 ° 57'33" West, 170.03 feet,
 South 37 °15'32" West, 568.25 feet,
 South 23 °20 '104" West, 80.08 feet,
 South 44°02'5'1 West, 416.95 feet,
 South 38 °06'25" T West, 202.20 feet*
 South 85 °33'34" West, 384.54 feet,
 South 79 ° 30 '16" West, 180.80 feet,
 North 86 ° 34'20" West 311.18 feet,
 North 67°10 '149" West, 325.46 feet,
 South 81°53'133" West, 166.69 feet,
 North 87 ° 27 '17" West, 252.83 feet,
 - 1 -
 South 78 °23'04" West, 347.26 feet,
 North 85°04'46'1 West, 218.10 feet,
 South 72 °09'143" West, 135.16 feet,
 South 34° 50'35" West, 307.11 feet,
 South 23°26 '19 '1 West, 298.24 feet,
 South 18°28'26" West, 250.78 feet,
 South 01 °22'15" 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 $29^{\circ}56'03''$ 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 1/2 and the West 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}

EXHIBIT 3

APPLICANT'S 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.

EXHIBIT 4

DESCRIPTION AND LOCATION 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.

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Stateline Processing, LLC (Tax ID 32062192607) (Application #1193)

ATTACHMENT H
Letter from the Texas Commissioner of
Education Regarding Impact on
Enrollment

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

August 18, 2017

Gail Box, President
Board of Trustees
Pecos-Barstow-Toyah Independent School District
PO Box 869
Pecos, TX 79772-0869



Dear Mrs. Box:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Stateline Processing, Inc. project #1193 on the number and size of school facilities in Pecos-Barstow-Toyah Independent School District (PBTISD). Based on an examination of PBTISD enrollment and the number of potential new jobs, the TEA has determined that the Stateline Processing, Inc. project should not have a significant impact on the number or size of school facilities in PBTISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

Handwritten signature of Al McKenzie.

Al McKenzie
Director of State Funding

AM/rk
Cc: Jim Haley