THE STATE OF TEXAS §
COUNTY OF ANDREWS §

TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement ("Agreement") is entered into by and among the City of Andrews, Texas, a home rule municipality, duly acting herein by and through its Mayor, hereinafter referred to as ("CITY"); the County of Andrews, Texas, a political subdivision of the State of Texas ("COUNTY"), duly acting herein by and through its Judge; the Andrews County Hospital District, a special district and a political subdivision of the State of Texas ("HOSPITAL"), duly acting herein by and through the President of its Board of Trustees (the aforementioned hereinafter referred to collectively as "TAXING UNITS"); and Corral Oil Field Services, LLC ("COMPANY"), duly acting by and through, Lorenzo Corral and Carlos Corral, both COMPANY Managers and authorized to enter into this Agreement.

WITNESSETH

WHEREAS, on the 13th day of May, 2004, the City Council of the City of Andrews, Texas, passed Ordinance No. 1333 establishing a Reinvestment Zone, for commercial or industrial tax abatement, hereinafter referred to as the ORDINANCE, as authorized by Chapter 312 of the Texas Tax Code, as amended, hereinafter referred to as STATUTE; and

WHEREAS, the TAXING UNITS have adopted Resolution No. 531, stating that they elect to be eligible to participate in tax abatement, hereinafter referred to as the POLICY; and

WHEREAS, the CITY and TAXING UNITS desire to maintain and/or enhance the commercial/industrial economic and employment base of the City of Andrews in order to promote their long-term interest and benefit, in accordance with said ORDINANCE and STATUTE; and

WHEREAS, the contemplated use of the PREMISES, as hereinafter defined, the contemplated improvements to the PREMISES in the amount as set forth in this Agreement, and the other terms hereof are consistent with encouraging development of said Reinvestment Zone, in accordance with the purposes for its creation, and are in compliance with the POLICY, ORDINANCE, and similar Guidelines and Criteria adopted by the CITY and all applicable law;

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. The property to be the subject of this Agreement shall be that property belonging to COMPANY and described and shown on the maps attached hereto as EXHIBIT A, and made a part hereof, and shall be hereinafter referred to as the PREMISES. The PREMISES are located entirely within the City of Andrews and within the designated Reinvestment Zone.

2. COMPANY shall, within TWELVE (12) MONTHS of the execution of this Agreement, construct or cause to be constructed its Corporate Headquarters on the PREMISES with total new construction and equipment costs (hereinafter referred to as IMPROVEMENTS) of approximately $500,000, as further described in EXHIBIT B, made a part hereof. The qualifying IMPROVEMENTS are those defined as such in Section II of the Guidelines and Criteria. The COMPANY shall have such additional time to complete the IMPROVEMENTS as may be required in the event of "force majeure" if diligently and faithfully pursuing completion of the IMPROVEMENTS. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of COMPANY, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of COMPANY), fires, explosions or floods, and strikes.

3. The kind, number, and location of all IMPROVEMENTS are described in EXHIBIT B. In addition, floor plans showing the facility and equipment as planned and described in EXHIBIT B will be provided to the office of the Andrews County Appraisal District **prior to** commencement of construction or equipment installation. After completion of IMPROVEMENTS, the COMPANY shall certify in writing the costs of construction, costs of equipment and other tangible personal property, and costs associated with installation of that property. Such certification shall be deemed to be incorporated by reference herein and made a part hereof for all purposes. COMPANY's abatement may be denied or reduced for failure to provide the floor plans and certification in a timely manner (also see Paragraph 6).

4. The COMPANY agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, pursue the completion of the IMPROVEMENTS as a good and valuable consideration of this Agreement. COMPANY further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable state and local laws and regulations or valid waiver thereof, including but not limited to CITY's comprehensive zoning ordinance. In further consideration for this Agreement, COMPANY shall thereafter continuously operate and maintain during the Term of this Agreement, except as excused because of "force majeure" events as defined above in Paragraph 2, the PREMISES as a warehouse and light manufacturing facility. The PREMISES and the IMPROVEMENTS constructed thereon shall at all times during the Term of this Agreement be used in a manner that is consistent with the City's general purpose of encouraging development in the Reinvestment Zone and with the City's comprehensive zoning ordinance, as amended.

5. The COMPANY agrees and covenants to show reasonable progress toward the creation of eleven new full-time Andrews-based JOBS within TWELVE (12) MONTHS of this Agreement and to comply with the additional job creation requirements as outlined in Exhibit "B".

6. Compliance with this Agreement will be subject to such monitoring by the CITY and TAXING UNITS as each such party deems reasonable and appropriate. The COMPANY also will be required on an annual basis, and as a condition of tax abatements, to provide to the CITY and TAXING UNITS written documentation on or before April 1st of each year that reasonable progress has been made toward all of its commitments and requirements set forth in this Agreement. Each year's abatement during the Term of this Agreement shall stand on its own. If the conditions for abatement are not met for a year, CITY and each TAXING UNIT may choose, at their sole discretion, to terminate this Agreement as to them or continue the Agreement without any abatement for that year.

7. In the event that (1) the IMPROVEMENTS and/or JOBS for which the Reinvestment Zone has been created are not completed in accordance with this Agreement, or (2) COMPANY allows its ad valorem taxes owed the CITY or TAXING UNITS to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes, or (3) COMPANY breaches any other terms or conditions of this Agreement, then COMPANY shall be in default of this Agreement .

In the event the CITY or any TAXING UNIT considers that the COMPANY is in default, then each affected party shall give the COMPANY written notice of such default, with copies to the other parties, and, if the COMPANY has not cured such default within thirty (30) days of being served with said written notice or, if such default cannot be cured by the payment of money by the Company to an affected party or cannot with due diligence be cured within a ninety (90) day period due to causes beyond the control of the COMPANY, then this Agreement may be terminated by the affected party or, to the extent permissible by law, modified by the affected party as to itself and the COMPANY, provided any such modification does not adversely affect the rights or interests of any other extant parties hereto. Notice shall be in writing and shall be delivered by personal delivery or certified mail, return receipt requested.

In the event of default with respect to the required IMPROVEMENTS, then pursuant to Tax Code Section 312.205(a)(4) all taxes which otherwise would have been paid to an affected party without the benefit of abatement (without the addition of penalty through the date of default, but with interest charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code of the State of Texas) will become a debt to the affected party or parties, and shall be due and owing, and must be paid to the affected party or parties within sixty (60) days of the expiration of the above mentioned applicable cure period as the sole remedy of the affected party or parties, subject to any and all lawful offsets, settlements, deductions or credits to which COMPANY may be entitled. In the event a debt is created by a default in required IMPROVEMENTS, an affected party may consider all factors in determining whether to recommend to the party's governing body the terms of collection.

In the event of default with respect to the required job creation or any other performance criteria, then pursuant to Tax Code Section 312.205(b)(6) all taxes which

otherwise would have been paid to an affected party without the benefit of abatement (without the addition of penalty through the date of default, but with interest charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code of the State of Texas) will become a debt to the affected party or parties, and shall be due and owing, and must be paid to the affected party or parties within sixty (60) days of the expiration of the above mentioned applicable cure period as the sole remedy of the affected party or parties, subject to any and all lawful offsets, settlements, deductions or credits to which COMPANY may be entitled. In the event a debt is created by a default in required job creation or any other performance criteria, an affected party may consider all factors in determining whether to recommend to the party's governing body that its debt not be collected, in full or in part, and/or the terms of collection.

Notwithstanding anything in this Agreement otherwise or to the contrary, the CITY and TAXING UNITS reserve the right to seek any judicial remedy available at law or in equity to enforce the provisions of this Agreement and/or their rights hereunder.

8. The CITY and TAXING UNITS each represent and warrant that the PREMISES do not include any property that is owned by a member of their respective councils or boards, agencies, commissions, or other governmental bodies approving or having responsibility for the approval of this Agreement.

9. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. The Agreement cannot be assigned by COMPANY unless written permission is first granted by the CITY and TAXING UNITS, which permission shall be at the sole discretion of the CITY and TAXING UNITS, except that under the following conditions no written permission shall be required, provided the COMPANY notifies the CITY and TAXING UNITS in writing no less than thirty (30) days before the contemplated assignment:

A. Assignment to a wholly-owned subsidiary of COMPANY or to its parent company is permissible.

B. A transfer of interest, under a "Sale and Lease Back", is permissible wherein Corral Oil Field Services, LLC shall continue to conduct business on the subject PREMISES.

In the event of any assignment by the COMPANY it shall continue to be bound by this Agreement, and the assignee must acknowledge in writing that it assumes the COMPANY's obligations hereunder (joint and several liability).

10. It is understood and agreed by and among the parties to this Agreement that no partnership is intended to be nor is created between the COMPANY and the CITY or other TAXING UNITS, that the COMPANY, in performing its obligations hereunder, is acting on its own behalf and as an independent contractor, that the CITY and TAXING UNITS assume no responsibilities or liabilities in connection therewith to third parties, and COMPANY agrees

to defend, indemnify and hold CITY and TAXING UNITS harmless therefrom. It is further understood and agreed by and among the parties hereto that the CITY and the TAXING UNITS, in performing their obligations hereunder, are each acting independently and on their own behalf, and COMPANY assumes no responsibilities or liabilities in connection therewith to third parties, and the CITY and TAXING UNITS agree to the full extent allowed by law to indemnify and hold COMPANY harmless therefrom.

The COMPANY further agrees that the CITY and TAXING UNITS, their agents and employees, at all times shall have reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to ensure that the construction of the IMPROVEMENTS is in accordance with this Agreement and all applicable state and local laws and regulations or valid waiver thereof. After completion of the IMPROVEMENTS and until the expiration of this Agreement, the CITY and TAXING UNITS shall have the continuing right to inspect the PREMISES, subject to reasonable security requirements, to ensure that the PREMISES are thereafter maintained and operated in accordance with this Agreement.

11. Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the CITY and TAXING UNITS, a portion of ad valorem real and personal property taxes from the PREMISES otherwise owed to the CITY and TAXING UNITS shall be abated by the CITY and the TAXING UNITS. Said abatement shall be for ad valorem taxes otherwise due in the year in which this Agreement is executed, or the appropriate appreciated or depreciated value thereafter, and in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof; provided that the COMPANY shall have the right to protest and/or contest any assessment of the PREMISES, IMPROVEMENTS, and/or taxable personal property, and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest.

Said abatement regarding real property shall be for the benefit of the COMPANY for the payment of ad valorem taxes that would otherwise be due and payable thereon by COMPANY as the owner of the property for the IMPROVEMENTS on the PREMISES, shall extend for a period of five (5) years ("Term") beginning the 1st day of January of the year following the issuance of a certificate of occupancy. In accordance with the above, said abatement shall be 100% of real property tax payable by COMPANY for the IMPROVEMENTS on the PREMISES. Entitlement to any abatement is subject to review and evaluation for performance indicators annually.

Said abatement regarding personal property tax (furniture, fixtures, and equipment) shall extend for a period of five (5) years beginning the 1st day of January of the year following the issuance of a certificate of occupancy. Said abatement shall be 100% of personal property tax to COMPANY as herein set out. Entitlement to any abatement is subject to review and evaluation for performance indicators annually.

Said abatement regarding personal property tax (inventory) shall extend for a period of three (3) years beginning the 1st day of January following the issuance of a certificate of

occupancy. Said abatement shall be l00% of personal property tax (inventory) to COMPANY as herein set out. Entitlement to any abatement is subject to review and evaluation for performance indicators annually.

12. This shall constitute a valid and binding Agreement between the CITY and COMPANY when executed in accordance herewith, regardless of whether any other TAXING UNIT executes this Agreement. If a TAXING UNIT executes this Agreement, this shall constitute a valid and binding agreement between such TAXING UNIT and COMPANY when executed on behalf of said parties, for the abatement of such TAXING UNIT's taxes in accordance herewith. If one or more of the TAXING UNITS opts not to participate in this Agreement by specific action by their governing body, this Agreement shall continue to be valid and binding on all remaining TAXING UNIT(S).

13. This Agreement shall be exclusively governed by, construed, and enforced in accordance with, and subject to, the laws of the State of Texas, or federal law where applicable. The sole, exclusive and mandatory venue for any disputes arising from or concerning this Agreement shall be Andrews County, Texas. The parties to this Agreement each waive a trial by jury of any and all issues arising in any action or proceeding between or among the parties hereto or their successors, under or connected with this Agreement or any of its provisions.

14. This Agreement and its exhibits constitute the entire agreement between and among the parties hereto concerning the subject matter hereof. All prior agreements, discussions, representations, warranties, and covenants are merged herein. There are no warranties, representations, covenants, or agreements, express or implied, between or among the parties except those expressly set forth in this Agreement. This Agreement may only be amended by a written document duly executed by the extant parties subject hereto.

15. This Agreement is performable in Andrews County, Texas.

PASS AND APPROVED on this 9th of May 2019.

ATTEST:

Sara Copeland

Sara Copeland, City Secretary

CITY OF ANDREWS, TEXAS

Flora Braly

Flora Braly, Mayor

PASS AND APPROVED on this 3rd of June 2019.

ATTEST:

Vicki Scott, County Clerk

ANDREWS COUNTY COMMISSIONERS COURT

Charlie Falcon, Judge

PASS AND APPROVED on this _____ of _____ 2019.

ATTEST:

Secretary, Board of Trustees

ANDREWS COUNTY HOSPITAL DISTRICT

President, Board of Trustees

APPROVED on this 9th of May 2019.

ATTEST:

Morse Haynes, EDC Director

CORRAL OIL FIELD SERVICES, LLC

Carlos Corral, Manager

Lorenzo Corral, Manager

EXHIBIT "A"

BUSINESS PARK WEST - PHASE IV

A REPLAT OF LOT 36, BUSINESS PARK WEST - PHASE II

AN 11.17 ACRE TRACT LOCATED IN
THE NORTH PART OF THE WEST 3/4 OF
SECTION 17, BLOCK A-46
PUBLIC SCHOOL LAND
ANDREWS COUNTY, TEXAS

LEGAL DESCRIPTION

An 11.17 acre tract of land out of the North part of the West ¾ of Section 17, Block A-46, Public School Land, Andrews County, Texas, being all of Lot 36, Business Park West – Phase II, as per plat recorded in Slide 399, Plat Cabinet of Andrews County, Texas, said 11.17 acre tract being more particularly described as follows:

BEGINNING at a ½" iron rod with cap marked "NEWTON SURVEYING" set for the Northwest corner of said Lot 36 and for the Northeast corner of the tract, from which a 4" iron pipe with 3" aluminum cap found for the Northwest corner of said Section 17 bears N.12°55'28"W. 20.00 feet and S.76°47'08"W. 2243.59 feet, bearings compared to the Texas Coordinate System of 1983, North Central Zone, distances are true at an averaged surface elevation);

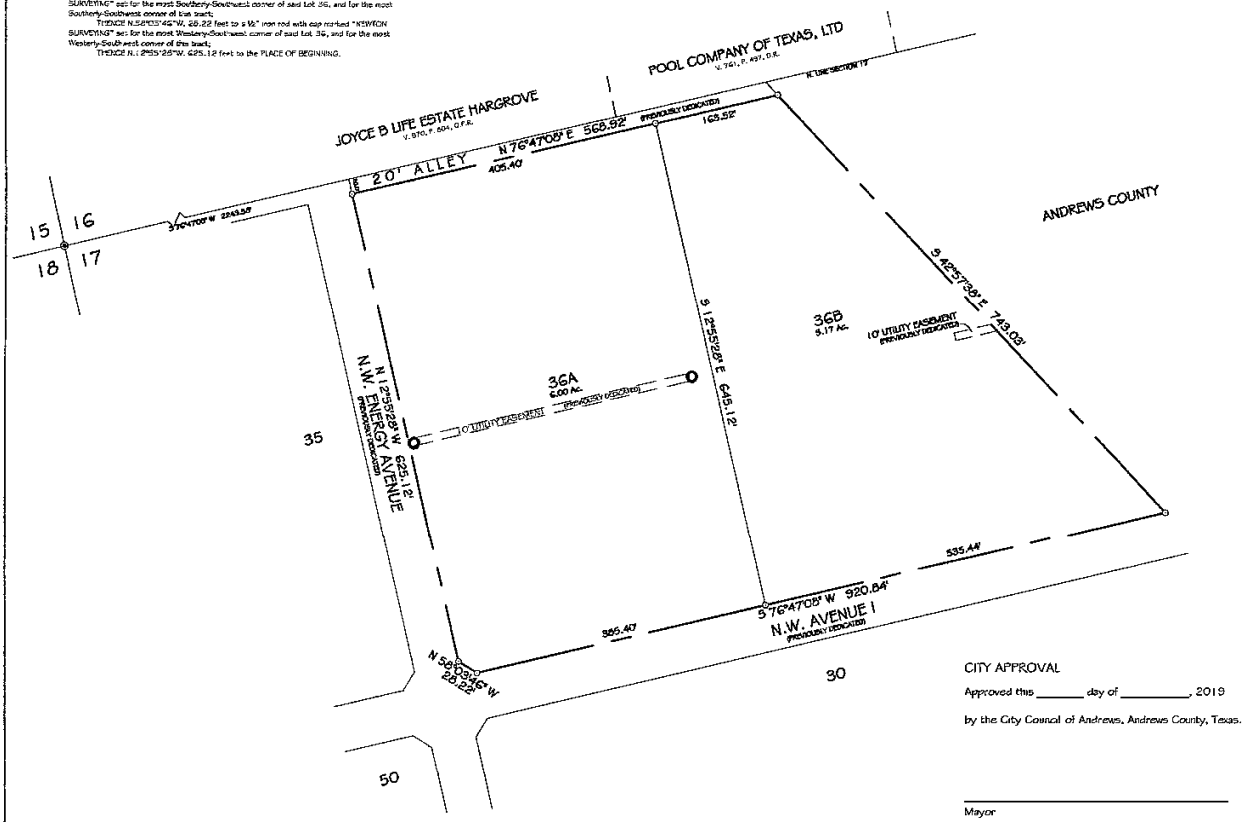
THENCE N.76°47'08"E. 568.92 feet to a ½" iron rod with cap marked "NEWTON SURVEYING" set for the Northeast corner of said Lot 36, and for the Northeast corner of this tract;

THENCE S.42°57'39"E., 743.03 feet to a ½" iron rod with cap marked "NEWTON SURVEYING" set for the Southeast corner of said Lot 36, and for the Southeast corner of this tract;

THENCE S.76°47'08"W. 920.84 feet to a ½" iron rod with cap marked "NEWTON SURVEYING" set for the most Southerly-Southwest corner of said Lot 36, and for the most Southerly-Southwest corner of this tract;

THENCE N.58°03'46"W. 28.12 feet to a ½" iron rod with cap marked "NEWTON SURVEYING" set for the most Westerly-Southwest corner of said Lot 36, and for the most Westerly-South west corner of this tract;

THENCE N.12°55'28"W. 625.12 feet to the PLACE OF BEGINNING.



CITY APPROVAL

Approved this _____ day of _____, 2019

by the City Council of Andrews, Andrews County, Texas.

_____
Mayor

_____
City Secretary

DEDICATION

That we, Andrews Economic Development Corporation, owners of the tract of land shown hereon, do hereby adopt this plat, designating the property as Business Park West - Phase IV, a replat of Lot 36, Business Park West - Phase II, an 11.17 acre tract located in the North part of the West 3/4 of Section 17, Block A-46, Public School Land, Andrews County, Texas.

Witness my hand, this the _____ day of _____, A.D. 2019.

_____
Andrews Economic Development Corporation

STATE OF TEXAS
This instrument was acknowledged before me by the persons whose name appears above.
This the _____day of _____, 2019

_____
Notary Public, State of Texas

N

100 0 100 200 300 Feet

GENERAL NOTES:
1. This property may be encumbered with any rights-of-way and easements not indicated hereon.
2. All bearings compared to the Texas Coordinate System of 1983, North Central Zone. All distances are true at an averaged surface elevation.
3. Call 1-800-DIG-TESS before excavating, digging, or placing any structures hereon.
4. See notes on plat of Business Park West, Phase II located in Slide 399, Plat Cabinet, Andrews County, Texas, for descriptions of easements.

◉ = 3/4" IRON PIPE WITH 3" ALUMINUM CAP FOUND ON THIS SURVEY
⊙ = 1/2" IRON ROD WITH CAP MARKED "GWS 5356" FOUND ON THIS SURVEY
○ = 1/2" IRON ROD WITH CAP MARKED "NEWTON SURVEYING" SET ON THIS SURVEY
—— = LIMITS OF SUBDIVISION

I hereby certify that this plat correctly shows the results of an actual survey made upon the ground.

This the 26th day of February, 2019.

PRELIMINARY

J.N. NEWTON, PROFESSIONAL LAND SURVEYOR NO. 1690
JOHN KLASSEN, PROFESSIONAL LAND SURVEYOR NO. 6605

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J. N. NEWTON & ASSOCIATES, INC.
TBPLS FIRM # 10052000
Land Surveying and Mapping
215 SW 2nd Street
Seminole, Texas 79360
800-284-2607 or 432-758-2015 FAX 432-758-9090

Date of Survey: February 11, 2019
Drawn By: TED Job No. 21036