



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 8, 2015

Keith Brown
Superintendent
Bay City Independent School District
P.O. Box 2510
Bay City, Texas 77414

Dear Superintendent Brown:

On March 17, 2015, the Comptroller issued written notice that Oxea Corp. (the applicant) submitted a completed application (Application #1028) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 25, 2014, to the Bay City Independent School District (the 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 #1028.

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.

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

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 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).

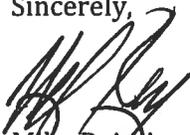
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Mar. 17, 2015, 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 Korry Castillo, Director, Data Analysis & Transparency Division, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Oxea Corp. (the project) applying to Bay City Independent School District (the 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 Oxea Corp.

Applicant	Oxea Corp.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Bay City ISD
2013-14 Enrollment in School District	3,735
County	Matagorda
Proposed Total Investment in District	\$245,000,000
Proposed Qualified Investment	\$216,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	19
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$962
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$858
Minimum annual wage committed to by applicant for qualified jobs	\$50,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$12,894,737
Estimated M&O levy without any limit (15 years)	\$25,418,523
Estimated M&O levy with Limitation (15 years)	\$8,576,139
Estimated gross M&O tax benefit (15 years)	\$16,842,384

Table 2 is the estimated statewide economic impact of Oxea Corp. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	159	202	361	\$8,268,000	\$13,732,000	\$22,000,000
2016	336	473	809	\$17,434,000	\$36,566,000	\$54,000,000
2017	19	114	133	\$950,000	\$13,050,000	\$14,000,000
2018	19	92	111	\$950,000	\$11,050,000	\$12,000,000
2019	19	71	90	\$950,000	\$10,050,000	\$11,000,000
2020	19	53	72	\$950,000	\$8,050,000	\$9,000,000
2021	19	49	68	\$950,000	\$8,050,000	\$9,000,000
2022	19	45	64	\$950,000	\$8,050,000	\$9,000,000
2023	19	47	66	\$950,000	\$8,050,000	\$9,000,000
2024	19	53	72	\$950,000	\$8,050,000	\$9,000,000
2025	19	49	68	\$950,000	\$8,050,000	\$9,000,000
2026	19	51	70	\$950,000	\$8,050,000	\$9,000,000
2027	19	59	78	\$950,000	\$9,050,000	\$10,000,000
2028	19	63	82	\$950,000	\$10,050,000	\$11,000,000
2029	19	65	84	\$950,000	\$11,050,000	\$12,000,000
2030	19	65	84	\$950,000	\$11,050,000	\$12,000,000

Source: CPA, REMI, Oxea Corp.

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	Tax Rate ¹	Bay City ISD I&S Tax Levy	Bay City ISD M&O Tax Levy	Bay City ISD M&O and I&S Tax Levies	Matagorda County Tax Levy	Port of Bay City Tax Levy	Matagorda Co Hospital District Tax Levy	Coastal Plains Groundwater District Tax Levy	Matagorda Drainage District #1 Tax Levy	Matagorda County Conservation and Reclamation District Tax Levy	Estimated Total Property Taxes
2015	\$1,050,470	\$1,050,470		\$2,031	\$12,052	\$14,083	\$4,355	\$180	\$2,689	\$50	\$903	\$55	\$22,315
2016	\$39,150,470	\$39,150,470		\$75,694	\$449,173	\$524,867	\$162,298	\$6,718	\$100,225	\$1,864	\$33,669	\$2,044	\$831,685
2017	\$105,300,470	\$105,300,470		\$203,588	\$1,208,112	\$1,411,700	\$436,523	\$18,070	\$269,569	\$5,012	\$90,558	\$5,497	\$2,236,929
2018	\$204,150,470	\$204,150,470		\$394,705	\$2,342,218	\$2,736,923	\$846,306	\$35,032	\$522,625	\$9,718	\$175,569	\$10,657	\$4,336,830
2019	\$191,760,470	\$191,760,470		\$370,750	\$2,200,068	\$2,570,818	\$794,943	\$32,906	\$490,907	\$9,128	\$164,914	\$10,010	\$4,073,625
2020	\$186,992,720	\$186,992,720		\$361,532	\$2,145,367	\$2,506,899	\$775,178	\$32,088	\$478,701	\$8,901	\$160,814	\$9,761	\$3,972,342
2021	\$182,344,164	\$182,344,164		\$352,544	\$2,092,035	\$2,444,579	\$755,908	\$31,290	\$466,801	\$8,680	\$156,816	\$9,518	\$3,873,592
2022	\$177,811,821	\$177,811,821		\$343,781	\$2,040,035	\$2,383,816	\$737,119	\$30,513	\$455,198	\$8,464	\$152,918	\$9,282	\$3,777,310
2023	\$173,392,788	\$173,392,788		\$335,238	\$1,989,335	\$2,324,573	\$718,800	\$29,754	\$443,886	\$8,253	\$149,118	\$9,051	\$3,683,435
2024	\$169,084,230	\$169,084,230		\$326,907	\$1,939,903	\$2,266,811	\$700,939	\$29,015	\$432,856	\$8,048	\$145,412	\$8,826	\$3,591,907
2025	\$164,883,386	\$164,883,386		\$318,786	\$1,891,707	\$2,210,493	\$683,524	\$28,294	\$422,101	\$7,848	\$141,800	\$8,607	\$3,502,667
2026	\$160,787,563	\$160,787,563		\$310,867	\$1,844,716	\$2,155,582	\$666,545	\$27,591	\$411,616	\$7,653	\$138,277	\$8,393	\$3,415,658
2027	\$156,794,135	\$156,794,135		\$303,146	\$1,798,899	\$2,102,045	\$649,590	\$26,906	\$401,393	\$7,463	\$134,843	\$8,185	\$3,330,825
2028	\$152,900,544	\$152,900,544		\$295,618	\$1,754,228	\$2,049,846	\$633,849	\$26,238	\$391,425	\$7,278	\$131,494	\$7,981	\$3,248,112
2029	\$149,104,292	\$149,104,292		\$288,278	\$1,710,674	\$1,998,952	\$618,112	\$25,586	\$381,707	\$7,097	\$128,230	\$7,783	\$3,167,467
2030	\$145,402,946	\$145,402,946		\$281,122	\$1,668,208	\$1,949,330	\$602,768	\$24,951	\$372,232	\$6,921	\$125,047	\$7,590	\$3,088,838
					Total	\$31,651,316	\$9,787,156	\$405,132	\$6,043,932	\$112,379	\$2,030,383	\$123,240	\$50,153,539

Source: CPA, Oxea Corp.

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Matagorda 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 and tax abatement with the county.

The difference noted in the last line is the difference between the totals in 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	Tax Rate ¹	Bay City ISD I&S Tax Levy	Bay City ISD M&O Tax Levy	Bay City ISD M&O and I&S Tax Levies	Matagorda County Tax Levy	Port of Bay City Tax Levy	Matagorda Co Hospital District Tax Levy	Coastal Plains Groundwater District Tax Levy	Matagorda Drainage District #1 Tax Levy	Matagorda County Conservation and Reclamation District Tax Levy	Estimated Total Property Taxes	
			0.1933	1.1473			0.4146	0.0172	0.2560	0.0048	0.0860	0.0052		
2015	\$1,050,470	\$1,050,470		\$2,031	\$12,052	\$14,083	\$2,177	\$180	\$2,689	\$50	\$903	\$55	\$20,138	
2016	\$39,150,470	\$39,150,470		\$75,694	\$449,173	\$524,867	\$81,149	\$6,718	\$100,225	\$1,864	\$33,669	\$2,044	\$750,536	
2017	\$105,300,470	\$105,300,470		\$203,588	\$1,208,112	\$1,411,700	\$218,262	\$18,070	\$269,569	\$5,012	\$90,558	\$5,497	\$2,018,668	
2018	\$204,150,470	\$30,000,000		\$394,705	\$344,190	\$738,895	\$846,306	\$35,032	\$522,625	\$9,718	\$175,569	\$10,657	\$2,338,801	
2019	\$191,760,470	\$30,000,000		\$370,750	\$344,190	\$714,940	\$794,943	\$32,906	\$490,907	\$9,128	\$164,914	\$10,010	\$2,217,747	
2020	\$186,992,720	\$30,000,000		\$361,532	\$344,190	\$705,722	\$775,178	\$32,088	\$478,701	\$8,901	\$160,814	\$9,761	\$2,171,165	
2021	\$182,344,164	\$30,000,000		\$352,544	\$344,190	\$696,734	\$755,908	\$31,290	\$466,801	\$8,680	\$156,816	\$9,518	\$2,125,747	
2022	\$177,811,821	\$30,000,000		\$343,781	\$344,190	\$687,971	\$737,119	\$30,513	\$455,198	\$8,464	\$152,918	\$9,282	\$2,081,465	
2023	\$173,392,788	\$30,000,000		\$335,238	\$344,190	\$679,428	\$718,800	\$29,754	\$443,886	\$8,253	\$149,118	\$9,051	\$2,038,290	
2024	\$169,084,230	\$30,000,000		\$326,907	\$344,190	\$671,097	\$700,939	\$29,015	\$432,856	\$8,048	\$145,412	\$8,826	\$1,996,194	
2025	\$164,883,386	\$30,000,000		\$318,786	\$344,190	\$662,976	\$683,524	\$28,294	\$422,101	\$7,848	\$141,800	\$8,607	\$1,955,150	
2026	\$160,787,563	\$30,000,000		\$310,867	\$344,190	\$655,057	\$666,545	\$27,591	\$411,616	\$7,653	\$138,277	\$8,393	\$1,915,133	
2027	\$156,794,135	\$30,000,000		\$303,146	\$344,190	\$647,336	\$649,990	\$26,906	\$401,393	\$7,463	\$134,843	\$8,185	\$1,876,116	
2028	\$152,900,544	\$152,900,544		\$295,618	\$1,754,228	\$2,049,846	\$633,849	\$26,238	\$391,425	\$7,278	\$131,494	\$7,981	\$3,248,112	
2029	\$149,104,292	\$149,104,292		\$288,278	\$1,710,674	\$1,998,952	\$618,112	\$25,586	\$381,707	\$7,097	\$128,230	\$7,783	\$3,167,467	
2030	\$145,402,946	\$145,402,946		\$281,122	\$1,668,208	\$1,949,330	\$602,768	\$24,951	\$372,232	\$6,921	\$125,047	\$7,590	\$3,088,838	
						Total	\$14,808,932	\$8,882,800	\$405,132	\$6,043,932	\$112,379	\$2,030,383	\$123,240	\$33,009,567
						Diff	\$16,842,384	\$904,356	\$0	\$0	\$0	\$0	\$0	\$17,143,972

Source: CPA, Oxea Corp.

¹Tax 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 over 25 Years

This represents the Comptroller’s determination that Oxea Corp. (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	2014	\$12,052	\$12,052	\$0	\$0
	2015	\$449,185	\$461,237	\$0	\$0
	2016	\$1,208,144	\$1,669,381	\$0	\$0
Limitation Period (10 Years)	2017	\$344,199	\$2,013,580	\$1,998,081	\$1,998,081
	2018	\$344,199	\$2,357,779	\$1,855,926	\$3,854,007
	2019	\$344,199	\$2,701,978	\$1,801,225	\$5,655,232
	2020	\$344,199	\$3,046,177	\$1,747,890	\$7,403,122
	2021	\$344,199	\$3,390,376	\$1,695,889	\$9,099,011
	2022	\$344,199	\$3,734,575	\$1,645,188	\$10,744,200
	2023	\$344,199	\$4,078,774	\$1,595,755	\$12,339,955
	2024	\$344,199	\$4,422,973	\$1,547,558	\$13,887,512
	2025	\$344,199	\$4,767,172	\$1,500,565	\$15,388,077
	2026	\$344,199	\$5,111,371	\$1,454,747	\$16,842,824
Maintain Viable Presence (5 Years)	2027	\$1,754,274	\$6,865,645	\$0	\$16,842,824
	2028	\$1,710,718	\$8,576,363	\$0	\$16,842,824
	2029	\$1,668,252	\$10,244,615	\$0	\$16,842,824
	2030	\$1,626,847	\$11,871,462	\$0	\$16,842,824
	2031	\$1,586,477	\$13,457,938	\$0	\$16,842,824
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$1,547,116	\$15,005,055	\$0	\$16,842,824
	2033	\$1,508,740	\$16,513,794	\$0	\$16,842,824
	2034	\$1,471,322	\$17,985,117	\$0	\$16,842,824
	2035	\$1,434,841	\$19,419,957	\$0	\$16,842,824
	2036	\$1,399,271	\$20,819,228	\$0	\$16,842,824
	2037	\$1,364,590	\$22,183,819	\$0	\$16,842,824
	2038	\$1,330,777	\$23,514,596	\$0	\$16,842,824
	2039	\$1,297,809	\$24,812,405	\$0	\$16,842,824
	2040	\$1,265,665	\$26,078,070	\$0	\$16,842,824
	2041	\$1,234,325	\$27,312,394	\$0	\$16,842,824

\$27,312,394

is greater than

\$16,842,824

Analysis Summary

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

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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 **determines** that the limitation on appraised value is a determining factor in the Oxea Corp.’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:

- According to a media report dated November 5, 2012, Oxea Corp. was in the final stages of completing a feasibility study of plant expansion projects for the Bay City facility.
- Per a media reports dated April 4, 2014, the applicant began basic engineering for two additional production units at the Bay City plant. It also states that, “Key elements of the basic engineering work will also be utilized for the construction of Oxea's future Asian Oxo chemicals platform in Duqm, Oman.”
- Another media report states that, “Once on line, our customers of 2-EH in the Americas will be able to benefit from our enhanced delivery capability for this important chemical.”
- Per another media report, a company executive states, “This expansion takes advantage of the US shale gas economics, and it enables us to meet the needs of our regional customer portfolio and help them grow in their business.”
- The applicant states that, “Oxea Corporation in the US attempts to attract the described projects in direct competition with the Duqm/Oman location and leverage the existing infrastructure, superb technological know-how and long manufacturing experience in Bay City.”
- The applicant also states that the property tax for the capital intensive investment in Bay City is not present in other locations, i.e. Duqm. It also states, “The lack of this tax in Duqm/Oman is a significant benefit over Bay City/TX, which might well shift the investment decision away from Bay City.”

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:

<input type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input checked="" type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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 or contracts for work to be performed 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 official 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. 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
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? Yes No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

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

Tab 5

It is the stated strategy of Oman Oil Company to leverage Oxea to "expand OOC's downstream portfolio by bringing world-class technology and knowhow to Oman through existing assets and new investments."*1).

This will include the construction of a fully integrated (back to local natural gas and oil) petrochemical manufacturing site at Duqm/Oman, which is the optimal manufacturing structure.

Oxea Corporation in the US attempts to attract the described projects in direct competition with the Duqm/Oman location and leverage the existing infrastructure, superb technological know-how and long manufacturing experience in Bay City.

The advantage of Duqm is the backward integration of the overall chemical manufacturing operation,

Both manufacturing locations, Bay City and Duqm have their unique advantages that would favor one or the other as the future location for these projects. The overall logistics are fairly comparable between both locations, as the units will serve worldwide markets ..

The amount of property tax triggered by our proposed capital intensive investment into high technology chemical manufacturing assets in Bay City is not mirrored by other locations in the global competition of manufacturing locations, i.e, Duqm. The lack of this tax in Duqm/Oman is a significant benefit over Bay City/TX, which might well shift the investment decision away from Bay City.

Reg Section 8, #1: Oxea operates a chemical manufacturing plant in Bay City, the land is described in section 9.

Section 8, #3: Oxea operates a chemical manufacturing production at our plant in Bay City- the project presented here would mean a very significant addition to our Bay City manufacturing footprint.

Section 8, #6: please find attached: (a) letter from Denise M. Fortenberry, County Attorney Matagorda County re Chapter 312 Tax Abatement, and (b) letter from the Office of the Governor, Economic Development & Tourism re Enterprise Project Application approval

1700 Seventh Street, Rm. 305
Bay City, Texas 77414-5034

(979) 244-7645
Fax: (979) 244-7647
email: attorney@co.matagorda.tx.us

DENISE M. FORTENBERRY
County Attorney
Matagorda County, Texas

September II, 2014

OXEA Bay City
Wolfgang Hackenberg
P.O. Box 1141
Bay City, Texas 77404-1141

Re: Chapter 312 Tax Abatement on Phase II Application.

Dear Mr. Hackenberg,

The Matagorda County Commissioner's Court has authorized me to offer your company a tax abatement on your Phase II Construction. This offer includes a 5 year tax abatement with the first and second year at 100% abatement, the third year at 75% abatement, the fourth year at 50% abatement and the fifth year at 25% abatement. Of course this would involve the project location at 2011 FM 3057 Bay City, Texas 77414 which was declared by Commissioner's Court as a reinvestment zone and be limited to the buildings, machinery and/or equipment added to the site for this expansion described in your Phase II Property Tax Abatement Application. Thank you for your attention to this matter.

OFFICE OF THE GOVERNOR
ECONOMIC DEVELOPMENT & TOURISM

RICK PERRY
GOVERNOR

February 27, 2014

Nate McDonald
County Judge
Matagorda County
1700 Seventh Street, Room 301
Bay City, TX 77414

Wolfgang Hackenberg
VP - Treasurer
OXEA Corporation
1505 West LBJ Freeway, Ste 400
Dallas, TX 75234

SUBJECT: OXEA Corporation Enterprise Project Application

Dear Honorable Judge McDonald and Wolfgang Hackenberg:

We have reviewed and hereby approve a Texas enterprise project designation for the application submitted on behalf of OXEA Corporation (Project) by Matagorda County, pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code (Act) and the Enterprise Zone Program Rules (Rules) promulgated by the Economic Development and Tourism (EDT) division of the Governor's Office.

The Texas Enterprise Zone Program is allocated 105 enterprise project designations statewide during a state biennium. The Act and Rules for the program require that all applications received during a project round must be reviewed and competitively scored to ensure that they meet the goals and objectives of the program, which includes, but is not limited to, high impact projects or activities, targeted industry clusters and creation of primary jobs.

In conformance with the Act, EDT has hereby affirmatively determined that Project (a) complies with criteria set forth in the Act and Rules, and (b) is in furtherance of the public purposes of the Act. EDT hereby designates OXEA Corporation as a Single Enterprise Project. The designation is effective from 12/2/2013, until 12/2/2018 unless it is determined that the Project is no longer in compliance with requirements set forth in the Act and the Rules.

State sales and use taxes paid at the qualified business site, and new jobs created up to 90 business days prior to the designation date of 12/2/2013 are eligible for benefit. This allows the Project to gain benefit for activity from 7/19/2013 through 12/12/2018. In addition, the Project may submit the paperwork for benefits up to 18 months following the date the designation expires, no later than 6/11/2020 for activities that occurred during the designation period.

The qualified business site, 2001 FM 3057, is not located in an enterprise zone and 35 percent of the Project's new employees are required to be economically disadvantaged individuals or enterprise zone residents. The tax identification number under which this designation is approved is 300611308. The Project has committed that 35 percent of the Project's new employees will be economically disadvantaged individuals or enterprise zone residents. The maximum number of jobs to be included in any calculation for state sales and use tax refund for the enterprise project is stated under Jobs Allocated. The company has made the following commitments in its application for the enterprise project designation:

Capital Investment:	\$156,974,000
Jobs to be Created:	0
Jobs to be Retained:	155
Total Jobs:	155
Job Baseline:	155

Jobs Allocated for Project Designation:

The designation is made based upon the requirements of the Act and the Rules and is not to be construed as a pledge of the faith or credit of or by the State, EDT, the individual members or staff thereof, Texas Enterprise Zone Program or any other agency, instrumentality or political subdivision of the State.

Stated below is the enterprise project number assigned to this project designation. Use this number on all correspondence and documentation regarding your Project:

EP914-120213-MC

For information regarding applying for benefits (sales and use tax refund) under this program, contact the Texas Comptroller of Public Accounts (CPA). The CPA contact person is Mike Perez at (512) 463-4172. This Single Enterprise Project designation will be eligible to receive a refund of up to \$2,500 per qualified job.

February 27,2014

Honorable Judge McDonald and Wolfgang Hackenberg

Page 3

The amount of capital investment Will determine the number of jobs for which benefit can be received. The Project will be assessed a refund for jobs created and/or retained for the category of capital investment expended to that date. Once additional capital investment is expended, the Project may be eligible for additional refunds, up to the maximum amount of \$1,250,000.

By statute, the nominating body shall monitor the qualified business to determine whether the Project has followed through on any commitments or goals made by it or on its behalf in the designation application. This evaluation may occur on the date on which a certificate of occupancy is issued or at the completion of the enterprise project designation period. The nominating body shall then submit a report of its findings to the bank and the comptroller.

If you have any questions during the course of the Project, please call Javier Gadney, Program Specialist, Texas Economic Development Bank, at (512) 936-0274 or by e-mail at javier.gadney@governor.state.tx.us.

Sincerely,

cc: Mike Perez, Emma Fuentes, and Ping Hu - Texas Comptroller of Public Accounts
Sharon Wellhouse- Ryan, LLC

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

New facilities for 2-EH and Propanol: Oxea starts basic engineering at Bay City, Texas

March 21, 2014 10:00 AM Eastern Daylight Time

DALLAS--(BUSINESS WIRE)--In a move to better serve its customers in North and Latin America, the global chemical company Oxea has started basic engineering for a 2-Ethylhexanol (2-EH) and a Propanol unit at its world-scale production plant at Bay City, Texas. Both units are scheduled to come on stream in late 2016. Key elements of the basic engineering work will also be utilized for the construction of Oxea's future Asian Oxo chemicals platform in Duqm, Oman.

2-EH is used in the production of acrylates, nitrates, acids and plasticizers, and serves, among others, as a solvent in the paint and coatings industries. Propanol is used to manufacture products such as cosmetics and pharmaceuticals, printing inks, coatings and adhesives.

"We also continue to invest in Propanol to support our customers' growth"

The new units will further add to Oxea's most recent capacity expansion of the Bay City plant, which will increase current output of Butanol and Propanol by 25%. This additional volume is planned to come on line in the second half of 2014.

"Oxea is a leading merchant supplier of Oxo products such as alcohols, aldehydes, and acids. We continue to significantly invest into our production platforms to support the growth of our customers and meet the rising demands of the markets. Once on line, our customers of 2-EH in the Americas will be able to benefit from our enhanced delivery capability for this important chemical," said Miguel Mantas, Member of Oxea's Executive Board and responsible for Marketing and Sales. "We also continue to invest in Propanol to support our customers' growth," he added.

"The new facilities for 2-EH and Propanol in North America not only support our strategy of growing the business and enhancing the efficiency of our operations. It also emphasizes our confidence in the competitiveness of the US petrochemical industry and reinforces our commitment to the North and Latin American markets," commented Dr. Martina Flöel, spokesperson for the Oxea Executive Board, who is also responsible for Production and Technology.

About Oxea

Oxea is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols, polyols, carboxylic acids, specialty esters, and amines. These products are used for the production of high-quality coatings, lubricants, cosmetics and pharmaceutical products, flavorings and fragrances, printing inks and plastics. In 2012, Oxea generated revenue of

about EUR 1.5 billion with its over 1,400 employees worldwide. Oxea is owned by Oman Oil Company S.A.O.C.

For more information about Oxea, visit www.oxea-chemicals.com

About Oman Oil Company

Oman Oil Company S.A.O.C (OOC) is a commercial company wholly owned by the Government established in 1996 to pursue investment opportunities in the wider energy sector both inside and outside Oman. The Company plays an important role in the Sultanate's efforts to diversify the economy and to promote domestic and foreign investments as well as fostering and building human capital.

Contacts

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Tel. +49 (0) 208-693-3112

Fax +49 (0) 208-693-3101

birgit.reichel@oxea-chemicals.com

www.oxea-chemicals.com

Company Information

OXEA

market not identified: N/A

- **Headquarters:** Oberhausen, Germany, NRW
- **Website:** www.oxea-chemicals.com
- **CEO:** Dr. Martina Flöel, Cornelius Robertson
- **Employees:** 1350
- **Organization:** PRI
- **Revenues:** EUR 1.2 billion (2008)

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Oxea commences basic engineering for 2-EH and Propanol units in Texas

24 March 2014



Oxo intermediates manufacturer Oxea has commenced basic engineering for a 2-Ethylhexanol (2-EH) unit and a Propanol unit to be built at its production plant in Bay City, Texas, US.

The two new units are expected to be operational in late 2016.

Oxea executive board member and marketing and sales representative Miguel Mantas said: "Oxea is a leading merchant supplier of Oxo products such as alcohols, aldehydes and acids.

"We continue to significantly invest in our production platforms to support the growth of our customers and meet the rising demands of the markets."

Oxea plans to use the key elements of the basic engineering work for the construction of its future Asian Oxo chemicals platform in Duqm, Oman.

The latest development follows the Bay City plant's recent expansion to increase the output of Butanol and Propanol by 25%.

The company is planning to bring the additional volume of 25% online in the second half of 2014.

2-EH is used to produce acrylates, nitrates, acids and plasticisers, and serves as a solvent in the paint and coatings industries, while Propanol is used to manufacture products such as cosmetics and pharmaceuticals, printing inks, coatings and adhesives.

Oxea executive board spokesperson Martina Flöel said: "The new facilities for 2-EH and Propanol in North America not only support our strategy of growing the business and enhancing the efficiency of our operations.

"It also emphasises our confidence in the competitiveness of the US petrochemical industry and reinforces our commitment to the North and Latin American markets."

"The two new units are expected to be operational in late 2016."

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Oxea conducts feasibility study for further plant expansion projects in Bay City, Texas

November 05, 2012 07:00 AM Eastern Standard Time

OBERHAUSEN, Germany--(BUSINESS WIRE)--Following the very successful capacity increase of its syngas production facility in Bay City, Texas, USA, the chemical company Oxea is in the last stages of completion of a feasibility study of additional downstream plant expansion projects. The project is examining various scenarios to boost the plant's capacities, as well as the further optimization of Oxea's product portfolio at the site. The study is scheduled to be completed during the fourth quarter 2012. Oxea's Bay City plant is a large world-scale facility for oxo chemicals such as oxo-alcohols, carboxylic acids and acetate esters.

"There is a continuously growing demand for oxo chemicals from an increasing number of industries. Oxea's oxo-alcohols and carboxylic acids, for example, are building blocks for among others phthalate free plasticizers or energy-efficient lubricants for the manufacturing of environment-friendly cooling systems, and are therefore in high demand," said Miguel Mantas, Executive Board member for Marketing and Sales.

"Thanks to our advanced technology and know-how, Oxea's highly skilled cross-functional teams are well suited to identify and evaluate potential expansion projects. We have proven many times that we can implement such challenges quickly and cost-effectively," added Dr. Martina Flöel, spokesperson for Oxea's Executive Board and, among others, responsible for Global Operations.

"Thanks to our advanced technology and know-how, Oxea's highly skilled cross-functional teams are well suited to identify and evaluate potential expansion projects. We have proven many times that we can implement such challenges quickly and cost-effectively"

Oxea is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols, polyols, carboxylic acids, specialty esters, and amines. These products are used for the production of high-quality coatings, lubricants, cosmetics and pharmaceutical products, flavourings and fragrances, printing inks and plastics. In 2011, Oxea generated revenue of about EUR 1.5 billion with its 1,365 employees in Europe, the Americas and Asia. For more information, visit www.oxea-chemicals.com.

Contacts
OXEA GmbH

Press Release | Fri May 17, 2013 5:00am EDT

Oxea expands production plant in Bay City, Texas

* Reuters is not responsible for the content in this press release.



Oxea expands production plant in Bay City, Texas

Following the successful conclusion of the recent feasibility study, the chemical company Oxea is proceeding to expand its production platform for oxo products in Bay City, Texas. This expansion will not only significantly increase the manufacturing capacity of the site and make for more efficient manufacturing processes, it will also enable Oxea to add new products to the portfolio in the future. The expansion, which will increase the plant's output by 25 %, is planned to come on line in the second half of 2014, in conjunction with a scheduled maintenance turn-around.

"Oxea is a leading merchant supplier of Oxo products, including aldehydes, alcohols, and acids, and is continuing to invest to satisfy the rising demands of the merchant market. The majority of our added capacity will be used to satisfy growth in our current customer portfolio and to allow the room to evaluate additional customers," said Miguel Mantas, Member of Oxea's Executive Board and responsible for Marketing and Sales. "This expansion takes advantage of the US shale gas economics, and it enables us to meet the needs of our regional customer portfolio and help them grow in their business," he added.

"Using Six Sigma methods and subsequent test runs with our proprietary Oxea production technology we identified several opportunities to improve and expand our oxo production facilities at Bay City. Thanks to the creativity and the flexibility of our employees we expect this expansion project to be implemented quickly, efficiently and at minimal cost," commented Dr. Martina Flöel, spokesperson for the Oxea Executive Board, who is also responsible for Production and Technology. "Our investment into this important expansion project reinforces our commitment to the North and Latin American markets as some of the world's most important industrial regions, and is in line with our strategy of growing the business and enhancing the efficiency of our operations," Flöel continued.

Oxea is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols,

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polyols, carboxylic acids, specialty esters, and amines. These products are used among others for the production of high-quality coatings, lubricants, cosmetics and pharmaceutical products, flavorings and fragrances, printing inks and plastics. In 2012, Oxea generated revenues of EUR 1.5 billion with its 1,406 employees in Europe, the Americas and Asia. For more information on Oxea, please visit www.oxea-chemicals.com.

OXEA
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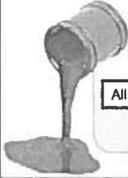
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Oxea to Build 2-EH & Propanol Production Plant in Bay City, Texas

Published April 4, 2014

-

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In a move to better serve its customers in North and Latin America, the global chemical company Oxea has started basic engineering for a 2-Ethylhexanol (2-EH) and a Propanol unit at its world-scale production plant at Bay City, Texas. Both units are scheduled to come on stream in late 2016. Key elements of the basic engineering work will also be utilized for the construction of Oxea's future Asian Oxo chemicals platform in Duqm, Oman.

2-EH is used in the production of acrylates, nitrates, acids and plasticizers, and serves, among others, as a solvent in the paint and coatings industries. Propanol is used to manufacture products such as cosmetics and pharmaceuticals, printing inks, coatings and

adhesives.

The new units will further add to Oxea's most recent capacity expansion of the Bay City plant, which will increase current output of Butanol and Propanol by 25%. This additional volume is planned to come on line in the second half of 2014.

"Oxea is a leading merchant supplier of Oxo products such as alcohols, aldehydes, and acids. We continue to significantly invest into our production platforms to support the growth of our customers and meet the rising demands of the markets. Once on line, our customers of 2-EH in the Americas will be able to benefit from our enhanced delivery capability for this important chemical," said Miguel Mantas, Member of Oxea's Executive Board and responsible for Marketing and Sales. "We also continue to invest in Propanol to support our customers' growth," he added.

"The new facilities for 2-EH and Propanol in North America not only support our strategy of growing the business and enhancing the efficiency of our operations. It also emphasizes our confidence in the competitiveness of the US petrochemical industry and reinforces our commitment to the North and Latin American markets," commented Dr. Martina Flöel, spokesperson for the Oxea Executive Board, who is also responsible for Production and Technology.

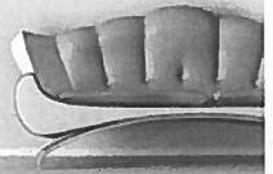
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US Petrochemical Industry Oxea Works on New Facilities for 2-EH and Propanol in Texas

03/24/2014 | Editor Dominik Strohhan

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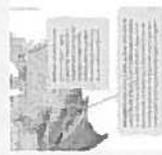
Latin America, the global chemical company Oxea has started basic engineering for a 2-Ethylhexanol (2-EH) and a Propanol unit at its world-scale production plant at Bay City, Texas. (Picture: Oxea)

The new 2-EH and a Propanol units are scheduled to come on stream in late 2016. Key elements of the basic engineering work will also be utilized for the construction of

Oxea's future Asian Oxo chemicals platform in Duqm, Oman, speakers explained. 2-EH is used in the production of acrylates, nitrates, acids and plasticizers, and serves, among others, as a solvent in the paint and coatings industries. Propanol is used to manufacture products such as cosmetics and pharmaceuticals, printing inks, coatings and adhesives.

New Facilities for 2-EH and Propanol:

"Oxea is a leading merchant supplier of Oxo products such as alcohols, aldehydes, and acids. We continue to significantly invest into our production platforms to support the growth of our customers and meet the rising demands of the markets. Once on line, our customers of 2-EH in the Americas will be able to benefit from our enhanced delivery capability for this important chemical," said Miguel Mantas, Member of Oxea's Executive Board and responsible for Marketing and Sales. "We also continue to invest in Propanol to support our customers' growth," he added.



Plant Engineering

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"The new facilities for 2-EH and Propanol in North America not only support our strategy of growing the business and enhancing the efficiency of our operations. It also emphasizes our confidence in the competitiveness of the US petrochemical industry and reinforces our commitment to the North and Latin American markets," commented Dr. Martina Flöel, spokesperson for the Oxea Executive Board, who is also responsible for Production and Technology.

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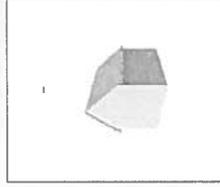
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General

Oxea's new Texas facilities for 2-EH and Propanol

• 9th April, 2014 •



In a move to better serve its customers in North and Latin America, the global chemical company Oxea has started basic engineering for a 2-Ethylhexanol (2-EH) and a Propanol unit at its world-scale production plant at Bay City, Texas. Both units are scheduled to come on stream in late 2016. Key elements of the basic engineering work will also be utilized for the construction of Oxea's future Asian Oxo chemicals platform in Duqm, Oman.

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"Oxea is a leading merchant supplier of Oxo products such as alcohols, aldehydes, and acids. We continue to significantly invest into our production platforms to support the growth of our customers and meet the rising demands of the markets. Once on line, our customers of 2-EH in the Americas will be able to benefit from our enhanced delivery capability for this important chemical," said Miguel Mantas, Member of Oxea's Executive



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Events Calendar

« MAY 2015 »						
MON	TUE	WED	THU	FRI	SAT	SUN
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Upcoming Events

- MAY
18

Argentina Shale Gas and Oil Summit 2015

May 18 - May 19

- MAY
18

Shale Gas Tight Oil Water Management Cost-Reduction Training Week Houston

May 18 - May 21

- MAY
19

Bakken Artificial Lift Cost Reduction & Production Optimization 2015

Board and responsible for Marketing and Sales. "We also continue to invest in Propanol to support our customers' growth," he added.

"The new facilities for 2-EH and Propanol in North America not only support our strategy of growing the business and enhancing the efficiency of our operations. It also emphasizes our confidence in the competitiveness of the US petrochemical industry and reinforces our commitment to the North and Latin American markets." commented Dr. Martina Flöel, spokesperson for the Oxea Executive Board, who is also responsible for Production and Technology.

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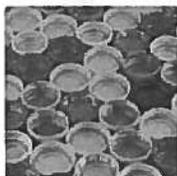


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